



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 1. Balance Due

5.19.1 Balance Due

- 5.19.1.1 [Balance Due Overview](#)
- 5.19.1.2 [Referrals or Redirect](#)
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Manual Transmittal

December 23, 2015

Purpose

(1) This transmits a revision to IRM 5.19.1, Liability Collection, Balance Due to incorporate procedural changes based on ACA Provision 1501, and includes previously cleared IPU's.

Background

This revision of IRM 5.19.1 incorporates procedural changes based on ACA Provision 1501, and includes previously cleared IPU's issued since the last revision.

Scope

This IRM provides procedures for Campus processing of Balance Due Accounts where "Can't Pay", "Won't Pay" and "Can Pay Later" have been indicated by the taxpayer. Employees in both Wage and Investment (W&I) and Small Business/Self Employed (SB/SE) in all functions should refer to this IRM when processing Installment Agreement requests.

Material Changes

(1) Revised text for editorial changes throughout the IRM (further identified below), and updated all links for consistency.

(2) IPU 15U0006 issued 01-02-2015:

- A. IRM 5.19.1.1.3 Balance Due Outgoing Correspondence Guidelines, added note to paragraph (8).
- B. IRM 5.19.1.1.6 Case Processing Authority Levels, added note to paragraph (1).
- C. IRM 5.19.1.3.4.2 Obtain and Verify Levy Sources, added new bullet under paragraph (2).
- D. IRM 5.19.1.4.3.1 Deceased Taxpayer- Balance Due Actions, added note under paragraph (6).
- E. IRM 5.19.1.4.16 Affordable Care Act, insert new section.
- F. IRM 5.19.1.4.16.1 Standalone SRP, insert new section.
- G. IRM 5.19.1.5.4.12.1 Front End Mirror Assessments Process for IA and CNC Closures, insert new paragraph (3)(l).
- H. IRM 5.19.1.5.4.19 MMAs, insert new paragraph (2)(l).
- I. IRM 5.19.1.5.4.26 IA Considerations for Individual SRP Modules, insert new section.
- J. IRM 5.19.1.5.4.26.1 CSCO IA Considerations for Individual SRP Modules, insert new section.
- K. IRM 5.19.1.6 Warning of Enforcement Action and Enforced Collection, insert exception after paragraph (1).

(3) IPU 15U0616 issued 04-01-2015:

- A. Exhibit 5.19.1-3 W&I Call Flow, updated table.
- B. Exhibit 5.19.1-4 SB/SE Call Flow, updated table.

(4) IPU 15U1279 issued 08-06-2015 IRM 5.19.1.2.3 For All ACS Employees, revised OPI access instructions in paragraphs (6) through (8).

(5) IPU 15U1429 issued 09-22-2015:

- A. IRM 5.19.1.1.6 Case Processing Authority Levels, updated paragraphs (3), (4), (8) and (9) to reflect increased authority levels for CSCO.
- B. IRM 5.19.1.2.1 For All Employees, inserted new paragraph (12).
- C. IRM 5.19.1.3.1 Account Actions on Referrals/Redirect, updated paragraph (4). Split paragraph (5) into three paragraphs. Updated paragraph (5) to reflect increased authority levels for CSCO. New paragraphs (6) and (7) provide guidance for FA and AM. Renumbered remaining paragraphs accordingly.
- D. IRM 5.19.1.4.2.2 Insolvency - Full Pay Within 60 Days/IA Requests on Post-Petition Periods, updated paragraphs (2) and (3) and inserted new paragraph (10) in accordance with Interim Guidance Memorandum SBSE-05-0315-0033.
- E. IRM 5.19.1.4.9.1 Military Deferment Balance Due Procedures, updated paragraph (2)(b) to remove CSED Indicator value that is no longer valid.

- F. IRM 5.19.1.4.11 Killed in Terrorist Action (KITA), Killed in Action (KIA), and Astronauts Killed in the Line of Duty, updated paragraph (2).
- G. IRM 5.19.1.5.3 Full Pay Within 60 or 120 Day Agreement, added Exception under paragraph (1) to reflect guidance in Interim Guidance Memorandum SBSE-05-0315-0033.
- H. IRM 5.19.1.5.4.6.3 User Fee Payment Transfer/User Fee Abatements, updated paragraph (5)(c). Updated paragraph (6).
- I. IRM 5.19.1.5.4.7 Pending IA Criteria, added Exception under paragraph (2)(d) to reflect guidance in Interim Guidance Memorandum SBSE-05-0315-0033. Added Note under paragraph (2)(d).
- J. IRM 5.19.1.5.4.7.1 Requests Not Meeting Pending IA Criteria, updated paragraph (1)(a) to reflect guidance in Interim Guidance Memorandum SBSE-05-0315-0033.
- K. IRM 5.19.1.5.4.9 IA Rejection Criteria, updated paragraph (2).
- L. IRM 5.19.1.5.4.10 Rejected IA Independent Review, updated paragraph (5). Inserted new paragraph (8).
- M. IRM 5.19.1.5.4.12.1 Front End Mirror Assessments Process for IA and CNC Closures, inserted new Note under paragraph (1).
- N. IRM 5.19.1.5.4.17 IA Terms and Conditions, updated paragraph (5) and deleted Exception.

(6) This IRM has been updated for the Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) (IRC §5000A) Content unrelated to the ACA provisions was not reviewed for currency or accuracy.

- A. IRM 5.19.1.4.16 Affordable Care Act, added clarifying note to paragraph (4) regarding mirroring of SRP modules. Added exception to paragraph (5) to clarify that SRP liabilities may be subject to a dishonored check fee. Inserted new paragraph (6), which describes processing of tax return and related SRP liability.
- B. IRM 5.19.1.4.16.1 Standalone SRP, added MFT 65 to paragraph (1).
- C. IRM 5.19.1.5.4.9 IA Rejection Criteria, added example to paragraph (2) for proposing IA rejection for failure to include SRP liability (and SRP liability does not meet standalone criteria).
- D. IRM 5.19.1.5.4.10 Rejected IA Independent Review, added example to paragraph (5) for proposing IA rejection for failure to include SRP liability (and SRP liability does not meet standalone criteria).
- E. IRM 5.19.1.5.4.12.1 Front End Mirror Assessments Process for IA and CNC Closures, updated throughout to reflect mirroring of SRP modules. Moved caution under 7 to 5 j.
- F. IRM 5.19.1.5.4.12.1.1 Back End Mirror Assessments Process for IA Closures, updated throughout to reflect mirroring of SRP modules.
- G. IRM 5.19.1.5.4.19 MMIA's, updated paragraph (2)(l) to reflect mirroring of SRP modules.
- H. IRM 5.19.1.5.4.26 IA Considerations for Individual SRP Modules, updated throughout to reflect mirroring of SRP modules.
- I. IRM 5.19.1.5.4.26.1 CSCO IA Considerations for Individual SRP Modules, updated throughout to reflect mirroring of SRP modules.
- J. IRM 5.19.1.6 Warning of Enforcement Action and Enforced Collection, added MFT 65 to paragraph (1).

Effect on Other Documents

IRM 5.19.1 dated 11-25-2014 (effective date 11-25-2014) is superseded. The following IRM Procedural Updates (IPUs), issued from January 1, 2015 through September 22, 2015, have been incorporated into this IRM: IPU 15U0006, IPU 15U0616, 15U1279 and 15U1429.

Audience

Small Business Self-Employed (SB/SE) and Wage and Investment (W&I) Compliance, W&I Accounts Management (AM) and Field Assistance employees, who process Balance Due responses.

Effective Date

(01-01-2016)

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 Director, Collection Policy
 Small Business/Self Employed

5.19.1.1 (09-29-2014) Balance Due Overview

1. Assisting taxpayers in resolving their balance due account(s) is the responsibility of all contact employees, whether speaking with a taxpayer or answering correspondence.
2. A balance due account occurs when the taxpayer has an outstanding liability for taxes, penalties and/or interest.
3. Balance due accounts are automatically monitored through computer analysis and placed in a specific status based on age and/or activities.
4. As a result of computer analysis, several notices are generated to the taxpayer informing them of the balance due outstanding liability.
5. When a taxpayer balance due inquiry is received, it is important you are aware of the Master File (MF) and Collection Status Codes and Definitions to determine whether you should work the account; for detailed information:

Exhibit 5.19.1-1, Collection Status Codes and Definitions.

6. For Automated Collection System (ACS) Incoming Calls, see the Electronic Automated Collection System Guide (e-ACSG) on the Servicewide Electronic Research Project (SERP) under the IRM Supplements tab for procedures and telephone techniques to utilize in addressing all compliance issues and controlling the conversation.
7. Written requests received in Compliance Services Collection Operations (CSCO) and Automated Collection System Support (ACSS) Operations must be controlled within 21 days from the IRS received date in order for an interim letter to be issued timely. If a case is received from another site/operation without a control, the case must be controlled within 5 days of CSCO received date to be considered timely. GIJ exception prints will be considered "from another site".

When a final response cannot be initiated within 30 days, an interim response will be initiated by the 30th calendar day from the IRS received date. Sites using Accounts Management System (AMS) for controlling and monitoring inventory follow AMS guidelines for case control and acknowledgment of taxpayer correspondence. If correspondence is received from a previous area after the 30 days expires and no interim letter was issued, you must send an interim letter within five business days of receipt in your area. Subsequent interims may be required if you are unable to respond as promised, see IRM 21.3.3.4.2.2, *Interim Responses*. Follow all other Integrated Data Retrieval System (IDRS) control procedures in IRM 21.5.1.4.2.2, *Integrated Data Retrieval System (IDRS) — Control Procedures*.

Exception:

W&I CSCO ONLY: For peak processing periods, the target time frame for working cases to closure and sending a final response, if required is extended to 45 days. An interim response is still required by the 30th day. (Peak processing time frames can be found in the W&I CSCO Operating Guidelines.)

- 8. Installment agreements (IA), and other work closed by individual employees, must be marked for disposal when work is completed. However, Streamlined IA (SIA) requests (except Direct Debit Installment Agreement (DDIA)) submitted on Form 9465, *Installment Agreement Request*, or other work processed in bulk through special applications, such as the Generalized IDRS Interface (GII), may be secured together in batches. Batches may be marked "Destroy" with a cover sheet.
- 9. Throughout the IRM, all deadline dates, target dates or parameters are counted by calendar days, not business days. Start counting with the first day you notify the taxpayer (by telephone or letter), or the first day of actions taken (i.e., IDRS, AMS, etc....), or the first day of entering follow-up items on ACS.

Example:

If the calculated call-back date falls on a Saturday, Sunday or Holiday, the taxpayers call-back date will be the next business day. Remember to add an additional 4 days to your follow-up on ACS.

Example:

Other follow-up time added to your deadline date are additional 15 days follow-up date for decedent cases and additional 30 days follow-up date for "generally" all others.

Example:

When providing the taxpayer a deadline date, calculate the time frame leading up to the deadline by starting with the current day. The total follow-up time could include a grace period of up to 5 days.

Example:

When sending a letter requesting additional information from the taxpayer, allow up to 30 days for the taxpayer to respond and 15 days for mail delivery, for a total of 45 days.

- 10. To maintain the accuracy of *IRM 5.19.1, Balance Due*, send corrections and change requests (**not questions**) to Headquarters, via the SERP Feedback Application (Database). The SERP Staff forwards SERP Feedbacks to the appropriate Content Owner(s) in Headquarters for consideration of the requested IRM procedural changes.

Note:

Before you submit corrections/change requests for *IRM 5.19.1, Balance Due*, via the SERP Feedback Application (Database), you must consult your Lead or Manager for assistance to verify if this is a valid request for an IRM change/correction.

- 11. Always review prior SERP Feedbacks and responses to ensure your issue has not already been addressed. See f. below.
 - A. In all functional areas, change requests must be approved by the first line manager or designee and the responsible Planning and Analysis Analyst before submission to Headquarters. All change requests submitted by Quality Review Staff must be approved by the first line manager.
 - B. The SERP Feedback Application (Database) procedures must be followed by all field employees as well as the Quality Review Program Staff and are posted on the SERP Feedback Home page.
 - C. Before submission, re-examine the requested change(s) and cite supporting documentation. Be specific. Avoid the use of general terms such as "revise procedures". Submit only one issue/topic per SERP Feedback.
 - D. Complete all required fields on the SERP Feedback Form. The Identification field **MUST** be completed or the feedback will not be forwarded.
 - E. All changes are considered, but all may not be accepted. Accepted changes are published on SERP as IRM Procedural Updates (IPUs).
 - F. You can view responses to SERP Feedbacks via the SERP Feedback Response by selecting IRM or topic.

- 12. DO NOT use the SERP Feedback Form to request changes to the following:

- Letters - Use the Green Button at the Office of Taxpayer correspondence (OTC) website. See *IRM 25.13.1, Taxpayer Correspondence Services*.
- Notices - Use the Green Button at the OTC website. See *IRM 25.13.1, Taxpayer Correspondence Services*.
- Policy, policy statements, tax law and regulations should be submitted to Headquarters through the Planning and Analysis staff at your site.
- Systems changes - Use Form 5391
- Suggestions - Use the electronic Employee Suggestion Program. Please follow the instructions on the IRS Intranet.

Note:

The Employee Suggestion Program should not be utilized to make IRM change requests.

5.19.1.1.1 (09-29-2014)

Disclosure Overview: Verifying Identity of Contact Party

- 1. For purposes of identification and to prevent unauthorized disclosures of tax information, follow the chart below:

If the contact is ...	Then ...
Taxpayer	See <i>IRM 21.1.3.2.3, Required Taxpayer Authentication</i> .
Mailing and Faxing Tax Account Information	See <i>IRM 21.1.3.9(2), Mailing and Faxing Tax Account Information</i> , and <i>IRM 11.3.1.11, Facsimile Transmission of Tax Information</i> .
Power of Attorney (POA), Form 2848, <i>Power of Attorney and Declaration of Representative</i>	See <i>IRM 11.3.3, Disclosure to Designees and Practitioners</i> .
Tax Information Authorization (TIA) - Form 8821, <i>Tax Information Authorization</i>	See <i>IRM 11.3.3.2, Disclosure to Third Parties Based Upon Taxpayer Request for Assistance</i> . See <i>IRM 11.3.3.3(1), Distinction Between Disclosure to Designees and the Conference and Practice Requirements</i> . See <i>IRM 11.3.3.3(2), Distinction Between Disclosure to Designees and the Conference and Practice Requirements</i> .
Oral Disclosure Consent	See <i>IRM 11.3.3.2.1, Requirements for Oral Authorization</i> .
Parent/Guardian of Minor	See <i>IRM 11.3.2.4.10, Minors</i> .
Hearing Impaired (including telecommunications device for the deaf (TDD) equipment)	See <i>IRM 11.3.2.3.2(2), Requirements for Verbal or Electronic Requests</i> .

Language or Sign Interpreter	See IRM 11.3.2.3.2(2), <i>Requirements for Verbal or Electronic Requests</i> .
Checkbox Designee	See IRM 11.3.3.2.1, <i>Requirements for Oral Authorization</i> , and IRM 21.1.3.3.1, <i>Third Party Designee Authentication</i> .
Third Party: Levy Source	See IRM 11.3.2.2, <i>General Rules</i> . See IRM 11.3.21.1(8), <i>Background</i> .
Third party: Lien Payoff	Refer Financial institutions requesting a lien payoff/release to the Lien Unit at: 1-800-913-6050 See IRM 11.3.11.10, <i>Disclosure of Amount of Outstanding Lien</i> . Note: Advise taxpayers who have an IA to continue making their scheduled payments until the balance is paid.
Third party: claiming a willingness and means to pay the balance due	See IRM 11.3.21.1(8)(e), <i>Background</i> . Note: Wage levy sources requesting a levy payoff/release must be advised to continue sending payments until a levy release is received.
Third Party claiming a material interest	See IRM 11.3.2.4, <i>Persons Who May Have Access to Returns and Return Information Pursuant to IRC 6103 (e)</i> .
Responsible Persons assessed a Trust Fund Recovery Penalty (TFRP)	See IRM 11.3.2.4.13, <i>Trust Fund Recovery Penalties</i> .

Note:

If making out-calls and there is a valid POA on file, you must contact the POA and not the taxpayer.

2. Section 6304 precludes, among other things, the Service from communicating with a represented taxpayer in connection with the collection of any unpaid tax unless the taxpayer has given prior consent to that communication. In accordance with the purpose of Section 6304, a Service employee may not work directly with a represented taxpayer to resolve an issue on the taxpayer's account unless:
 - The taxpayer initiates the contact to resolve the issue on the account,
 - The taxpayer expresses a specific desire to resolve the issue without the involvement of the power of attorney after the Service employee has advised the taxpayer of the current representation, and
 - The taxpayer's decision to not use their representative, per Centralized Authorization File (CAF), for that tax period and work directly with the Service to resolve the issue is properly documented on AMS for each tax period.
3. If a POA is on file, document AMS comments to indicate the taxpayer was advised they have a POA on file and they chose to work directly with the Service to resolve their account. Documentation is required only once for a tax period.

**5.19.1.1.2 (04-16-2014)
Documenting Account Actions**

1. Whenever you work a case, you are required to document actions taken on taxpayer's accounts and/or actions promised by the taxpayer. Documentation should also include results of tools utilized to determine IA amounts such as from Decision IA (or Integrated Automation Technologies (IAT) Compliance Suite Payment Calculator), Return Delinquency results such as from IAT, and Reasonable Cause Assistor (RCA) etc.
2. All documentation must be done via AMS, using checklists, or by adding an appropriate issue and narrative. All documentation should be, to the extent possible, completed while the taxpayer is on the phone.

Note:

While working paper inventory, if AMS is unavailable, and the case type can be worked to completion via IDRS, work the case on IDRS. When AMS is available, close the AMS control and note AMS: "Case worked on IDRS, AMS down".

Note:

For ACS and ACSS see IRM 5.19.5, *ACS Inventory*.

Exception:

Cases worked through GII. GII does not have the capability to interact with AMS.

3. Complete and accurate case documentation promotes quality and consistency in working balance due cases. History entries should contain enough information so that any person subsequently reading the history can easily determine what decisions were made, why those decisions were made, what actions were taken and what further actions are required to resolve the case.
4. Do not use the term "Illegal Tax Protester" (ITP) or similar designations on IDRS, ACS History Codes, or AMS comments. The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98), Section 3707, prohibits the use of any tax protester designation to describe the taxpayer. If you identify any such reference, immediately inform your manager. Terms such as "frivolous argument" or "tax avoidance argument" are acceptable terms to use. See IRM 25.4, *Employee Protection*, for further information.

**5.19.1.1.3 (01-02-2015)
Balance Due Outgoing Correspondence Guidelines**

1. A quality product or response is accurate, timely, and addresses all issues based on the information the taxpayer provided.
2. Responses must:
 - A. Address all taxpayer issues,
 - B. Request additional information, if needed, from the taxpayer,
 - C. Notify the taxpayer if additional information is needed from outside the Service, and
 - D. Be written in language the taxpayer can understand.

3. Final response to taxpayer(s) must be initiated by the 30th day from the earliest IRS received date, unless the taxpayer has received an interim contact or interim contact letter has been initiated from us by the 30th day.
4. Only correspondence received from the taxpayer requesting research, information, or action to his/her account must be answered.
5. Providing the taxpayer with their current balance due in outgoing correspondence is not required when the taxpayer has made an inquiry such as a request to make payments or where resolution of their balance is being made.

Note:

Ensure the taxpayer is aware that penalties and interest will continue to accrue and how they are being assessed.

6. When a payment agreement requires confirmation by letter, provide the address for the CSCO campus with jurisdiction for both the return address and payment address. Do not provide a lockbox address in any "C" letters. Lockbox will only process payments with the **CP 521**, *Installment Agreement Reminder Notice*, or **CP 523**, *Installment Agreement Default Notice*.
7. Occasionally a Service processing error results in an incorrect or unnecessary letter (Letter 2645C, *Interim Letter*). In such instances, acknowledge the error and include an appropriate apology as part of explanatory correspondence to taxpayer. Include a notation on AMS that you apologized for a service error on a particular date.
8. The following information should be included in outgoing balance due correspondence addressing IA issues:
 - A. Cause and Cure,
 - B. Penalties and interest continue to accrue and how they are calculated,
 - C. The CSCO campus with jurisdiction mailing address on SERP under Who/Where tab, Collection Pmts/Add/Issues,
 - D. Check annotation,
 - E. Appropriate forms,
 - F. Any refunds due will be applied to the balance due until paid in full,
 - G. Envelopes,
 - H. Ensure payments are mailed ten days prior to the due date, and
 - I. User Fee and eligibility for reduction in User Fee.

Exception:

A paragraph addressing eligibility for reduction in User Fee is not required when reinstating an IA, because there is no reduced reinstatement User Fee.

Note:

If the IA will include Individual Shared Responsibility Payment (SRP) balances under the Affordable Care Act (ACA), include a paragraph that provides taxpayer information about their Individual SRP. See *IRM 5.19.1.4.16.1, Standalone SRP*.

9. Regular IA requests per *IRM 5.19.1.5.4.13, Input of IA*, should include the following:
 - A. Terms of the IA, which include the monthly payment and due date,
 - B. Inform the taxpayer they will receive a monthly reminder notice,
 - C. If you are adding a pending liability to a current IA, you must include a paragraph in the letter advising the taxpayer a bill is issued when the tax is assessed, as required by law, but no collection action is taken once we input the IA and no response to the notice is required, and
 - D. All information listed in paragraph (8) above, a) through i).

10. DDIA requests, *IRM 5.19.1.5.4.14.1, DDIA - Form 433-D, Installment Agreement, and Form 9465, Installment Agreement Request*, should include the following:

- A. Terms of the DDIA, including the start date,

Exception:

The DDIA confirmation letter is not required to include the first payment date when establishing a pre-assessed DDIA. This is because the DDIA cannot begin until the return is assessed. See *IRM 5.19.1.5.4.16(13), Pre-Assessed IA Requests*.

- B. Advise the taxpayer monthly reminder notices are not issued on DDIA's. Advise the taxpayer to keep their records up to date to avoid a default of their IA,
- C. If the DDIA is pre-assessed, inform the taxpayer that their deductions will not begin until after they receive their first notice of balance due,
- D. If the taxpayer's request does not include necessary information to establish a DDIA, notify the taxpayer a DDIA could not be established due to insufficient information and they are required to send in their monthly payments until we receive complete information to establish the DDIA,
- E. User fee and eligibility for reduction of the User Fee, and

Exception:

A paragraph addressing eligibility for reduction in User Fee is not required when reinstating an IA, because there is no reduced reinstatement User Fee.

- F. Also include information listed in paragraph (8) a), b), c), d), f), g) and i) above.

11. Payroll Deduction Installment Agreement (PDIA) requests *IRM 5.19.1.5.4.15, Form 2159, Payroll Deduction Agreement*, should include the following:

- A. Inform the taxpayer the PDIA is established and payments will continue to be made until the account is full paid,
- B. Inform the taxpayer that even though the payments are being sent by their employer, they will receive a monthly reminder notice for their records,
- C. If the taxpayer's request does not include the necessary information to establish a PDIA, notify the taxpayer a PDIA could not be established due to insufficient information and they are required to send in their monthly payments until we receive complete information to establish the PDIA,

Note:

Clearly explain what information was insufficient when corresponding with the taxpayer.

- D. Inform the taxpayer the IRS will inform the employer when their account has been full paid,
- E. Inform the taxpayer it is their responsibility to advise us in any changes to their employment,
- F. User fee and eligibility for reduction of the User Fee, and

Exception:

A paragraph addressing eligibility for reduction in User Fee is not required when reinstating an IA, because there is no reduced reinstatement User Fee.

- G. Include information listed in paragraph (8) a) through i) above.

12. 60 to 120 day Full Pay, *IRM 5.19.1.5.3, Full Pay Within 60 or 120 Day Agreement*, should include the following:

- A. Inform the taxpayer of the balance due with penalties and interest figured to the payoff date,

Note:

On unassessed balances, inform that taxpayer that we accept their request to full pay but cannot provide them with a payoff amount. Advise the taxpayer within 6 to 8 weeks they will receive a balance due notice. At that time, they should contact our office for a payoff amount.

- B. Request missing returns, if applicable, and
- C. Include information listed in paragraph (8) a), b), c), d), g) and h) above.

13. Currently Not Collectible (CNC), *IRM 5.19.17.1.1 CNC Policy and Overview*, should include the following:

- A. Inform the taxpayer that collection action will not be taken at this time,
- B. Inform the taxpayer an annual notice will be received reminding them of their balance due,
- C. Inform the taxpayer they can make voluntary payments, and
- D. Include information listed in paragraph (8) a), b), c), d) and g) above.

14. All other issues should be handled accordingly and address the taxpayer's requests and concerns.

15. If multiple issues are involved, select the letter that best addresses the main issue. Use open paragraphs to address any additional IRS or taxpayer issues.

Note:

When an open paragraph is used, a manager or lead should approve the paragraph for content, spelling and grammar.

16. When letters are generated through GII programs, acknowledgement of payment made with a request is not required. Appropriate Return Address codes have been approved and do not follow paragraph (6) above or *IRM 5.19.1.5.4.18, Taxpayer Responsibilities - When Submitting Payments*.

17. The table below provides current letters that should be used in balance due outgoing correspondence:

Letter	Title
Letter 86C	<i>Referring Taxpayer Inquiry/Forms to Another Office</i>
Letter 167C	<i>Payment Missing; Copy of Check/Money Order/Cashier's Check Requested</i>
Letter 285C	<i>Refund/Overpayment Applied to Account</i>
Letter 309C	<i>Forms/Publications/Schedules to Taxpayer</i>
Letter 387C	<i>Record of Account</i>
Letter 484C	<i>Collection Information Statement Requested (Form 433F/433-D); Inability to Pay</i>
Letter 484SP	<i>Collection Information Statement Requested (Form 433F/433-D); Inability to Pay/Transfer - Spanish Version</i>
Letter 549C	<i>Balance Due on Account is Paid</i>
Letter 672C	<i>Payment(s) Located and/or Applied</i>
Letter 678C	<i>Refund/Overpayment Applied Elsewhere</i>
Letter 681C	<i>Proposal to Pay Later Accepted</i>
Letter 681SP	<i>Proposal to Pay Accepted - Spanish Version</i>
Letter 1961C	<i>Installment Agreement for Direct Debit Form433-D</i>
Letter 1961SP	<i>Installment Agreement for Direct Debit (Form433-D) Spanish Version</i>
Letter 1962C	<i>Direct Debit Installment Agreement (Form433-D) Granted/Revised</i>
Letter 1962SP	<i>Installment Agreement Reply to Taxpayer - Spanish Version</i>
Letter 2257C	<i>Balance Due Total to Taxpayer</i>
Letter 2271C	<i>Collection Information Statement Processed (Form433F/433-D); Need More Information/Installment Agreement Granted</i>
Letter 2271SP	<i>Installment Agreement for Direct Debit Revisions - Spanish Version</i>
Letter 2272C	<i>Installment Agreement Cannot be Considered/Extension of Time to Pay Cannot be Considered</i>
Letter 2272SP	<i>Installment Agreement Cannot be Considered - Spanish Version</i>
Letter 2273C	<i>Installment Agreement Accepted; Terms Explained</i>
Letter 2273SP	<i>Installment Agreement Accepted; Terms Explained - Spanish Version</i>
Letter 2274C	<i>Your Request For Installment Agreement Has Been Granted</i>
Letter 2274SP	<i>Your Request For Installment Agreement Has Been Granted (Spanish Version)</i>
Letter 2318C	<i>Installment Agreement; Payroll Deduction (F2159) Incomplete</i>
Letter 2571C	<i>To Employer: Discontinue/Adjust Payroll Deduction</i>
Letter 2571SP	<i>To Employer: Discontinue/Adjust Payroll Deduction (Spanish Version)</i>
Letter 2603C	<i>Notice of Federal Tax Lien Will be Filed with Installment Agreement</i>
Letter 2603SP	<i>Notice of Federal Tax Lien Will be Filed - Spanish Version</i>
Letter 2604C	<i>Pre-Assessed Installment Agreement Granted</i>
Letter 2604SP	<i>Pre-Assessed Installment Agreement - Spanish Version</i>
Letter 2644C	<i>Second Interim Response</i>
Letter 2645C	<i>Interim Response</i>
Letter 2702C	<i>Combat Zone</i>
Letter 2761C	<i>Request for Combat Zone Service Dates</i>
Letter 2789C	<i>Taxpayer Response to Reminder of Balance Due (CP71, 71A, 71C and 160)</i>

Letter 2840C	CC IAPND <i>Installment Agreement Confirmation</i>
Letter 2840SP	CC IAPND <i>Installment Agreement Confirmation - Spanish Version</i>
Letter 3030C	<i>Balance Due Explained; Tax/Interest Not Paid</i>
Letter 3030SP	<i>Balance Due Explained; Tax/Interest Not Paid (Spanish Version)</i>
Letter 3127C	<i>Revision/Reinstatement to Installment Agreement and User Fee Adjustments</i>
Letter 3127SP	<i>Revision to Installment Agreement - Spanish Version</i>
Letter 3217C	<i>Installment Agreement Accepted; Terms Explained</i>
Letter 3217SP	<i>Installment Agreement Accepted; Terms Explained- Spanish Version</i>
Letter 3676C	<i>To Employer: Payroll Deduction Installment Agreement Letter</i>
Letter 4212C	<i>Reduced Installment Agreement User Fee Accepted (For use by KCSC only)</i>
Letter 4213C	<i>Reduced Installment Agreement User Fee Rejected (For use by KCSC only)</i>
Letter 4458C	<i>Second Installment Agreement Skip</i>
Letter 4624C	<i>Case Closed -- Currently Not Collectible; Lien filing notification on Currently Not Collectible (9/2010)</i>

5.19.1.1.4 (10-18-2013)

Acronyms and Explanations for IRM 5.19.1

1. The following subsection lists the various acronyms (abbreviations) used in the Balance Due process and used throughout this IRM:

Acronym	Definition
AC	Action Code
ACS	Automated Collection System
ACSS	Automated Collection System Support
ALN	Agreement Locator Number
AM	Accounts Management
AMS	Accounts Management System
AO/TO	Area Office/Territory Office
ASFR	Automated Substitute for Return
ASGNB and ASGNI	These Command Codes (CC) have five functions used with accounts present on the Taxpayer Information File (TIF); for additional information, see IRM 2.4.27, <i>Command Code ASGNI/ASGNB formerly TSIGN</i> . These functions include: A. Controlling and updating taxpayer delinquent account (TDA) and taxpayer delinquent investigation (TDI) assignment numbers, B. Posting Notice Codes for subsequent processing by weekly analysis, C. Posting Alpha Case Codes for subsequent processing by weekly analysis, D. Posting Determined Grade Levels for subsequent processing by weekly analysis, and E. Requesting a printed TDI assignment.
AUR	Automated Underreporter
BLS	Bureau of Labor Statistics
BMF	Business Master File: A magnetic tape containing information on each taxpayer's business returns and related documents.
BNCHG	CC BNCHG updates taxpayer entity information; for additional information, see IRM 2.4.9, <i>Command Codes ENREQ, INCHG, IRCHG, BNCHG and BRCHG</i> .
BOD	Business Operating Division
BRTVU	This CC is a terminal response displaying BMF return information and Numerical List of Section Titles for IDRS Terminal Responses; for additional information: See IRM 2.3.57, <i>Command Code BRTVU</i> .
BS	Blocking Series
C&C	Cause and Cure
CAP	Collection Appeals Program
CAS	Customer Account Services
cc	Closing Code
CC	Command Code
CCP	Centralized Case Processing
CCSC	Cincinnati Compliance Service Center
CCT	Call Central Table
CDP	Collection Due Process
CFOL	Corporate Files Online
CID	Criminal Investigation Division
CIO	Centralized Insolvency Operation
CIS	Collection Information Statement
CLC	Collection Location Code
CLU	Centralized Lien Unit
CNC	Currently Not Collectible
COIC	Centralized Offer In Compromise (Front-end processing)
COMBO	Taxpayer's account contains both a balance due and tax delinquency module.
CSC	Cincinnati Service Campus
CSCO	Compliance Services Collection Operations
CSED	Collection Statute Expiration Date
CSR	Customer Service Representative
CTLV	Continuous Wage Levy
DDIA	Direct Debit Installment Agreement
DEC'D	Deceased
DLN	Document Locator Number
DOALL	CC DOALL allows one to initiate one or more actions on an account; for additional information, see IRM 2.4.34, <i>Command Code DOALL</i> .
DPC	Designated Payment Code
EITC	Earned Income Tax Credit

EFT	Electronic Funds Transfer
ENMOD	This CC provides the name, address and other entity information from input of the taxpayer identification number (TIN); for additional information, see IRM 2.3.15, <i>Command Code</i> ENMOD.
ENREQ	A CC with a blank definer is keyed in after a response to CC ENMOD indicates that the entry is on file. CC with definer "R" is keyed in after response to CC ENMOD indicates the entry is on the filer; for additional information, see IRM 2.4.9, <i>Command Codes</i> ENREQ, INCHG, IRCHG, BNCHG and BRCHG.
FA	Field Assistance
FCC	Full Compliance Check
FDC	Fraud Detection Center
FICA	Federal Insurance Compensation Act
FOIA	Freedom Of Information Act
FUTA	Federal Unemployment Tax Assessment
IA	Installment Agreement
IAAL	Installment Agreement Account Listing
IADFL	These CCs are used for IA processing; for additional information, see IRM 2.4.30, <i>Command Codes</i> IAGRE, IAORG, IAPND, IAREV, IADFL, and IADIS.
IADIS	
IAGRE	
IAORG	
IAPND	
IAREV	
ICOMP	This CC computes the balance, including interest and failure to pay accruals, to the date specified in the input; CC COMPA, which computes interest on a specified amount for a specified period of time, and CC ICOMP, which computes payment information for IAs; for additional information, see IRM 2.3.29, <i>Command Codes</i> INTST, ICOMP, and COMPA.
ICOMPA	This CC computes payment information for an IA; for additional information, refer to the CC ICOMP IRM reference above.
ICP	Integrated Case Processing
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
IMFOL	Individual Master File On-Line; for additional information, see IRM 2.3.51, <i>Command Code</i> IMFOL.
INCHG	See CC ENREQ CCs above for information on this CC.
INOLES	This CC is used as a research tool to display the entity information on the National Account Profile (NAP); the NAP includes extensive MF entity information for all taxpayers on the IMF, BMF (Social Security Number (SSN) and Employer Identification Number (EIN)), and Employee Plan Master File (EPMF). There is also Social Security date (DM-1) and spouse cross-reference data; for additional information, see IRM 2.3.47, <i>Command Codes</i> INOLE, EOGEN, and SPARQ.
IRC	Internal Revenue Code
IRCHG	See CC ENREQ information above.
IRM	Internal Revenue Manual
IRPTR	CC IRPTR, with "W" as a definer, explaining the action, allows users to request online or hardcopy Information Returns Processing (IRP) transcripts from the Information Returns Master File (IRMF); for additional information, see IRM 2.3.35, <i>Command Code</i> IRPTR.
IRS	Internal Revenue Service (aka "the Service")
ITAS	Individual Tax Advisory Specialist
KCSC	Kansas City Campus (formerly Kansas City Service Center)
KIA	Killed In Action
KITA	Killed In Terrorist Action
LEM	Law Enforcement Manual
LEVY	A CC; for additional information, see IRM 2.4.31, <i>Command Code</i> LEVY.
LRA	Last Return Amount
LT	Letter
LP	Letter to a third party
MF	Master File: A magnetic tape including information concerning all taxpayers filing various types of tax returns.
MFT	Master File Tax Code: A two-digit number identifying the type of tax.
MOIC	Monetary Offer in Compromise
MSA	Metropolitan Statistical Area
MSC	Memphis Campus (formerly Memphis Service Center)
NC	Name Control. The name control consists of the first four characters of the taxpayer's last name, or the first four characters of the business entity name.
NFTL	Notice of Federal Tax Lien
NMF	Non-Master File. A file including records of accounts for which manual procedures must be maintained
NMFL	Non-Master File Liability
NSIA	Non-Streamlined Installment Agreement
NTA	National Taxpayer Advocate
OIC	Offer in Compromise: A proposal for settlement of tax liability for an amount less than that previously assessed (or unassessed) or a liability for specific penalties assessed (or unassessed)
OPA	Online Payment Agreement
P&I	Penalty & Interest
POD	Post of Duty
PPIA	Partial Pay Installment Agreement
PSC	Philadelphia Campus (formerly Philadelphia Service Center)
RAVS	Return and Income Verification
RC	Reason Code
REQ77	A CC used to request a format to input a transaction on Form 3177, <i>Notice of Action for Entry on the Master Files/IDRS</i> , or a related document; for additional information, see IRM 2.4.19, <i>Command Codes</i> REQ77, FRM77 and FRM7A.
RN	Reference Number explaining why penalty is assessed (aka Reference Code).
RO	Revenue Officer
RSI	Review Suppress Indicator
RSED	Refund Statute Expiration Date
RTVUE	A CC providing a display of line items transcribed from the Form 1040 series, and accompanying schedules and/or forms, as the returns are processed at the campuses; for additional information: See Document 6209, <i>IRS Processing Codes and Information</i> .
SCRA	Servicemember's Civil Relief Act

SB/SE	Small Business/Self Employed Division
SFR	Substitute for Return
SIA	Streamlined Installment Agreement
SERP	Servicewide Electronic Research Program
SSA	Social Security Administration
SSN	Social Security Number
ST	Status
STAUP	A CC used to delay collection activity; for additional information, see IRM 2.4.28, <i>Command Codes STAUP, STATI and STATB.</i>
SUMRY	A CC for research on IDRS for all MF accounts; for additional information, see IRM 2.3.11, <i>Command Codes TXMOD and SUMRY.</i>
TAC	Taxpayer Assistance Center
TAS	Taxpayer Advocate Service
TC	Transaction Code
TCE	Tax Counseling for the Elderly
TDI	Tax Delinquent Investigation
TDS	Transcript Delivery System
TELEC	A CC used to change telephone number information on the TIF; for additional information, see IRM 2.4.29, <i>Command Codes TELEA, TELEC, TELED and TELER for Telephone Processing.</i>
TELED	See CC TELEC information above.
TELER	See CC TELEC information above.
TIF	Taxpayer Information File
TIN	Taxpayer Identification Number: Every taxpayer has a permanent number for identification of their account. The EIN identifies taxpayers on the BMF. The SSN is used as the account number of individual taxpayers on the IMF.
TPI	Total Positive Income
TSIGN	See CC ASGNI/CC ASGNB above.
TXMOD	See CC SUMRY above.
UD	Undelivered
UF (Code)	User Fee
UNAX	Unauthorized Access
VITA	Volunteer Income Tax Assistance
W&I	Wage and Investment Division
WOEA	Warning of Enforcement Action

**5.19.1.1.5 (10-18-2013)
Forms, IRMs, Exhibits, Notices and Publications for IRM 5.19.1**

1. This subsection lists the majority of the forms, IRMs, Exhibits, Letters, Notices and Publications referenced throughout this IRM; some of the references may be referenced specifically in other subsections.
2. The following list of forms is commonly used and referenced in this IRM:

Forms	Titles
Form 56	<i>Notice Concerning Fiduciary Relationship</i>
Form 433-A	<i>Collection Information Statement for Wage Earners and Self-Employed Individuals</i>
Form 433-B	<i>Collection Information Statement for Businesses</i>
Form 433-D	<i>Installment Agreement</i>
Form 433-F	<i>Collection/Information Statement</i>
Form 668-D	<i>Release of Levy/Release of Property from Levy</i>
Form 668 W(c)(DO)	<i>Notice of Levy on Wages, Salary, and Other Income</i>
Form 843	<i>Claim for Refund and Request for Abatement</i>
Form 911	<i>Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order)</i>
Form 1040-ES	<i>Estimated Tax For Individuals</i>
Form 1099-R	<i>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</i>
Form 2848	<i>Power of Attorney and Declaration of Representative</i>
Form 3177	<i>Notice of Action for Entry on Master File</i>
Form 3210	<i>Document Transmittal</i>
Form 3870	<i>Request for Adjustment</i>
Form 4442	<i>Inquiry Referral</i>
Form 8849	<i>Claim for Refund of Excise Taxes</i>
Form 9465	<i>Installment Agreement Request</i>
Form 9774	<i>Annual Reminder Notice For ANMF/NMF</i>
Form 4844	<i>Request for Terminal Action</i>
Form SS-8	<i>Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding</i>

3. The following is a list of IRMs, and Exhibits references used in this IRM:

IRMs (Subsection), and Exhibits	Titles
IRM 2.4.9	<i>Command Codes ENREQ, INCHG, IRCHG, BNCHG and BRCHG</i>
IRM 2.4.27	<i>Command Code ASGNI/ASGNB (formerly TSIGN)</i>
IRM 3.5.20-3	<i>RAIVS Contacts</i>
IRM 3.13.5.28	<i>Document Processing in the Entity Control Unit (ECU)</i>
IRM 3.14.1.6.4.4.4	<i>Discovered Remittance</i>
IRM 4.13.3.8	<i>Closing Procedures</i>
IRM 4.13.7-1	<i>ASFR - Reconsideration Returns - Centralized Processing Sites</i>
IRM 4.13.7-4	<i>Central Reconsideration Unit (CRU) Addresses</i>
IRM 11.3.21.1	<i>Background</i>
IRM 11.3.2.4	<i>Persons Who May Have Access to Returns and Return Information Pursuant to IRC 6103 (e)</i>
IRM 13.1	<i>Taxpayer Advocate Case Procedures</i>

IRM 5.19.2.5.4	IMF Return Delinquency Responses and Inquiries
IRM 5.19.2.5.4.1	IMF Special Handling
IRM 5.19.2.5.5	BMF Return Delinquency Responses and Inquiries
IRM 5.19.5.4.2	Working Contact Inventory
IRM 5.19.11.6.1.1	Referral Criteria
IRM 5.19.11.6.1	Preparation and Submission for Originator
IRM 5.12.3.2.1	Liability is Satisfied
IRM 20.1.2.1.3	Extensions of Time to File and Pay
IRM 21.1.3.19	Informant Contacts
IRM 21.1.3.2	General Disclosure Guidelines
IRM 21.1.3.2.3	Required Taxpayer Authentication
IRM 21.1.3.3	Third Party (POA/TIA/F706) Authentication
IRM 21.1.3.5	Reporting Agents File (RAF) and Form 8655, Reporting Agent Authorization
IRM 21.1.3.8	Inquiries From IRS Employees
IRM 21.1.3.17	Taxpayer Request for Disclosure of Information
IRM 21.1.3.18	Taxpayer Advocate Service (TAS) Guidelines
IRM 21.1.3.20	Oral Statement Authority
IRM 21.2.3.4	Transcripts Procedures
IRM 21.2.3.5.8	Transcripts and Identity Theft
IRM 21.3.1.4.63	CP 2501 Pre-CP 2000 Contact Letter
IRM 21.3.3.4.10.2	Campus Collection Function Correspondence/Inquiry/Notice
IRM 21.3.3.4.11	Taxpayer Late Replies
IRM 21.3.4.10.2	Return Preparation Criteria
IRM 21.3.5	Taxpayer Inquiry Referrals Form 4442
IRM 21.3.5.4.4.1	Directing Taxpayers to Taxpayer Assistance Centers (TAC)
IRM 21.3.7.1.3	Processing Sites (CAF Function)
IRM 21.5	Account Resolution
IRM 21.5.2.3	Adjustment Guidelines - Research
IRM 21.5.3.4.16.7	Identifying Frivolous Returns/Correspondence and Responding to Frivolous Arguments
IRM 21.5.7	Payment Tracers
IRM 21.5.7.4.6.9	Payment Not Located
IRM 21.5.7.4.7.4	Lockbox Payments
IRM 21.6	Individual Tax Returns
IRM 21.7	Business Tax returns and Non-Master File Accounts
IRM 21.7.2.3.4	Deposits
IRM 21.7.2.3.10	Attributed Tip Income Program (ATIP)
IRM 25.1	Fraud Handbook
IRM 25.6.1.12	Collection Statute Expiration Date (CSED)
IRM 25.15.1.6.1	Routing of Form 8857

4. The following list includes letters with titles referenced in this IRM:

Note:

Spanish versions letters use the same numbers with the additional letters of "SP" as a suffix.

Correspondence Letters	Titles
Letter 86C	Referring Taxpayer Inquiry/Forms to Another Office
Letter 484C	Collection Information Statement Requested (Form 433F/433-D); Inability to Pay/Transfer
Letter 2271C	Collection Information Statement Processed (Form 433F/433-D); Need More Information/Installment Agreement Granted
Letter 2272C	Installment Agreement Cannot Be Considered/Extension of time to pay Cannot be Considered
Letter 2273C	Installment Agreement Acceptance & Terms Explanation
Letter 2318C	Installment Agreement; Payroll Deduction (F2159) Incomplete
Letter 2702C	Combat Zone Letter
Letter 2761C	Request for Combat Zone Service Dates
Letter 2764C	Interim Letter (Inventory)

5. The following list includes Notices referenced in this IRM:

Notices	Titles
CP 515	1st Notice - Return Delinquency
CP 518	Final Notice - Return Delinquency
CP 521	Installment Agreement Reminder
CP 523	TDA, Installment Agreement Default Notice
Letter LT11	Final Notice -- Notice of intent to levy and your notice of a right to a hearing (sent certified, return receipt requested).
Letter LT14	We need more information.
Letter LT16	Please Call Us About Your Overdue Taxes Or Tax Return

**5.19.1.1.6 (09-23-2015)
Case Processing Authority Levels**

1. **Tolerance:** The following accounts may be closed as CNC (cc 09), tolerance without further action, where the aggregate unpaid balance, including accruals, is less than ≡ ≡ :

- IMF (except MFT 55 - ≡ ≡)
- BMF (except MFT 13 - ≡ ≡ ≡)
- NMF

- IRAF

Note:

If Individual SRPs are included with other MFT 30 or MFT 31 modules on an account that meets tolerance criteria, close all modules as CNC (cc 09).

2. **Deferral:** There are instances throughout the IRM where you are required to apply deferral levels (aggregate assessed balance (AAB) plus accruals) to determine the next appropriate action refer to the following for a list of MF types and deferral amounts:

- IMF - ≡≡≡≡ , (except MFT 55 - ≡≡≡≡)
- BMF - ≡≡≡≡≡≡ , (except MFT 13 - ≡≡≡≡)
- NMF - ≡≡≡≡ , (except ≡≡≡≡ for NMF accounts on telephone excise tax when the SSN is determined)
- Individual Retirement Account File (IRAF) - ≡≡≡≡

3. **Full Pay Agreements:** See below for Accounts Management (AM), CSCO, ACS/ACSS and Field Assistance (FA) employee dollar authority levels and duration of the full pay agreements.

Type of Full Pay Agreement	Duration of Agreement	Dollar Criteria	BOD/Function
IMF & BMF Out of Business Sole Proprietors <i>IRM 5.19.1.5.3</i>	No more than 120 days total (including previous full pay agreements, if previously granted)	<ul style="list-style-type: none"> • All balance due modules in Notice Status and • ≡≡≡≡ and less AAB (CC SUMRY) 	AM & FA
IMF & BMF Out of Business Sole Proprietors <i>IRM 5.19.1.5.3</i>	No more than 120 days total (including previous full pay agreements, if previously granted)	<ul style="list-style-type: none"> • All balance due modules in Notice Status and • ≡≡≡≡ and less AAB (CC SUMRY) 	ACS, ACSS & CSCO only
BMF In-Business No Trust Fund <i>IRM 5.19.1.5.3</i>	No more than 120 days total (including previous full pay agreements, if previously granted)	<ul style="list-style-type: none"> • All balance due modules in Notice Status and • ≡≡≡≡≡≡ and less AAB (CC SUMRY) 	SB/SE ACS, ACSS & CSCO only
IMF & BMF Out of Business Sole Proprietors <i>IRM 5.19.1.5.3</i>	No more than 60 days total (including previous full pay agreements, if previously granted)	<ul style="list-style-type: none"> • At least one balance due module in ST 22 or ST 24 (other modules can be in Notice Status) and • ≡≡≡≡≡≡ and less AAB (CC SUMRY) 	FA
IMF & BMF Out of Business Sole Proprietors <i>IRM 5.19.1.5.3</i>	No more than 60 days total (including previous full pay agreements, if previously granted)	<ul style="list-style-type: none"> • At least one balance due module in ST 22 or ST 24 (other modules can be in Notice Status) and • ≡≡≡≡≡≡ and less AAB (CC SUMRY) 	ACS, ACSS & CSCO only
BMF In-Business No Trust Fund <i>IRM 5.19.1.5.3</i>	No more than 60 days total (including previous full pay agreements, if previously granted)	<ul style="list-style-type: none"> • At least one balance due module in ST 22 or ST 24 (other modules can be in Notice Status) and • ≡≡≡≡ and less AAB (CC SUMRY) 	SB/SE ACS, ACSS & CSCO only

Reminder:

If pre-assessed/unassessed taxes are included, the pre-assessed/unassessed liability plus unpaid balance of assessments (CC SUMRY) **must** be within the applicable dollar criteria shown above.

Note:

For balances over these amounts, see *IRM 5.19.1.3.1, Account Actions on Referral/Redirect*.

Note:

For In-Business Trust Fund accounts, see *IRM 5.19.1.5.4.2, IA Requirements IBTF Express Agreement*, and *IRM 5.19.1.5.4.2.1, Lump Sum Payment for IBTF Express ONLY*.

4. **IAs:** See below for AM, CSCO, ACS, ACSS and FA employee dollar authority levels and duration of the IAs.

Type of IA	Duration of IA	Dollar Criteria	BOD/Function
Guaranteed IMF Only <i>IRM 5.19.1.5.4(8)</i>	36 months (will full pay within CSED)	\$10,000 and less tax only (excludes P&I)	All
SIAs \$25,000 and under (Type of Entity):			

Up to \$25,000	\$25,000 and under	No	No
\$25,001 - \$50,000	SIA over \$25,000	Yes, if criteria in <i>IRM</i> 5.19.1.5.4.25.1 is met	No
≡ ≡ ≡ ≡ - ≡ ≡ ≡ ≡ AAB (CC SUMRY) AM & FA	NSIA	Yes	Yes, verify questionable amounts claimed for income or expenses using internal sources or through a telephone call to taxpayer. Paper substantiation is not required. Employees should use sound judgment to determine if the taxpayer's verbal justifications for income/expense discrepancies provide adequate substantiation.
≡ ≡ ≡ ≡ - ≡ ≡ ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) ACS, ACSS & CSCO only	NSIA	Yes	Yes, verify questionable amounts claimed for income or expenses using internal sources or through a telephone call to taxpayer. Paper substantiation is not required. Employees should use sound judgment to determine if the taxpayer's verbal justifications for income/expense discrepancies provide adequate substantiation.
≡ ≡ ≡ ≡ - ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) AM & FA	PPIA & CNC	Yes	Yes A. Use internal sources to verify assets, income and expenses. Any discrepancies between the assets, income or expenses reported on the CIS and the internal sources used for verification, must be addressed with the taxpayer and documented on the AMS case history. B. Paper substantiation is required: <ul style="list-style-type: none"> If the amount claimed for income or any expenses appears to be unreasonable (per employee judgment) or the expense amounts claimed exceed the ALE standards and allowing these other expenses will result in a PPIA or CNC hardship. Reminder: Paper substantiation should also be secured in cases where the taxpayer's explanation does not correspond to the internal sources verified.
≡ ≡ ≡ ≡ - ≡ ≡ ≡ ≡ AAB (CC SUMRY) ACS, ACSS & CSCO only	PPIA & CNC	Yes	Yes A. Use internal sources to verify assets, income and expenses. Any discrepancies between the assets, income or expenses reported on the CIS and the internal sources used for verification, must be addressed with the taxpayer and documented on the AMS case history. B. Paper substantiation is required: <ul style="list-style-type: none"> If the amount claimed for income or any expenses appears to be unreasonable (per employee judgment) or the expense amounts claimed exceed the ALE standards and allowing these other expenses will result in a PPIA or CNC hardship. Reminder: Paper substantiation should also be secured in cases where the taxpayer's explanation does not correspond to the internal sources verified.

9. **Currently Not Collectable:** The following CCs are to be used for CNC IMF and/or BMF out of business accounts:

Closing Codes	Definition	Dollar Criteria & IRM References
03	Inability to locate the taxpayer or assets	IMF: Less than ≡ ≡ ≡ AAB (CC SUMRY) BMF OOB: Less than ≡ ≡ ≡ ≡ AAB (CC SUMRY) BMF In Business: <ul style="list-style-type: none"> Less than ≡ ≡ ≡ ≡ AAB (CC SUMRY) - if trust funds are involved Less than ≡ ≡ ≡ ≡ AAB (CC SUMRY) - if non trust funds are involved See IRM 5.19.5.6.3.6, <i>14 - Closing the Case.</i>
08	Death of an individual with no collection potential from the decedent estate or no collection potential for estate taxes	No dollar criteria. <i>IRM 5.19.1.4.3, Deceased Taxpayers.</i> Reminder: Decedent procedures apply to IMF, BMF sole proprietorship and BMF partnership accounts (only if all liable partners are deceased).
09	Accounts Below Tolerance	Accounts may be closed as currently not collectible, tolerance, where the aggregate unpaid balance, including accruals, is less than ≡ ≡ ≡ ≡ : <ul style="list-style-type: none"> IMF (except MFT 55 - ≡ ≡) BMF (except MFT 13 - ≡) NMF IRAF

		See IRM 5.19.17.1.1.2, <i>CNC Exception Processing</i> .
10	Corporations, certain limited liability partnerships, exempt organizations, or LLCs, where the LLC is identified as the liable taxpayer, which are inactive and defunct with no assets	Less than ≡ ≡ ≡ ≡ AAB (CC SUMRY) See IRM 5.19.17.1.1.4, <i>Defunct Corporations, Exempt Organizations, Limited Partnerships, and Limited Liability Companies CC10</i>
12	Inability to contact a taxpayer although the address is known and there is no means to enforce collection	IMF: Less than ≡ ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) BMF OOB: Less than ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) BMF In Business: <ul style="list-style-type: none"> Less than ≡ ≡ ≡ ≡ AAB (CC SUMRY) - if trust funds are involved Less than ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) - if non trust funds are involved See IRM 5.19.5.6.3.6, <i>I4 - Closing the Case</i> .
17	Inability to locate the Single Member Owner (SMO) or assets of the SMO who is liable for taxes assessed under an LLC EIN.	Intentionally left blank
18	Inability to contact a SMO who is liable for taxes assessed under an LLC EIN when the SMO address is known, and there are no means to enforce collection.	Intentionally left blank
19	Accounts below tolerance that are assessed under an LLC EIN, but owed by SMO.	See IRM 5.16.1.2.5, <i>Tolerance</i> , for additional information.
24 - 32	Collection of the liability would create a hardship for taxpayers by leaving them unable to meet necessary living expenses.	All employees: Up to ≡ ≡ ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF) ACS, ACSS & CSCO employees only: Up to ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF) See IRM 5.19.17.1.1.3, <i>CNC Unable to Pay - Hardship</i> . Reminder: Hardship codes can only be used for individual or joint IMF assessments, sole proprietors, general partnerships, and LLCs, where an individual owner is identified as the liable taxpayer. Note: If the taxpayer meets criteria for CNC Hardship but has unfiled returns, follow procedures in IRM 5.19.17.1.1.3 <i>CNC Unable to Pay - Hardship</i> .

Reminder:

If pre-assessed/unassessed taxes are included, the pre-assessed/unassessed liability plus unpaid balance of assessments (CC SUMRY) **must** be within the applicable dollar criteria shown above.

10. **CNC Managerial Approval Requirements:** To ensure recommendations meet established standards of thoroughness and integrity, managerial approval for CNC determinations is required for:

- Unable to Locate determinations over ≡ ≡ ≡ ≡ ≡ .
- Unable to Contact determinations over ≡ ≡ ≡ ≡ ≡ .
- Decedent determinations over ≡ ≡ ≡ ≡ ≡ .

Reminder:

Decedent procedures apply to IMF, BMF sole proprietorship and BMF partnership accounts (only if all liable partners are deceased).

- All hardship determinations 24-32, except those less than ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY).

See IRM 5.19.17.1.1.9, *CNC Managerial Approval*, for processing instructions.

11. **CNC Exception Processing:** Under certain conditions, securing financial information is not required before reporting an account CNC. CNC Exception Processing cases have an AAB (CC SUMRY) including any prior CNCs, less than ≡ ≡ ≡ ≡ ≡ and one or more of the following conditions exist:

- Taxpayer has a terminal illness or excessive medical bills.
- Taxpayer is incarcerated.
- Taxpayer's only source of income is Social Security, welfare, or unemployment.
- Taxpayer is unemployed with no source of income (excluding the seasonal unemployed which fall under normal CNC consideration and processing).

Note:

These accounts require managerial approval.

See IRM 5.19.17.1.1.2, *CNC Exception Processing*, for processing instructions.

12. **Prior CNCs:** If the financial analysis supporting a prior CNC determination is no more than twelve months old, a new liability or liabilities may generally be closed using the same determination without further investigation for an amount up to (total of all modules) ≡ ≡ ≡ ≡ , including previous CNC modules.

Reminder:

Managerial approval is required for the new closure. See IRM 5.19.17.1.1.9, *CNC Managerial Approval*.

13. **Frivolous Tax Arguments:** If the taxpayer has been assessed a Frivolous Return Penalty or claims Frivolous Tax Arguments - used for the purpose of expressing dissatisfaction with the substance, form, or administration of the tax laws by attempting to illegally avoid or reduce tax liabilities, and they meet CNC criteria, the case may be closed for balances up to <=≡≡≡≡≡≡ AAB (CC SUMRY), depending on the facts of the case. See IRM 5.19.17.1.1, *CNC Policy and Overview*, for additional information.

5.19.1.1.7 (09-29-2014)
Mandated IAT Tools

1. This section provides information on mandated IAT tools for Campus Compliance Employees.
2. IAT provides tools that simplify research, reduce keystrokes, eliminates repetitive typing, and increases the accuracy of regular work processes.
3. The chart below provides a list of mandated tools for W&I and SB/SE ACS Call Site, ACSS, CSCO and ASFR employees. Descriptions of each tool as well as job aids can be found on the IAT website at <http://iat.web.irs.gov/JobAids/iat.asp>.
4. If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, following established procedures. See the IAT Website, for how to report/fix problems with IAT tools.

Note:

Document AMS when an IAT tool is **not** used.

5. Additional IAT tools will be added to the following list when one is deemed beneficial and seen as adding quality to Campus Collection work processes.
6. IAT tool users can visit the IAT Website, to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.

Functions	Mandatory IAT Tools	Suggested Use
W&I and SB/SE ACS and ACSS	<ul style="list-style-type: none"> • Credit Transfer • Erroneous Refund • Fill Forms • Letters • Manual Refund • REQ54 • REQ77 • X Claim (ACSS) 	<ul style="list-style-type: none"> • Payment Tracer • Compliance Suite
W&I and SB/SE CSCO	<ul style="list-style-type: none"> • Credit Transfer • Erroneous Refund • ESTAB • FRM49 • Letter • Manual Refund • REQ54 • REQ77 (TDI) • TFRP Suite (SB/SE) • Payment Tracer/Tracer (BAL) • Withholding Compliance (Andover & Austin) 	<ul style="list-style-type: none"> • Compliance Suite
W&I ASFR	<ul style="list-style-type: none"> • Credit Transfer • ESTAB • FRM49 • Letters • ASFR IRP (formerly Refund Hold) • X Claim 	<ul style="list-style-type: none"> • Compliance Suite
SB/SE ASFR	<ul style="list-style-type: none"> • X Claim 	<ul style="list-style-type: none"> • Compliance Suite

5.19.1.2 (10-18-2013)
Referrals or Redirect

1. This subsection addresses procedures on referrals and re-directs by the following categories:
 - For All Employees
 - For TAC Office Employees
 - For All ACS Employees
 - For Other Account Issues

**5.19.1.2.1 (09-23-2015)
For All Employees**

1. Taxpayer requests to speak to a manager are a priority customer service issue. If a caller requests to speak to a manager, there are two options. The taxpayer must either be allowed to speak to the manager immediately or the manager must make a timely callback to the taxpayer within 24 hours (one business day).

- If the manager can take the call immediately,

A. Advise the caller you will attempt to refer him or her to your manager. Ask the caller to please hold.

B. Contact your supervisor or appointed designee. Transfer the call to the manager or designee in accordance with your local procedures. Areas using the Aspect System may transfer the call using "Inside Line."

- If your manager or designee is not available,

A. Inform the caller accordingly. Advise the taxpayer that they will receive a return call within 24 hours (one business day) of the customer's call.

B. Secure from the caller the best time and day (same day of the call or next day) for your manager or designee to return the call.

C. If working ACS or ACSS, enter history code "TOC0,01,MGRCB". AM employees should prepare Form 4442, *Inquiry Referral*. Refer the case to your manager in accordance with your local procedures.

D. Managers will return the call within 24 hours.

The employee should appropriately document the taxpayer's request to speak with the manager. Whether the manager speaks with the taxpayer immediately or within 24 hours, they should document the results of the conversation and reassign as appropriate for any necessary follow-up actions.

2. If an account includes any modules in ST 22, and you have no access to the ACS system, determine first whether the taxpayer's question is related to the ST 22 module before transferring the correspondence to the appropriate ACSS site or the call to the appropriate ACS toll free number using the Telephone Transfer Guide.

Note:

For FERDI accounts, transfer to 92082.

3. **Collection Due Process (CDP):** If there is an open control on the account for CDP hearing and/or a TC 520 cc 76 (NFTL filed) or 77 (levy issued), refer the correspondence or telephone call information to the ACSS CDP coordinator, found in the ACS CDP Coordinator site on SERP. **Do not transfer the call to the CDP Coordinator:**

- A. When speaking to the taxpayer, complete Form 4442, *Inquiry Referral*, with all pertinent information and fax to the ACSS/CDP site having jurisdiction of the account. Inform the taxpayer someone will call them back within five business days.
- B. When working correspondence, fax the correspondence to the ACSS/CDP site having jurisdiction of the account.

4. **Form 2848 or Form 8821:** Fax to the appropriate CAF Unit; for additional information, see IRM 21.3.7.3, *Representative CAF Number Processing*.

5. **Innocent Spouse:** If the taxpayer requests or appears eligible for Innocent Spouse relief, send Form 8857, *Request for Innocent Spouse Relief*, with Publication 971, *Innocent Spouse Relief*, via the Enterprise Logistics Information Technology (ELITE) System. Inform the taxpayer IRS will review their form and contact them within 30-45 days. Document the case. Input "F8857TOTPX", where "X" = "H" for husband or "W" for wife, for each module included using CC ACTON:

- A. If the account is in Notice Status, input comments into AMS advising of the Innocent Spouse request

Note:

Do not input CC STAUP.

- B. Once Form 8857, *Request for Innocent Spouse Relief*, is received (TC 971 AC 065), generally collection activities cease against the requesting spouse from the date the Form 8857, *Request for Innocent Spouse Relief*, is filed; any outstanding levies against the claimant are released.
- C. When an account is in ST 22, other areas of the Service send or fax Form 4442, *Inquiry Referral*, to ACSS to alert ACS a claim was filed. ACSS takes the following actions for any referrals:
 - Assigns the case "TOS4,45,F8857"
 - When received, enters comments "F8857 rec'd" on AMS
 - Ensures outstanding levies against the claimant are released
- D. If either the requesting or non-requesting spouse asks for an IA, review detailed procedures. See IRM 5.19.1.5.4.12, *Innocent Spouse - IA Request*.
- E. If the account is in ST 22, proceed with appropriate collection actions on the non-petitioning spouse, such as levy, LT11, *Final Notice -- Notice of intent to levy and your notice of a right to a hearing (sent certified, return receipt requested)*, or LT16, *Please Call Us About Your Overdue Taxes Or Tax Return*; then, move the case as follows:

If ...	Then ...
Final Notice date is not present and a levy source is present	Input History Code "TOE2,90,F8857SNT"
A Final Notice date is present and a levy source is present	Input History Code "TOE3,90,F8857SNT"
No levy source is present	Input History Code "TOI4,90,F8857SNT"

6. **Unassessable (Formerly Non-Rebate) Erroneous Refund:** If the taxpayer requests a repayment agreement on an unassessable (non-rebate) erroneous refund account, U Freeze with a TC 700 BL 950-999; only Accounting Operations grant these repayment agreements. Do not provide the telephone number for Accounting Operations. Take all pertinent information and forward Form 4442, *Inquiry Referral*, to the Accounting Operations employee having a control on the account. If the request for repayment includes other balance due modules, take the following actions:

If ...	Then ...
Balance due modules are in Notice Status on IDRS	<p>A. Input TC 971 AC 043 if the request meets qualifications: <i>IRM 5.19.1.5.4(3), IAs</i></p> <p>B. Input a CC STAUP 2215 if active on IDRS, allowing Accounting Operations to resolve the erroneous refund module</p>

	C. Send the taxpayer Letter 2272C, <i>Installment Agreement Cannot be Considered/Extension of time to pay Cannot be Considered</i> , (or other appropriate letter), explaining we are unable to complete processing of their request for an IA, or to reinstate a current IA, until the refund issue is resolved; encourage the taxpayer to begin making payments on the balance due
Balance due modules are in ST 22, ACS	<p>A. Input a TC 971 AC 043 if the request meets qualifications: <i>IRM 5.19.1.5.4(3), IAs</i></p> <p>B. Assign the account to R5 with a 60 day follow up and enter comments regarding the unassessable erroneous refund</p> <p>C. Send the taxpayer Letter 2272C, <i>Installment Agreement Cannot be Considered/Extension of time to pay Cannot be Considered</i>, (or other appropriate letter), explaining we are unable to complete processing their request for an IA until the refund issue is resolved; encourage the taxpayer to begin making payments on the balance due</p>

7. **Open Control:** Accounts with open controls on IDRS: see *IRM 21.5.2.3(5), Adjustment Guidelines - Research*, or certain freeze codes: see *IRM 21.5.6, Freeze Codes*, may require a referral or contact with another function. See *IRM 21.5.6, Freeze Codes*.

8. **Referring Taxpayers to Taxpayer Assistance Center (TAC) Offices:** Do not refer taxpayers to a TAC. If the taxpayer insists on face-to-face contact, see *IRM 21.3.5.4.4.1, Directing Taxpayers to Taxpayer Assistance Centers (TAC)*.

A. If the taxpayer is already resolving their account at a TAC office allow the taxpayer up to ten days:

- If the account is in Notice Status, input CC STAUP 2202
- If the account is in ST 22, ensure the case is in the appropriate ACS inventory with a 15 day follow-up

B. Secure phone numbers and levy sources. See *IRM 5.19.1.3.2, Taxpayer Information*, and *IRM 5.19.1.3.4.2, Obtain and Verify Levy Sources*.

9. **Revenue Officer (RO) assignment:** If the account is in ST 26 and assigned to an RO or Group, proceed after noting the Exception information below:

Exception:

There are two exceptions, MMIA and ASFR, where a ST 26 account is not assigned to an RO or group; *IRM 5.19.1.3.1(4), Account Actions on Referral/Redirects*.

- Manually Monitored Installment Agreements (MMIAs): the assignment code is "35XX6XXX" .
- ASFR: the last four digits of the assignment code are "8000" .

A. Take the following actions:

- If the taxpayer already has the phone number of the RO, advise the taxpayer to contact the RO directly.
- If the case is assigned to a specific RO, with the last two digits of the assignment codes as 01-99, and the taxpayer does not have the RO telephone number, provide the group phone number available on the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
- If the case is assigned to an RO group, but not yet assigned to a specific RO, inform the taxpayer verbally, or via Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*, another office has jurisdiction of their account and they will contact the taxpayer when the account is assigned.

Caution:

Do not provide a specific time frame; we are unable to predict when a case is worked in the field.

Note:

Do not transfer the call or provide a direct telephone number of a revenue officer.

- Inform the taxpayer it is in their best interest to make payments on the balance due to reduce the penalty and interest continuing to accrue until the balance is paid in full.

B. If any correspondence is received for an account that is assigned to an RO, it must be forwarded to the RO. Follow instructions in paragraph (9)a).

10. **Taxpayer Advocate Service (TAS):** Taxpayers meeting criteria of the Taxpayer Advocate Service (TAS) receive priority handling; for criteria qualifying taxpayers for special handling, see *IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines*, and *IRM 13.1, Taxpayer Advocate Case Procedures*.

A. When appropriate, prepare Form 911, *Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order)*, and forward to your local TAS Office:

- A. If the taxpayer account is in ST 22, transfer the account "TOR2,45,ATAO"
- B. If the taxpayer account is non-ACS, input CC STAUP for nine cycles
- C. For non AMS users, refer the taxpayer to the NTA toll-free number at 1-877-777-4778
- D. If you can resolve and close the TAS case issue in the "same day" as the taxpayer contact, input an IDRS history code item such as "1day/CL" ; do NOT automatically refer the inquiry to TAS. For ACS (ST 22) accounts. See IRM 5.19.5.4.2, *Working Contact Inventory*.
- E. Refer taxpayers to the Taxpayer Advocate Service (TAS), see IRM 13, *Taxpayer Advocate Service*, when the contact meets TAS criteria IRM 13.1.7, *TAS Case Criteria*, and you can't resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same-Day Resolution by Operations*. When you refer cases to TAS, use Form 911, *Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order)*, and forward to TAS.
- F. If the case is TAS-assigned, locate and route the case to the TAS employee by using the IUUD: IDRS Unit & USR Database; if you are able to close the case the same day, coordinate with the TAS employee assigned to the case before taking action on the account
- G. As part of the Identity Theft (ID Theft) Program, the AM IPSU Team will begin assisting taxpayers whose situations meet TAS criteria 5 -7 AND involve ID Theft. Applicable cases will now be considered IPSU criteria. If a case meets IPSU criteria, refer the case to AM IPSU using Form 4442, *Inquiry Referral*. The referral can be sent via secure e-mail to: *W&I-ITAR when available, or by fax to the ID Theft fax line (855) 807-5720 by COB the day the criteria was identified. The referral MUST contain all taxpayer's correspondence with any attachments/documentation received with the case. A Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*, or other applicable letter to the taxpayer is required.

11. For information about Potentially Dangerous Taxpayer (PDT) and "Caution Upon Contact" (CAU) Taxpayer designations, see IRM 25.4, *Employee Protection*.

12. For reports of preparer misconduct, see IRM 21.1.3.14, *Preparer Issues and Complaints/Form 14157*.

5.19.1.2.2 (06-11-2008) For TAC Office Employees

1. **ST 22 Cases:** When working ST 22 cases, notify your ACS Liaison of actions you take if you do not have access to ACS; **do not** direct the taxpayer to contact the ACS call site.

5.19.1.2.3 (08-06-2015) For All ACS Employees

1. **NMF:** For calls on an NMF account, advise the taxpayer they must call 1-888-829-7434.
2. **Spanish-speaking Taxpayers:** When the taxpayer requests a Spanish-speaking employee, transfer the call as follows:
 - A. W&I taxpayers, transfer to extension 92071.
 - B. SB/SE taxpayers, transfer to extension 92076.
3. Multilingual services will be offered to taxpayers with a language barrier. The primary vehicle for providing this service is through bilingual employees and an Over-the-Phone Interpreter (OPI).
4. The IRS/OPI contract allows the disclosure of tax information to the OPI interpreter. The assistor should limit disclosure to only that information necessary to resolve the issue. The interpreters are not employees of IRS so communicate to them exactly as you would advise the taxpayer.
5. If translation is needed for non-English speaking taxpayers, offer the taxpayer OPI Service.

Exception:

Spanish speaking callers - W&I BOD Code, transfer to extension 92071 or SB/SE BOD Code, transfer to extension 92076.

6. To use the OPI services, complete the following:

- A. **USE CONFERENCE HOLD** or the **OUTSIDE CALL BUTTON** to place the non-English speaker on hold.
- B. Call new toll-free phone number: **1-888-563-1155**.

7. Enter your PIN number (xxxx-xxxx) - **this is a unique personal PIN for each employee**. PINs have been distributed to site management. If an employee does not have a PIN, management or local SA will contact coordinator to have one assigned, usually within 1 business day.

8. Select language:

- Press 1 for Spanish
- Press 2 for Creole
- Press 3 for Mandarin
- Press 4 for Korean
- Press 5 for Vietnamese
- Press 6 for Somali
- Press 7 for Russian
- Press 8 for French
- Press 9 for Arabic
- Press 0 operator assistance (to address any other language needs or concerns)

9. Whenever transferring the taxpayer's call per paragraphs (10) and (11), use the transfer tables shown below to determine the correct transfer number.

Note:

Inform the taxpayer they are being transferred.

Note:

All Compliance issues should be addressed before transferring. The assistor should inform the taxpayer they are being transferred and advise caller of what topic to request after the transfer. The assistor should document AMS history with the reason for the transfer.

Note:

Document AMS history with the reason for the transfer.

10. **Tax Law Issues - Overview:** After April 16th and continuing for the remainder of the year (December 31), taxpayers should be referred to the irs.gov website for tax law information.

Accounts Management will continue to answer tax law inquiries on a limited number of topics. These include:

- Tax Exempt Government Entities (TEGE),
- Special Services: Military or Civilian Combat; Federally Declared Disaster,
- Affordable Care Act (ACA), and
- International Tax Law (overseas calls only).

If ...	And ...	Then ...
<p>The taxpayer's Tax Law inquiry is one of the above topics,</p>	<p>The call is received during Accounts Management Toll-Free lines (AM) hours of operation:</p> <ul style="list-style-type: none"> • 7:00 am to 7:00 pm (local time). 	<p>Transfer to extension 92001.</p> <p>Note:</p> <p>Extension 92001 directs the caller to a screening line. Advise the taxpayer that they will be transferred again. This will help direct the caller's inquiry expeditiously and to minimize the number of times they are subsequently transferred.</p> <p>Exception:</p> <p>If the call is received outside of the hours of operation, do not transfer the call. Instead, advise taxpayer of the hours of operation and to call the appropriate AM toll-free number 1-800-829-1040.</p>
<p>The taxpayer's Tax Law inquiry is not one of the above topics,</p>	<p>The taxpayer has Internet Access,</p>	<p>A. Advise the taxpayer that the Service does not provide live assistance on this topic.</p> <p>B. Refer the taxpayer to www.irs.gov:</p> <ul style="list-style-type: none"> • Select the Help & Resources' tab on the irs.gov home page. Options are listed on the left side of the page, • Interactive Tax Assistant (ITA) - The ITA tool is a tax law resource that asks the taxpayer a series of questions and then provides them with responses to tax law questions on a limited number of topics. Enter "ITA" into the Search feature, or • IRS Tax Map- Enter "IRS Tax Map" into the Search feature for more detailed information. <p>C. Close the call.</p> <p>D. If the caller does not want to be referred to the website:</p> <ul style="list-style-type: none"> • Austin, Brookhaven, Buffalo, Denver, Nashville, Oakland, Puerto Rico, Seattle ACS sites: transfer the call to the out-of-scope automated message listed under 92194 (English) or 92195 (Spanish). • All other ACS sites: transfer the call to 92001. <p>Note:</p> <p>Extension 92001 directs the caller to a screening line. Advise the taxpayer that they will be transferred again.</p>
<p>The taxpayer's Tax Law inquiry is not one of the above topics,</p>	<p>The taxpayer does not have Internet Access,</p>	<p>A. Advise the taxpayer that the Service does not provide live assistance on this topic.</p> <p>B. Refer the taxpayer to the following sources:</p> <ul style="list-style-type: none"> • Tele-Tax: 1-800-829-4477 for information on a variety of tax topics. After the selection of the language preference, press 2 to enter the Tele-Tax topics, then press 123 and follow the prompts to find the right Tele-Tax topic. • Commercial software packages - many also provide answers to tax questions. • A tax professional. <p>C. Close the call.</p> <p>D. If the caller does not want to be referred to Tele-Tax:</p> <ul style="list-style-type: none"> • Austin, Brookhaven, Buffalo, Denver, Nashville, Oakland, Puerto Rico, Seattle ACS sites: transfer the call to the out-of-scope automated message listed under 92194 (English) or 92195 (Spanish). • All other ACS sites: transfer the call to 92001. <p>Note:</p> <p>Extension 92001 directs the caller to a screening line. Advise the taxpayer that they will be transferred again.</p>

11. **Non Tax Law Issues:** Use the transfer table to determine the correct transfer number.

When Issue is ...	Function ...	Use the Following to Resolve the Call ...
<p>Account Issues - (Any account issues that do not pertain to the ACS case),</p> <p>Exception:</p> <p>Refund Inquiries (see below).</p>	<p>AM Toll-Free lines (AM) Hours of Operation are:</p> <ul style="list-style-type: none"> 7:00 am to 7:00 pm (local time). <p>Exception:</p> <p>If the call is received outside of the hours of operation, do not transfer the call. Instead, advise taxpayer of the hours of operation and to call the appropriate AM toll-free number 1-800-829-1040.</p>	<ul style="list-style-type: none"> English - Transfer to extension 92020. Spanish - Transfer to extension 92021.
<p>Refund Inquiries - Taxpayer is inquiring about their refund and it has been:</p> <ul style="list-style-type: none"> 21 days or less since they filed an electronic return, or Six weeks or less since they filed a paper return, 	<p>AM Toll-Free lines (AM) Hours of Operation are:</p> <ul style="list-style-type: none"> 7:00 am to 7:00 pm (local time). <p>Exception:</p> <p>If the call is received outside of the hours of operation, do not transfer the call. Instead, advise taxpayer of the hours of operation and to call the appropriate Refund Hotline (Automated Service): 1-800-829-1954.</p>	<ul style="list-style-type: none"> English - Transfer to extension 90278. Spanish - Transfer to extension 90279.
<p>Refund Inquiries - Taxpayer is inquiring about their refund and it has been:</p> <ul style="list-style-type: none"> More than 21 days since they filed an electronic return, or More than 6 weeks since they filed a paper return, 	<p>AM Toll-Free lines (AM) Hours of Operation are:</p> <ul style="list-style-type: none"> 7:00 am to 7:00 pm (local time). <p>Exception:</p> <p>If the call is received outside of the hours of operation, do not transfer the call. Instead, advise taxpayer of the hours of operation and to call the appropriate AM toll-free number 1-800-829-1040.</p>	<ul style="list-style-type: none"> English - Transfer to extension 92020. Spanish - Transfer to extension 92021.
<p>Examination Issues - Call transfer functionality to Exam is available as an alternative for routing Form 4442, <i>Inquiry Referral</i>, or e4442. Those accounts meeting the transfer criteria outlined below can be transferred:</p> <ul style="list-style-type: none"> Open audit identified by an Exam Freeze Code (-L), information available on CC AMDIS, AIMS status code is between 00 and 57 AND a unreversed TC 420 or TC 424, Closed audit with an open Exam control base on IDRS, indicating there is an open Audit Reconsideration case, or Closed audit with no Exam control base on IDRS, but meeting the criteria in IRM 4.13.2.1, <i>Research/Initial Case Screening</i>, 	<p>Examination Hours of Operation are</p> <ul style="list-style-type: none"> W&I - 8:00 am to 8:00 pm (local time). SB/SE - 7:00 am to 7:00 pm (local time). 	<p>Follow procedures in Exhibit 21.5.10-2, <i>AIMS STATUS CODE GUIDE CORRESPONDENCE EXAM</i>.</p>
<p>AUR Issues - Accounts with an open AUR case,</p>	<p>AUR</p>	<p>Follow procedures in IRM 21.3.1.4.56, <i>Status of IMF Underreporter Cases</i>.</p>
<p>ACS FERDI Issues - Employees can identify FERDI accounts by the following codes:</p> <ul style="list-style-type: none"> AMS - "Federal Employee" in the Alerts box of the Account Summary screen, ACSWEB - "FE" in the Alerts section, ACS Green Screen - "FE" in the Alerts section, IDRS CC ENMOD screen - "FED-EMP>F", CFOL CC IMFOLE screen - "FED EMPLOY/RETIREE" 	<p>FERDI - IRM 5.19.18.2, <i>Identifying FERDI Cases</i>.</p>	<ul style="list-style-type: none"> English/Spanish calls - Transfer to 92082. <p>Note:</p> <p>All FERDI calls needing Spanish translators should be transferred to the Jacksonville CallSite - 92082. They will utilize OPI Service instead of a Spanish assistor.</p> <p>Caution:</p> <p>If the call is from an IRS employee, do not transfer the call. Refer the inquiry to the field per IRM 5.19.8.3, <i>IRS Employee FERDI Cases</i>.</p>
<p>BMF Taxpayers</p>	<p>SB/SE</p>	<ul style="list-style-type: none"> Transfer to extension 92085. <p>Exception:</p> <p>Although Puerto Rico ACS is a W&I site, they provide bilingual support for SB/SE ACS lines. Therefore, Puerto Rico ACS employees should not transfer calls to this line.</p>
<p>Z Freeze</p>	<p>Criminal Investigation (CI)</p>	<p>Follow procedures in IRM 5.19.1.2.4(3), <i>For Other Account Issues</i>.</p>

1. **ACS (ST 22) Accounts:** When an IA is requested, input TC 971 AC 043 if the case meets pending IA criteria, *IRM 5.19.1.5.4.7, Pending IA Criteria*. Route the correspondence to the appropriate ACSS Site, based on BOD code and State mapping (W&I State Mapping or SB/SE State Mapping). Issue Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*, if the ACSS Site is outside of your campus. If the ACSS Site is in your campus, send Letter 2645C, *Interim Letter*, if the case is over 25 days old and no interim letter was sent. Update comments on AMS.

Note:

If a Notice Status account in CSCO updates to ST 22 because a CC STAUP was not input or updated timely, CSCO will continue to work the case. After working the case, update AMS comments with the case resolution. Contact the ACS Liaison to ensure the case is updated on ACS and no enforcement action is outstanding.

2. **CP 04 (Combat Zone) responses:** Route to Kansas City CSCO and issue Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*. Provide the CP 04 toll-free number in the letter. See *IRM 5.19.10.6.5.5, Responses to CP 04*.

3. **Criminal Investigation (CI) Z Freezes:** Determine the controlling CI Fraud Detection Center (FDC) identified by the first two digits of the DLN of the TC 916 on CC TXMODA or the TC 918 on CC ENMOD. Prepare Form 4442, *Inquiry Referral*.
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4. **Discovered Remittance:**

See *IRM 3.8.46.1, Discovered Remittances*.

5. **Freedom of Information Act (FOIA) Request:** Forward the correspondence to the Disclosure Officer in the territory where the taxpayer resides; input CC STAUP 2209. If there are other issues in the correspondence, photocopy the correspondence before routing to the Disclosure Officer and continue case processing.

6. **Frivolous correspondence:**

See *IRM 21.5.3.4.16.7, Identifying Frivolous Returns/Correspondence and Responding to Frivolous Arguments*.

7. **Frivolous Return:** Input TC 592 cc 082

See *IRM 5.19.2.5.4.1, IMF Special Handling*.

8. **IA Requests Above Campus Authority:** Any request above your authority must be routed to an RO for consideration. *IRM 5.19.1.5.4, IAs*.

9. **IRS employee sends correspondence about their tax account:** Do not work the case. Refer the inquiry to the field per *IRM 5.19.8.3, IRS Employee FERDI Cases*.

10. **KITA or KIA case:** See *IRM 5.19.1.4, Balance Due Special Considerations*.

11. **Payment tracer request:** If there is no balance due issue, forward the correspondence to AM. If the taxpayer addresses a balance due account and it meets collection criteria, attempt to locate the payment; for additional information, see *IRM 21.5.7, Payment Tracers*.

12. **Pending OIC:** The account is in ST 71 for a pending OIC (-Y Freeze). Send Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*.

- A. Route to COIC if there is an unreversed TC 480 (-Y Freeze).
- B. Route to MOIC if there is and unreversed TC 480 and TC 780 (-Y Freeze).

13. **Revenue Officer Request:** Forward to Centralized Case Processing (CCP) in PSC. If the taxpayer disputes the liability and there are no collection balance due issues, see *IRM 21.3.3.4.9.2, Campus Collection Function Correspondence/Inquiry/Notice*.

14. Identify the issue the taxpayer is disputing; send Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*, or interim letter as appropriate. Route the correspondence as follows:

If ...	With Identifier ...	Then Route To ...
ASFR	TC 290 TC 590 cc 088 or cc 089	See SERP, Who/Where, ASFR - Reconsideration Returns - Centralized Processing Sites
AUR	TC 922 and TC 290	See <i>IRM 21.3.1.4.56, Copies of CP 2000, CP 2501, 2893C Letter</i>
Bankruptcy filed	TC 520 with cc 83/85-89 (-V Freeze)	<i>IRM 5.19.1.4.2.1, Contacts Regarding Insolvency Issues</i>
	TC 290 BS 55, or TC 240 RN 500-	Fax correspondence to the appropriate CAWR site based on the State Mapping Guide:

CAWR	514 and RN 549/550	PSC (28) MSC (49)
Examination	TC 300 TC 31X through TC 35X	Route to the appropriate Examination site based on the DLN See IRM 4.13.7-4, <i>Central Reconsideration Unit (CRU) Addresses</i>
Failure to Comply with Certain Information Reporting Requirements, or Intentional Disregard to Comply	TC 240 RN 651 or 652	Detroit Computing Center 1300 John C Lodge Dr. Detroit, MI 48226-2414 48226
Failure to File Information Returns	TC 240 RN 638	IRS 201 W Rivercenter Blvd Stop 814G, Team 203 Covington, KY 41011-1424
Fees	TC 360	IRS 201 W Rivercenter Blvd Stop 8420G Covington, KY 41011-1424
FUTA	TC 290 BS50 or 51	Fax correspondence to the FUTA site based on the State Mapping Guide: CSC (17) 859-669-7177
Informant	Intentionally left blank	See IRM 21.1.3.19, <i>Informant Contacts</i>
Innocent Spouse	Form 8857, <i>Request for Innocent Spouse Relief</i>	See IRM 25.15.1.6.1, <i>Routing of Form 8857</i>
Unassessable Erroneous Refund	- U Freeze	See IRM 5.19.1.2.1, <i>For All Employees</i>
OIC Pending	Unreversed TC 480 or TC 780	See IRM 21.5.6.4.50, <i>-Y Freeze</i>
Withholding Compliance Program	TC 240 RN 615 and 616	A. Close the case control, if applicable B. Fax the correspondence to the Withholding Compliance Program
For any other issue and the taxpayer does not discuss payment	Intentionally left blank	A. Issue Letter 2645C, <i>Interim Letter</i> , if the case is older than 25 days B. Route the case to AM C. Close case controls

5.19.1.3 (10-18-2013)

Balance Due Research and Balance Due Collection First Read Process (CFRP)

1. This subsection outlines how to resolve the taxpayers unpaid liability, through researching all tax account(s), and conducting a thorough interview with the taxpayer if contact is via telephone or face-to-face.
2. Make every attempt to resolve the account upon initial contact.
3. Ensure the appropriate functional area is processing the case. See IRM 5.19.1.2, *Referrals or Redirect*.
4. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to IAT tools are required to complete the action using the IAT tool. See IRM 5.19.1.1.7, *Mandated IAT Tools*, for a list of mandated IAT tools.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>.

5.19.1.3.1 (09-23-2015)

Account Actions on Referral/Redirects

1. When researching the account, if any modules are in ACS ST 22, do not work the case unless you have access to the ACS system. If no access to ACS address all non-ACS issues and take the following actions:

If ...	Then ...
Speaking to the taxpayer	Transfer the call to ACS using the Telephone Transfer Guide available on SERP.
Working correspondence	Refer the correspondence to the appropriate ACSS site based on BOD Code and State mapping (W&I State Mapping or SB/SE State Mapping). Note: You are not required to contact the taxpayer and advise them of this referral if the ACSS Site is within your campus.
Outside your campus	Send Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>
Received date of the correspondence is 25 days or greater	Send Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i> , to the taxpayer prior to routing the case to ACSS; for routing directions for specialized processing, see IRM 21.3.3.4.11, <i>Taxpayer Late Replies</i> Example: Tentative Carryback

2. Continue processing by ensuring you input history on AMS. If you do not have access to AMS, input history on CC ENMOD to reflect the paper referral of a telephone call or the correspondence to ACS; this alerts ACS employees who may be researching the account not to take some type of enforcement action there is a taxpayer contact being referred to them for consideration. If transferring the call to ACS, no history is required.

If ...	Then ...
The account is in ST 22 on MF only (CC IMFOL) due to a CNC (TC 530)	Work the case using normal procedures. Note: Do not refer these to ACS; they are no longer on the ACS system.
Processing an address change on an account in ST 6X	A. <i>IRM 5.19.1.3.2.1, Entity and Address Changes.</i> B. After the account posts to the new location and is in ST 22, re-input the IA immediately
You are in a TAC Office	Work the ST 22 cases and notify your ACS Liaison of the actions you take if you do not have access to ACS Note: Do not direct the taxpayer to contact the ACS call site.

3. Any function receiving a ST 24 case is required to process the case following normal procedures, up to the functions' authority level. See *IRM 5.19.1.1.6, Case Processing Authority Levels*. Do not bring the account into ACS if you can close the case on the same day - the case can be worked if in ST 24. If the taxpayer must provide additional information or you are unable to close the case on the same day, take the following actions:

Exception:

Do not bring the account to ACS if the account:

- Meets ACS bypass criteria. See *IRM 5.19.5-8, Cases that Systemically Bypass ACS (Reference IRM 5.19.5.3.1)*.
 - Balance exceeds ACS authority levels. See *IRM 5.19.1.1.6, Case Processing Authority Levels*.
- A. Input CC STAUP 2200 and CC ASGNI/CC ASGNB 0605.
- B. Then immediately input:
CC ASGNI/CC ASGNB 0000 if the account is not a pending IA.
CC ASGNI/CC ASGNB 0120 if the account is a pending IA.
- C. Document AMS narrative indicating why the case was brought back to ACS and provide the taxpayer with a follow-up date.

4. **ACS & ACSS Employees:** Follow the procedures below when handling an account exceeding ≡≡≡≡≡≡ AAB (CC SUMRY) (BMF) or ≡≡≡≡≡≡≡≡ AAB (CC SUMRY) (IMF):

Note:

Ensure FCC is completed per *IRM 5.19.1.3.4.1, Full Compliance Check*.

Caution:

Any ACS or ACSS employee can work cases using the increased authority. The former large dollar units are **no longer in existence**. **Do not** transfer anything to any of the former large dollar units.

Note:

Jeopardy - Cases where collection is in jeopardy (at risk) should be assigned to Field Collection. Follow instructions in paragraph (8) below.

A. The account is in Notice Status or ST 24:

If ...	And ...	Then ...
ACS & ACSS	ST 24 and/or Notice Status and request for an IA Note: This includes ST 64 accounts.	<p>A. Input TC 971 AC 043 if the request meets pending IA criteria. <i>IRM 5.19.1.5.4.7, Pending IA Criteria.</i></p> <p>B. You must document the terms of the proposed IA on AMS. Encourage the taxpayer to make voluntary payments until the Revenue Officer contacts them.</p> <p>C. If contact is over the phone, inform the taxpayer verbally of the referral to the field. If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field. Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>D. Notice Status Accounts Only: Input CC STAUP 2200 to IDRS for all Notice Status modules.</p> <p>E. Transfer the case to the field.</p> <ul style="list-style-type: none"> • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>F. Do not request documentation. However, if documentation is received, forward it to the field group. Do not destroy these documents.</p> <ul style="list-style-type: none"> • Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
		A. Document AMS.

ACS
&
ACSS

ST 24 and/or Notice Status and taxpayer states Unable to Pay (Possible CNC).

B. If contact is over the phone, inform the taxpayer verbally of the referral to the field.

If you do not speak with the taxpayer, issue Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*, to inform them of the referral to the field.

Advise the taxpayer it could take up to 90 days before the RO contacts them.

Note:

Encourage the taxpayer to make voluntary payments (if possible) in the meantime.

C. Notice Status Accounts Only: Input CC STAUP 2200 to IDRS for all Notice Status modules.

D. Transfer the case to the field.

- Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below).
- Provide the taxpayer or representative with the group contact number and address or fax number for correspondence.

E. Do not request documentation. However, if documentation is received, forward it to the field group. **Do not** destroy these documents.

- Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.

ACS
&
ACSS

Request for a Release of Levy Only:

Account is in ST 24 and an immediate hardship exists (shut-off notice, eviction notice etc). See IRM 5.19.4.4.10, *Levy Release: General Information*.

A. If a hardship exists, as determined by IRM 5.19.4.4.10, *Levy Release: General Information*, release levy upon receipt of verification.

Note:

If levy was issued through the Federal Levy Payment Program (FPLP), State Income Tax Levy Program (SITLP) or Alaska Permanent AKPFD, follow instructions in IRM 5.19.9, *Automated Levy Programs*.

B. Document AMS.

C. If contact is over the phone, inform the taxpayer verbally of the referral to the field and of the levy release.

If you do not speak with the taxpayer, issue Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*, to inform them of the referral to the field and the levy release.

Advise the taxpayer it could take up to 90 days before the RO contacts them.

Note:

Encourage the taxpayer to make voluntary payments (if possible) in the meantime.

D. Transfer the case to the field.

- Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below).
- Provide the taxpayer or representative with the group contact number and address or fax number for correspondence.

E. If documentation is received, forward it to the field group. **Do not** destroy these documents.

- Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.

ACS
&
ACSS

Request for a Release of Levy Only:

Account is in ST 24 and either:

- **No** levy was issued, or
- A levy was issued, but is **not** causing an immediate hardship.

A. If any levies were issued, but **no** hardship exists, as determined by IRM 5.19.4.4.10, *Levy Release: General Information*, **do not** release them. If no levy was issued, proceed to paragraph (c) below.

Note:

If a levy was issued through FPLP, SITLP or AKPFD, follow instructions in IRM 5.19.9, *Automated Levy Programs*.

B. Notify the taxpayer the levy release is denied and inform them of their right to speak to a manager to appeal the denial. If the manager sustains the decision to not release the levy, taxpayers have the right to appeal the decision. See IRM 5.19.8, *Collection Appeal Rights*. Also, see IRM 5.19.1.2.1(10), *For All Employees*.

C. Document AMS.

D. If contact is over the phone, inform the taxpayer verbally of the referral to the field.

If you do not speak with the taxpayer, issue Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*, to inform them of the referral to the field and that the levy was not released.

Advise the taxpayer it could take up to 90 days before the RO contacts them.

Note:

Encourage the taxpayer to make voluntary payments (if possible) in the meantime.

E. Transfer the case to the field.

- Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below).

		<ul style="list-style-type: none"> Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>F. If documentation is received, forward it to the field group. Do not destroy these documents.</p> <ul style="list-style-type: none"> Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
ACS & ACSS	ST 60 and the taxpayer requests to revise the terms of the IA or the taxpayer is now unable to maintain the IA (possible CNC).	<p>A. Default IA. Input CC IADFL on IDRS. Follow instructions in <i>IRM 5.19.1.5.4.22.1, Withdrawal of IA Requests</i>.</p> <p>Note:</p> <p>The defaulting of an existing IA is based on the taxpayer request to revise the terms of the IA or the taxpayer is now unable to maintain the IA (possible CNC).</p> <p>B. Document AMS to show that the IA was defaulted and why.</p> <p>C. Input TC 971 AC 043 only if the taxpayer wants to revise their IA and the request meets pending IA criteria. You must document the terms of the proposed IA on AMS. See <i>IRM 5.19.1.5.4.7, Pending IA Criteria</i>. Encourage the taxpayer to make voluntary payments until the Revenue Officer contacts them.</p> <p>D. If contact is over the phone, inform the taxpayer verbally of the referral to the field.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>E. Input CC STAUP 2200 to IDRS for all Notice Status modules.</p> <p>F. Transfer the case to the field.</p> <ul style="list-style-type: none"> Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>G. Do not request documentation. However, if documentation is received, forward it to the field group. Do not destroy these documents.</p> <ul style="list-style-type: none"> Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site. <p>Note:</p> <p>Include Form 14425, <i>Withdrawal of Installment Agreement Requests</i>, (or equivalent), with any documentation forwarded to the field group.</p>

B. The account has modules in ST 22:

If ...	And ...	Then ...
ACS & ACSS	The taxpayer requests an IA	<p>A. Input TC 971 AC 043 if the request meets pending IA criteria. See <i>IRM 5.19.1.5.4.7, Pending IA Criteria</i>.</p> <p>B. You must document the terms of the proposed IA on AMS. Encourage the taxpayer to make voluntary payments until the Revenue Officer contacts them.</p> <p>C. If contact is over the phone, inform the taxpayer verbally of the referral to the field.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>D. If any modules are in Notice Status, input CC STAUP 2200 to IDRS for all Notice Status modules.</p> <p>E. Transfer the case to the field.</p> <ul style="list-style-type: none"> Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>F. ACS employees: Input TOC0,21,TFRO. ACSS employees: Input TOS0,21,TFRO.</p> <p>G. Do not request documentation. However, if documentation is received, forward it to the field group. Do not destroy these documents.</p> <ul style="list-style-type: none"> Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
		<p>A. Document AMS.</p> <p>B. If contact is over the phone, inform the taxpayer verbally of the referral to the field.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another</i></p>

ACS & ACSS	Taxpayer states Unable to Pay (Possible CNC).	<p><i>Office</i>, to inform them of the referral to the field.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note:</p> <p>Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>C. If any modules are in Notice Status, input CC STAUP 2200 to IDRS for all Notice Status modules.</p> <p>D. Transfer the case to the field.</p> <ul style="list-style-type: none"> • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>E. ACS employees: Input "TOC0,21,TFRO" .</p> <p>ACSS employees: Input "TOS0,21,TFRO" .</p> <p>F. Do not request documentation. However, if documentation is received, forward it to the field group. Do not destroy these documents.</p> <ul style="list-style-type: none"> • Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
ACS & ACSS	<p><u>Request for a Release of Levy Only:</u></p> <p>An immediate hardship exists (shut-off notice, eviction notice etc). See IRM 5.19.4.4.10, <i>Levy Release: General Information</i>.</p>	<p>A. If a hardship exists, as determined by IRM 5.19.4.4.10, <i>Levy Release: General Information</i>, release levy upon receipt of verification.</p> <p>B. Document AMS.</p> <p>C. If contact is over the phone, inform the taxpayer verbally of the referral to the field and of the levy release.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field and the levy release.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note:</p> <p>Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>D. If any modules are in Notice Status, input CC STAUP 2200 to IDRS for all Notice Status modules.</p> <p>E. Transfer the case to the field.</p> <ul style="list-style-type: none"> • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>F. ACS employees: Input "TOC0,21,TFRO" .</p> <p>ACSS employees: Input "TOS0,21,TFRO" .</p> <p>G. If documentation is received, forward it to the field group. Do not destroy these documents.</p> <ul style="list-style-type: none"> • Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
ACS & ACSS	<p><u>Request for a Release of Levy Only:</u></p> <p>Either:</p> <ul style="list-style-type: none"> • No levy was issued or • A levy was issued, but is not causing an immediate hardship. 	<p>A. If any levies were issued, but no hardship exists, as determined by IRM 5.19.4.4.10, <i>Levy Release: General Information</i>, do not release them. If no levy was issued, proceed to paragraph (c) below.</p> <p>B. Notify the taxpayer the levy release is denied and inform them of their right to speak to a manager to appeal the denial. If the manager sustains the decision to not release the levy, taxpayers have the right to appeal the decision. See IRM 5.19.8, <i>Collection Appeal Rights</i>. Also, see IRM 5.19.1.2.1(10), <i>For All Employees</i>.</p> <p>C. Document AMS.</p> <p>D. If contact is over the phone, inform the taxpayer verbally of the referral to the field.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field and that the levy was not released.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note:</p> <p>Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>E. If any modules are in Notice Status, input CC STAUP 2200 to IDRS for all Notice Status modules.</p> <p>F. Transfer the case to the field.</p> <ul style="list-style-type: none"> • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence.

G. ACS employees: Input "TOC0,21,TFRO" .

ACSS employees: Input "TOS0,21,TFRO" .

H. If documentation is received, forward it to ACSS or the field group. **Do not** destroy these documents.

- Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.

5. **CSCO Employees:** Follow the procedures below when handling an account exceeding ≡ ≡ ≡ AAB (CC SUMRY) (BMF) or ≡ ≡ ≡ AAB (CC SUMRY) (IMF):

Note:

Ensure FCC is completed per *IRM 5.19.1.3.4.1, Full Compliance Check*.

Caution:

The former large dollar units are **no longer in existence**. **Do not** transfer a call to any of the former large dollar units.

Note:

Jeopardy - Cases where collection is in jeopardy (at risk) should be assigned to Field Collection. Follow instructions in paragraph (8) below.

If ...	And ...	Then ...
CSCO	<p>Notice Status and request for an IA</p> <p>Note: This includes ST 64 accounts.</p>	<p>A. Input TC 971 AC 043 if the request meets pending IA criteria. See <i>IRM 5.19.1.5.4.7, Pending IA Criteria</i>.</p> <p>B. You must document the terms of the proposed IA on AMS. Encourage the taxpayer to make voluntary payments until the Revenue Officer contacts them.</p> <p>C. If contact is over the phone, inform the taxpayer verbally of the referral to the field.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>D. Transfer the case to the field.</p> <ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>E. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> • Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
CSCO	<p>Taxpayer states Unable to Pay (Possible CNC).</p>	<p>A. Document AMS.</p> <p>B. If contact is over the phone, inform the taxpayer verbally of the referral to the field.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note: Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>C. Transfer the case to the field.</p> <ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>D. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> • Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
		<p>A. If a hardship exists, as determined by <i>IRM 5.19.4.4.10, Levy Release: General Information</i>, release the levy upon receipt of verification.</p> <p>Exception: Immediately forward ST 22 accounts to ACSS. Fax the request to the applicable ACSS Liaison based on state mapping using the SERP, Who/Where tab to the ACS Support Liaison.</p> <p>B. If contact is over the phone, inform the taxpayer verbally of the referral to the field and the levy release.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another</i></p>

CSC0	<p>Request for a Release of Levy Only:</p> <p>Account is in ST 22 or 24 and an immediate hardship exists (shut-off notice, eviction notice etc). See IRM 5.19.4.4.10, <i>Levy Release: General Information</i>.</p>	<p><i>Office</i>, to inform them of the referral to the field and the levy release.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note:</p> <p>Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>C. Document AMS.</p> <p>D. Transfer the case to the field.</p> <ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>E. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> • Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
CSC0	<p>Request for a Release of Levy Only:</p> <p>Account is in ST 22 or 24 and either:</p> <ul style="list-style-type: none"> • No levy was issued, or • A levy was issued, but is not causing an immediate hardship. 	<p>A. If any levies were issued, but no hardship exists, as determined by IRM 5.19.4.4.10, <i>Levy Release: General Information</i>, do not release them. If no levy was issued, proceed to paragraph (c) below.</p> <p>Exception:</p> <p>Immediately forward ST 22 accounts to ACSS. Fax the request to the applicable ACSS Liaison based on state mapping using the SERP, Who/Where tab to the ACS Support Liaison.</p> <p>B. Notify the taxpayer the levy release is denied and inform them of their right to speak to a manager to appeal the denial. If the manager sustains the decision to not release the levy, taxpayers have the right to appeal the decision. See IRM 5.19.8, <i>Collection Appeal Rights</i>. Also, see IRM 5.19.1.2.1(10), <i>For All Employees</i>.</p> <p>C. If contact is over the phone, inform the taxpayer verbally of the referral to the field.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field and that the levy was not released.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note:</p> <p>Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>D. Document AMS.</p> <p>E. Transfer the case to the field.</p> <ul style="list-style-type: none"> • If any modules are in Notice Status, input CC STAUP 2200 to IDRS for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>F. If documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> • Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
CSC0	<p>ST 60 and the taxpayer requests to revise the terms of the IA or the taxpayer is now unable to maintain the IA (possible CNC).</p>	<p>A. Default IA. Input CC IADFL on IDRS. Follow instructions in IRM 5.19.1.5.4.22.1, <i>Withdrawal of IA Requests</i>.</p> <p>Note:</p> <p>The defaulting of an existing IA is based on the taxpayer request to revise the terms of the IA or the taxpayer is now unable to maintain the IA (possible CNC).</p> <p>B. Document AMS to show that the IA was defaulted and why. If a new IA was proposed, you must input TC 971 AC 043 if the request meets pending IA criteria and document the terms of the proposed IA on AMS. See IRM 5.19.1.5.4.7, <i>Pending IA Criteria</i>. Encourage the taxpayer to make voluntary payments until the Revenue Officer contacts them.</p> <p>C. If contact is over the phone, inform the taxpayer verbally of the referral to the field.</p> <p>If you do not speak with the taxpayer, issue Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i>, to inform them of the referral to the field.</p> <p>Advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>D. Transfer the case to the field.</p> <ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence.

	<p>E. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site. <p>Note:</p> <p>Include Form 14425, <i>Withdrawal of Request for Installment Agreement</i> (or equivalent), with any documentation forwarded to ACSS or the field group.</p>
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6. **FA Employees:** Follow the procedures below when handling an account exceeding ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF & BMF):

Note:

Ensure FCC is completed per *IRM 5.19.1.3.4.1, Full Compliance Check*.

Caution:

The former large dollar units are **no longer in existence**. **Do not** transfer a call to any of the former large dollar units.

Note:

Jeopardy - Cases where collection is in jeopardy (at risk) should be assigned to Field Collection. Follow instructions in paragraph (8) below.

If ...	And ...	Then ...
<p>FA Notice Status and request for an IA</p> <p>Note: This includes ST 64 accounts.</p>		<p>A. Input TC 971 AC 043 if the request meets pending IA criteria. See <i>IRM 5.19.1.5.4.7, Pending IA Criteria</i>.</p> <p>B. You must document the terms of the proposed IA on AMS. Encourage the taxpayer to make voluntary payments until the Revenue Officer contacts them.</p> <ul style="list-style-type: none"> If the case will be referred to the field, encourage the taxpayer to make voluntary payments until the Revenue Officer contacts them. If the case will be referred to ACS, encourage the taxpayer to call ACS as soon as possible to make arrangements. <p>C. Inform the taxpayer verbally of the referral.</p> <p>If the case is being transferred to the field, advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>D. If the account balance is between ≡ ≡ ≡ ≡ ≡ and ≡ ≡ ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF), transfer the case to ACS.</p> <ul style="list-style-type: none"> Input CC STAUP 2200 for all Notice Status modules. Input CC ASGNI 0120. Provide the taxpayer or representative with the ACS toll-free number. <p>E. If the account balance is more than ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (BMF) or ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF), transfer the case to the field.</p> <ul style="list-style-type: none"> Input CC STAUP 2200 for all Notice Status modules. Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>F. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> ACS: Forward correspondence received to ACSS based on state mapping using the SERP, Who/Where tab to the Campus Program Locator Guide. Field: Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
<p>FA Taxpayer states Unable to Pay (Possible CNC).</p>		<p>A. Document AMS.</p> <p>B. Inform the taxpayer verbally of the referral.</p> <p>If the case is being transferred to the field, advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note:</p> <p>Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>C. If the account balance is between ≡ ≡ ≡ ≡ ≡ and ≡ ≡ ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF), transfer the case to ACS.</p> <ul style="list-style-type: none"> Input CC STAUP 2200 for all Notice Status modules. Input CC ASGNI 0120. Provide the taxpayer or representative with the ACS toll-free number. <p>D. If the account balance is more than ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (BMF) or ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF), transfer the case to the field.</p>

	<ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>E. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> • ACS: Forward correspondence received to ACSS based on state mapping using the SERP, Who/Where tab to the Campus Program Locator Guide. • Field: Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
<p>FA</p> <p>Request for a Release of Levy Only:</p> <p>Account is in ST 22 or 24 and an immediate hardship exists (shut-off notice, eviction notice etc). See IRM 5.19.4.4.10, <i>Levy Release: General Information</i>.</p>	<p>A. If a hardship exists, as determined by IRM 5.19.4.4.10, <i>Levy Release: General Information</i>, release the levy upon receipt of verification.</p> <p>B. Inform the taxpayer verbally of the referral and the levy release.</p> <p>If the case is being transferred to the field, advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note:</p> <p>Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>C. Document AMS.</p> <p>D. If the account balance is between ≡ ≡ ≡ ≡ ≡ and ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF), transfer the case to ACS.</p> <ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Provide the taxpayer or representative with the ACS toll-free number. <p>E. If the account balance is more than ≡ ≡ ≡ ≡ AAB (CC SUMRY) (BMF) or ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF), transfer the case to the field.</p> <ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>F. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> • ACS: Forward correspondence received to ACSS based on state mapping using the SERP, Who/Where tab to the Campus Program Locator Guide. • Field: Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
<p>FA</p> <p>Request for a Release of Levy Only:</p> <p>Account is in ST 22 or 24 and either:</p> <ul style="list-style-type: none"> • No levy was issued, or • A levy was issued, but is not causing an immediate hardship. 	<p>A. If any levies were issued, but no hardship exists, as determined by IRM 5.19.4.4.10, <i>Levy Release: General Information</i>, do not release them. If no levy was issued, proceed to paragraph (c) below.</p> <p>B. Notify the taxpayer the levy release is denied and inform them of their right to speak to a manager to appeal the denial. If the manager sustains the decision to not release the levy, taxpayers have the right to appeal the decision. See IRM 5.19.8, <i>Collection Appeal Rights</i>. Also, see IRM 5.19.1.2.1(10), <i>For All Employees</i>.</p> <p>C. Inform the taxpayer verbally of the referral.</p> <p>If the case is being transferred to the field, advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>Note:</p> <p>Encourage the taxpayer to make voluntary payments (if possible) in the meantime.</p> <p>D. Document AMS.</p> <p>E. If the account balance is between ≡ ≡ ≡ ≡ ≡ and ≡ ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF), transfer the case to ACS.</p> <ul style="list-style-type: none"> • If any modules are in Notice Status, input CC STAUP 2200 to IDRS for all Notice Status modules. • Provide the taxpayer or representative with the ACS toll-free number. <p>F. If the account balance is more than ≡ ≡ ≡ ≡ AAB (CC SUMRY) (BMF) or ≡ ≡ ≡ ≡ AAB (CC SUMRY) (IMF), transfer the case to the field.</p> <ul style="list-style-type: none"> • If any modules are in Notice Status, input CC STAUP 2200 to IDRS for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>G. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p>

	<ul style="list-style-type: none"> • ACS: Forward correspondence received to ACSS based on state mapping using the SERP, Who/Where tab to the Campus Program Locator Guide. • Field: Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site.
<p>ST 60 and the taxpayer requests to revise the terms of the IA or the taxpayer is now unable to maintain the IA (possible CNC).</p>	<p>A. Default IA. Input CC IADFL on IDRS. Follow instructions in <i>IRM 5.19.1.5.4.22.1, Withdrawal of IA Requests</i>.</p> <p>Note:</p> <p>The defaulting of an existing IA is based on the taxpayer request to revise the terms of the IA or the taxpayer is now unable to maintain the IA (possible CNC).</p> <p>B. Document AMS to show that the IA was defaulted and why. If a new IA was proposed, you must input TC 971 AC 043 if the request meets pending IA criteria and document the terms of the proposed IA on AMS. See <i>IRM 5.19.1.5.4.7, Pending IA Criteria</i>. Encourage the taxpayer to make voluntary payments (if possible) until the Revenue Officer contacts them.</p> <p>C. Inform the taxpayer verbally of the referral.</p> <p>If the case is being transferred to the field, advise the taxpayer it could take up to 90 days before the RO contacts them.</p> <p>D. If the account balance is between ≡≡≡≡≡ and ≡≡≡≡≡ AAB (CC SUMRY) (IMF), transfer the case to ACS.</p> <ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Input CC ASGNI 0120. • Provide the taxpayer or representative with the ACS toll-free number. <p>E. If the account balance is more than ≡≡≡≡≡ AAB (CC SUMRY) (BMF) or ≡≡≡≡≡ AAB (CC SUMRY) (IMF), transfer the case to the field.</p> <ul style="list-style-type: none"> • Input CC STAUP 2200 for all Notice Status modules. • Reassign the account to 6541 on IDRS (Follow instructions in paragraph (8) below). • Provide the taxpayer or representative with the group contact number and address or fax number for correspondence. <p>F. Do not request documentation. However, if documentation is received, forward it to the appropriate function. Do not destroy these documents.</p> <ul style="list-style-type: none"> • ACS: Forward correspondence received to ACSS based on state mapping using the SERP, Who/Where tab to the Campus Program Locator Guide. • Field: Forward correspondence received to the appropriate field group based on state mapping using the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site. <p>Note:</p> <p>Include Form 14425, <i>Withdrawal of Request for Installment Agreement</i> (or equivalent), with any documentation forwarded to ACSS or the field group.</p>

7. **AM Employees:** When handling an account exceeding ≡≡≡≡≡ AAB (CC SUMRY) (IMF & BMF), transfer the call to ACS (Notice Status and ST 22):

- W&I: 92080
- SB/SE: 92085

8. Forward documents to RO Group Manager based on Revenue Officer by TSIGN/ZIP/State look-up located on the SERP, Who/Where tab to the RO by TSIGN/ZIP/STATE site. Use taxpayer's ZIP Code.

Note:

The first two digits of the RO group number represent the AO number.

- Review the taxpayer's Collection Assignment Code. This is a two-digit number that appears on CC ENMOD (COLL-ASGMT) and is the assigned Area Office (AO). Determine whether this is a W&I or SE/SE AO:
 - Domestic SB/SE AO numbers = 21-27
 - International SB/SE AO number = 35 (including Puerto Rico)
 - Domestic W&I AO numbers = 11-15

Exception:

There is no International W&I AO number. If the taxpayer lives in Puerto Rico or outside the U.S., the International SB/SE AO number of 35 should be used.

Note:

RO assignments are made using SB/SE AO numbers.

- If the taxpayer's current AO is a W&I number, the AO code must be changed to a SB/SE AO number. This can be done at the same time the assignment is changed:

- A. Overlay CC ENMOD with ENREQ bringing up INCHG.
- B. Change DOC-CD to 50.
- C. Input AO number in CLC field.
- D. Input "AO006541" in CASE-ASSN-NUM field.

Example:

- Taxpayer's ZIP Code is 30308. According to the RO by ZIP Code, the AO is 25. Enter "25006541" in the CASE-ASSN-NUM field.
- E. Input remarks (i.e., "Account Balance exceeds authority. Transferring case to field").
- F. Page up (transmit).

- If the taxpayer's current AO is a SB/SE AO number, change the assignment number:

- A. Use CC ASGNI/CC ASGNB by overlaying CC ENMOD.
- B. Input "6541" in the BGEE field.
- C. Input the AO number followed by "00" in the AOTO field.

Note:

- Taxpayer's ZIP Code is 30308. According to the RO by ZIP Code, the AO is 25. Enter "2500" in the AOTO field.
- D. Page up (transmit).

9. When researching the account, if there are ST 26 modules, further research is required to determine where the case is assigned; follow the chart below to determine where the case is assigned and the appropriate action:

If ...	Then ...
<p>A balance due account TSIGN'd to "35XX6XXX" with a history indicating "MMIA"</p> <p>Note:</p> <p>MMIA now has multiple TSIGN's depending on the location of the account, but they all begin with the assignment of Area Office "35" and the last four digits of the TSIGN begin with a "6" .</p>	<p>A. Send Form 4442, <i>Inquiry Referral</i>, to the CCP site at the Philadelphia Campus: IRS-MMIA M/S 5-E04.117 2970 Market St. Philadelphia, PA 19104-5002 Send such items within three days using Form 3210, <i>Document Transmittal</i>, annotated with "MMIA"</p>
<ul style="list-style-type: none"> • A TSIGN 8000 - Balance due only case and • No return delinquency and • The taxpayer agrees with the ASFR assessment and • The balance due "is within" your authority level 	<p>A. Change the TSIGN to 7000 using CC ASGNI/CC ASGNB; for input procedures, see IRM 2.4.27, <i>Command Code ASGNI/ASGNB (Formerly TSIGN)</i>, CC STAUP 2400 and attempt to resolve the case If unable to immediately resolve the case, after the assignment changes to 7000, ST 24, TSIGN to 0000 using CC ASGNI/CC ASGNB and input CC STAUP for the appropriate number of cycles to complete working the case</p> <p>Example:</p> <p>Waiting for the taxpayer to send information CC STAUP 2206 or 2209 as appropriate.</p> <p>B. If ACS is working the case and it cannot be resolved the same day, bring the case back to ACS, input TSIGN 7000 using CC ASGNI/CC ASGNB; for input procedures, see IRM 2.4.27, <i>Command Code ASGNI/ASGNB (Formerly TSIGN)</i>, CC STAUP 2400, the following week TSIGN 0000 and CC STAUP 2200</p>
<ul style="list-style-type: none"> • A TSIGN 8000 - Balance due only case and • No return delinquency and • The taxpayer disagrees with the balance resulting from an ASFR assessment 	<p>A. Change the TSIGN to 7000 using CC ASGNI/CC ASGNB; for input procedures, see IRM 2.4.27, <i>Command Code ASGNI/ASGNB (formerly TSIGN)</i></p> <p>B. Input CC STAUP 2400; for information to provide the taxpayer to request a reconsideration: <i>IRM 5.19.1.3.3.2(2), Adjusting Tax for a Balance Due.</i></p> <p>C. Provide the taxpayer with the address to send reconsideration return to ASFR; for address information: See SERP, Who/Where, ASFR - Reconsideration Returns - Centralized Processing Sites</p>
<p>The taxpayer requests:</p> <ul style="list-style-type: none"> • A transcript of the assessment for ASFR or • A copy of an ASFR Return 	<p>A. If the assessment was made after June 2005, route the case to ASFR. See SERP, Who/Where, ASFR - Reconsideration Returns - Centralized Processing Sites</p> <p>B. If the assessment was made prior to July 2005, route the case to the Return and Income Verification Unit (RAIVS) at the campus where the assessment was made. See IRM 3.5.20-3, <i>RAIVS Contacts.</i></p>
<ul style="list-style-type: none"> • A TSIGN 8000 - Balance due and 	<p>A. If there is a started ASFR (Dummy TC 150 posted) case with no assessment or closing TDI transaction code, advise the taxpayer the delinquent return issue must be addressed first and refer to the ASFR toll-free line. The toll-free number to the appropriate ASFR site is located on the ASFR notice they received. A started ASFR case can be identified by a TC 150 for \$.00, with the "SFR" indicator to the right of the DLN. Started ASFR cases with no filed return or closing TDI transaction code, see IRM 5.18.1.7.5, <i>Letter 2566 SC/CG (30-Day Letter)</i>, for default time frames after the ASFR TC 150 posts and is considered a balance due account</p>

<ul style="list-style-type: none"> Return delinquency modules (COMBO) 	B. If the ASFR was not started, see IRM 5.18.1.7.1, <i>ASFR Dummy TC 150</i> , input a CC STAUP 2200, change the TSIGN to "0000", and process the case per IRM procedures addressing accounts with both TDI and balance due modules
A Copy of a Closed Audit Report	IRM 21.5.10.4.4, <i>Copies of Audit Reports</i>

- Once your research/interview is complete, and it is determined the tax liability is correct with a remaining outstanding balance, continue case processing; for additional information. *IRM 5.19.1.3.3, Determine Correct Tax Liability.*
- For correspondence, work the case per the request received in the correspondence. Follow disclosure guidelines and other procedures outlined throughout this section. *IRM 5.19.1.1.1, Disclosure Overview: Verifying Identity of Contact Party.*
- If additional information is required to make a final case disposition, attempt to contact the taxpayer by phone or correspondence to request additional information; if making a phone attempt and contact is not made with the taxpayer, you must follow up with a letter requesting the additional information.

5.19.1.3.2 (02-10-2014) Taxpayer Information

- This subsection provides procedures for changing taxpayer entity information, such as address, name and obtaining the taxpayer's best contact number(s), if possible.

Note:

The best contact number should be placed in the "HOME FIELD" for IMF accounts and "BUSINESS FIELD" for BMF accounts on AMS. **DO NOT** verify/delete additional existing numbers during phone contacts.

Note:

If working correspondence, update the best contact number as appropriate.

- ACS and ACSS employees (includes Field Assistance employees working ACS cases):** When working a ST 22, ACS case, and telephone contact indicates an incorrect best contact number, use the table below to update the taxpayer account:

If ...	And ...	Then ...
The account has modules on ACS (ST 22),	AMS is available and ACSWeb is open on AMS,	Make changes using the AMS Update Contact tool.
The account has modules on ACS (ST 22),	AMS is not available and/or ACSWeb is not open on AMS,	Make changes on the ACS Entity Screen.
The account does not have modules on ACS,	AMS is available,	Make changes using the AMS Update Contact tool.
The account does not have modules on ACS,	AMS is not available,	Make changes using IDRS CC TELEA, CC TELEC, CC TELED or CC DOALL.

Note:

When working an account on ACS and the telephone number is on ACS, you are **not** required to add the telephone number to IDRS.

Note:

If working correspondence, update the best contact number as appropriate.

- AM, CSCO, Field Assistance employees (including ACS and ACSS employees working non-ACS cases):** You must attempt to secure the best contact number when speaking to taxpayers (or their authorized representatives) on all accounts if there is a balance due of any kind. If working correspondence and a phone number was provided, then update account if there is a balance due.

Exception:

If documentation is present that indicates contact numbers were addressed within the past 13 cycles, then you are **not** required to request telephone numbers.

Exception:

AM phone assistants only: Do not verify or secure phone numbers on accounts below deferral level. See *IRM 5.19.1.1.6(2), Case Processing Authority Levels*. On accounts above deferral level, secure or verify the best contact phone number.

Exception:

Field Assistance TAC employees only: When contact is solely for the purpose of hand-delivering a payment **and** the account is in ST 60.

- If AMS is available, make changes using the AMS Update Contact tool.

Exception:

If AMS is **not** available, then make changes using IDRS CC TELEA, CC TELEC, CC TELED or CC DOALL.

- You are **not** required to secure/verify telephone numbers on the following accounts:

- If the account is **not** active on IDRS.
- ST 03: CSRs transferring cases to ACS **without** ACS access.
- ST 12: No balance due modules. This also includes instances where the account balance is resolved within the same day, contact numbers are **not** required.

Example:

Payment Tracer - money located to full pay the balance, or on-line adjustment full paying the balance due, ST 12.

- ST 22, 23 or 24: CSRs transferring cases to ACS **without** ACS access.
- ST 26: Assigned to an RO. See *IRM 5.19.1.3.1(7), Account Actions on Referral/Redirects*.
- ST 71: **Unless** modules in other statuses are present.

- ST 72.

Note:

The TC 520 Closing Code Chart determines where the case resides: CDP/Appeals, Bankruptcy/Litigation, Tax Court or a Civil Penalty with Appeal Rights. Follow the TC 520 Closing Code Chart in Document 6209, *IRS Processing Codes and Information*, for the definitions of the CC to ensure the case is routed properly. Secure the best contact number if mixed statuses are present.

**5.19.1.3.2.1 (10-18-2013)
Entity and Address Changes**

1. For all oral statements regarding entity changes:

See IRM 3.13.5.27, *Entity Changes from Oral Statements* and IRM 3.13.2.3.6, *Change of Address*.

2. For correspondence requests, see IRM 3.13.5.46, *Updating Address Records*. For BMF correspondence requests, see IRM 3.13.2.3.6, *Change of Address*.

3. For all other accounts:

See IRM 21.1.3.20, *Oral Statement Authority*

4. If the account is in ST 26, do not change the Collection Location Code (CLC); only make the address change. The revenue officer makes the CLC change when they close their case control

5. For operations other than Compliance, if a taxpayer moves outside the campus jurisdiction, change the address, but do not change the CLC field if there are balance due accounts in ST 48, 6X, 71 or 72. Refer to the Collection Operation at your campus to make a decision on changing the CLC. Indicate on the routing slip, or Form 4442, *Inquiry Referral*, the reason for referral and include your name and phone number in case contact is required.

6. When working pre-assessed IAs with a Form 9465, *Installment Agreement Request*, if the address on the form is different than the address on CC ENMOD, and the customer checked the box indicating an address change, input the new address on IDRS. DO NOT change the address if the address is different, but the box is not checked, notate address in AMS comments.

7. Using CC ENREQ with:

- Doc. Code 63 allows the change of the address
- Doc. Code 50 allows the change in the CLC

8. If you do not input the change to the CLC using Doc. Code 50, the account remains at the campus where the IA was established; for additional information regarding use of Doc Codes 50 and 63 for an address change and the CLC also requires change:

See IRM 2.4.9, *Command Codes* ENREQ, INCHG, IRCHG, BNCHG and BRCHG.

9. Follow the if and then chart below when a taxpayer notifies you of an address change on an existing IA. See the Post of Duty Listing on SERP or Document 6209, *IRS Processing Codes and Information*, pages 11-1 through 11-5 for AOTO assignment:

If ...	And ...	Then ...
The account is not in ST 60, 61, 63, or 64	The account already transferred to the new campus	Input the IA using CC IAGRE
The new address is within the current Territory Office jurisdiction	The account is in ST 60 or 63	Input the new address using CC ENREQ, document code 63
The new address is within the current Territory Office jurisdiction	The account is in ST 61 or 64 and the cause of the suspension or default is remedied by the taxpayer Example: Missed payment(s) made up	A. Input the new address using CC ENREQ, Doc. Code 63 B. Reinstate the IA C. For a reinstated or revised IA, revise the user fee code to "R" and the user fee paid code to "N", using CC IAREV, unless the origination fee is still due.
The new address is within the current Territory Office jurisdiction	The account is in ST 61 or 64 and the cause of the suspension or default is NOT remedied by the taxpayer Example: Missed payment(s)	A. Input the new address using CC ENREQ, document code 63 B. If speaking to the taxpayer, advise them to comply with the terms of their IA Example: Make up missing payments C. Secure payment by following related guidelines: <i>IRM 5.19.1.5.4.22, Revision/Reinstatement of IAs</i>
The new address is outside the Territory Office jurisdiction	The account is in ST 60 or 63 OR The account is in ST 61 or 64 and the cause of the suspension or default is remedied by the taxpayer	A. Input the address using CC ENREQ and Doc. Code 63 B. Reinstate the ST 61 or 64 IA C. For a reinstated or revised IA, revise the user fee code to "R" and the user fee paid code to "N", using CC IAREV unless the origination fee is still due.
	The account is in ST 61 or 64 and the cause of the	A. Input the address using CC ENREQ and Doc. Code 63 B. Take no action if the account is in ST 64

The new address is outside the Territory Office jurisdiction	suspension or default is NOT remedied by the taxpayer	<p>C. When speaking to the taxpayer advise them to comply with the terms of their IA</p> <p>Example:</p> <p>Pay the unpaid IA payments</p> <p>D. <i>IRM 5.19.1.5.4.22, Revision/Reinstatement of IAs</i></p>
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10. The BOD code change does not affect the IA, Installment Agreement Accounts Listing (IAAL), or the campus monitoring it. When the case updates to ST 60, the Collection Location Code (CLC) is set. When the account becomes full paid, the account will move to the appropriate campus if another balance due account generates.

Example:

Taxpayer is a W&I taxpayer living in California and enters into an IA; the Fresno Campus generates each **CP 521, *Installment Agreement Reminder Notice***, and works the account if issues related to it arise on the IAAL. The following year, the taxpayer files Form 1040, *U. S. Individual Income Tax Return*, with Schedule C, *Profit or Loss From Business*, the BOD in which the taxpayer files, therefore, changes from W&I to SB/SE. The IA remains at the Fresno Campus, not moving to the Ogden Campus. When the balance due is full paid, the account moves to the Ogden Campus if another balance due account generates in the future.

11. If AMS is used, the Primary Address Change Indicator is required when:

- The IMF entity shows filing status 2 in the most current name line AND
- The IMF address change is for the primary taxpayer, but not the secondary taxpayer.

12. In this scenario, input a "1" when using CC INCHG, or check the box on the Update Contact Tool when using AMS. Failure to use the indicator also changes the secondary taxpayer address; for more information, see *IRM 3.13.5.123, Domestic Address Change Procedures for Primary Taxpayer ONLY*.

**5.19.1.3.3 (10-10-2008)
Determine Correct Tax Liability**

1. The taxpayer may indicate verbally or in writing the tax liability is questionable, such as:

- They do not owe the balance due
- They dispute the amount owed
- They do not know why they have a balance due

2. Do not pursue collection if you are not able to determine the correct tax liability. You must, however, secure telephone numbers and levy sources to update the account with current information. See *IRM 5.19.1.3.2, Taxpayer Information* and *IRM 5.19.1.3.4.2, Obtain and Verify Levy Sources*. If there are prior histories on the account indicating the taxpayer has indicated doubt as to liability previously, and has submitted nothing to support that claim within 45 days since the last history, and it is apparent the taxpayer is attempting to delay collection, pursue collection.

3. Follow procedures outlined in this subsection to refer the taxpayer inquiry to the appropriate office/area for further consideration.

Exception:

If the account balance is resolved within the same day, such as missing payment located to full pay the balance or on-line adjustment decreasing balance due to zero, and/or ST 12, then levy sources are not required.

Follow the instructions below if you determine the tax liability is questionable and a referral to another office is appropriate. Input CC STAUP to suspend further notices for 45 days prior to referring the balance due inquiry to another office/area; see paragraph (5) below.

If ...	Then ...
<ul style="list-style-type: none"> • <i>IRM 5.19.1.3.3.1, Tax Liability Previously Paid</i> • <i>IRM 21.1.3.18, Taxpayer Advocate Service Case Criteria</i> • <i>IRM 5.19.1.5.4.12(4), Innocent Spouse - IA Request</i> • <i>IRM 5.19.8, Collection Appeal Rights</i> • <i>IRM 5.19.1.3.3.2, Adjusting Tax for a Balance Due</i> • <i>IRM 5.18.1, Automated Substitute for Return (ASFR) Program</i>, or reconsideration return (taxpayer filed a return after the ASFR assessment was made) 	<p>Note:</p> <p>If the taxpayer requests an IA that MEETS criteria: <i>IRM 5.19.1.5.4.7, Pending IA Criteria</i>; input TC 971 AC 043 before referring the account to another office</p>
Automated Underreporter (AUR)	See <i>IRM 21.3.1.4.57, IMF Underreporter Letters</i>
SFR - Taxpayer disputes the assessment.	See <i>IRM 4.13.5, Automated Substitute for Return (ASFR)</i> , and SERP, Who/Where, ASFR - Reconsideration Returns - Centralized Processing Sites
The taxpayer claims income as wages and the employer reported the income made to a subcontractor	Determine if the taxpayer qualifies for a Form SS-8, <i>Determination of Worker Status for Purpose of Federal Employment Taxes and Income Tax Withholding</i> , determination and referral; for detailed procedures, see <i>IRM 21.7.2.3.10(1), (2) and (3), Attributed Tip Income Program (ATIP)</i> , Employee-Employer Status Determinations
Audit Reconsideration	See <i>IRM 21.5.10.4.3, Audit Reconsiderations</i>

4. If there is an open control base, contact the employee for case processing instructions. See *IRM 21.5.2.3(5), Adjustment Guidelines - Research*.

Note:

If the account has a TC 971 AC 043, and is controlled in "M" status and you can resolve the account, there is no need to contact the employee.

5. Use CC STAUP to interrupt the normal notice routine by delaying, accelerating or skipping notices. Employees can request a notice be stopped by taking the following actions:

A. Prepare Form 4442, *Inquiry Referral* /Letter 4442C, *Inquiry Referral*
See IRM 21.3.5, *Taxpayer Inquiry Referrals Form 4442*.

B. Forward Form 4442, *Inquiry Referral* /Letter 4442C, *Inquiry Referral*, to Output Review at the appropriate campus prior to the Wednesday before the 23-C date.

Note:

If time does not allow forwarding Form 4442, *Inquiry Referral* /Letter 4442C, *Inquiry Referral*, contact Output Review by telephone prior to 10:00 AM the Wednesday before the 23-C date. Form 4442, *Inquiry Referral* /Letter 4442C, *Inquiry Referral*, must be received in the campus Output Review Unit by the Wednesday before the 23-C date of notice. Notices not selected for review are mailed throughout the week. Notices selected for review are held until the Friday before the 23-C date.

5.19.1.3.3.1 (12-04-2009)

Tax Liability Previously Paid

1. When a taxpayer indicates they previously paid the tax liability and the payment or credit is not showing on the account; review additional information regarding payment tracers, see IRM 21.5.7, *Payment Tracers*.

2. If payments were made through the Lockbox bank, see IRM 21.5.7.4.7.4, *Lockbox Payments*, and follow if and then chart below.

If ...	And ...	Then ...
An ACS case (ST 22),	The taxpayer is on the phone,	A. Allow the taxpayer to fax a copy of the front and back of any cancelled check, money order, or cash receipt while on the call. B. If faxing is not possible, give the taxpayer an appropriate deadline and ACSS address to mail a copy. C. Move to E2 or E3 ACS inventory as appropriate with a 45-day follow-up.
ACS case (ST 22),	Correspondence indicates payment was made,	A. Send Correspondex Letter 167C, <i>Payment Missing; Copy of Check/Money Order/ Cashier's Check Requested</i> , requesting a copy of the cancelled check. B. Move to E4 or E3 ACS inventory as appropriate with a 45-day follow-up.
Non ACS cases,	The taxpayer is on the phone,	A. Allow the taxpayer to fax a copy of the front and back of the cancelled check while on the call. B. If faxing is not possible, give the taxpayer an appropriate deadline. C. Input TC 470. D. Provide the address for mailing.
Non ACS cases,	Correspondence indicates payment was made,	A. Send Letter 167C, <i>Payment Missing; Copy of Check/Money Order/ Cashier's Check Requested</i> , requesting a copy of the cancelled check. B. Input TC 470.

3. Upon receipt of the cancelled check, research for posting:

A. If located, move the credit as appropriate; if an outstanding balance still exists after the credit transfer, resolve the remaining balance due as appropriate

B. If payment resolves the total liability, but is not found, follow procedures and input TC 470 cc 93; for additional information, see IRM 21.5.7.4.6.9, *Payment Not Located*.

C. If the payment does not resolve the liability and is not found, follow procedures and input TC 470 if not already input per paragraph (1) above, with no cc, and take appropriate actions to resolve the remaining balances; for additional information, see IRM 21.5.7.4.6.9(3), *Payment Not Located*.

4. If you are unable to locate a payment made through the Electronic Federal Tax Payment System (EFTPS) refer to IRM 21.5.7.4.2, *Payment Tracer Referrals to Hardcore Payment Tracer Function (HPTF)*.

5.19.1.3.3.2 (09-29-2014)

Adjusting Tax for a Balance Due

1. If an adjustment to the tax is required, follow the appropriate adjustment procedures:

- IRM 21.5, *Account Resolution*
- IRM 21.6, *Individual Tax Returns*
- IRM 21.7, *Business Tax Returns and Non-Master File Accounts*

Note:

If tax liability is satisfied and there is an outstanding NFTL, see IRM 5.19.4.6.5, *Lien Releases*. Employees of functions with access to the Automated Lien System (ALS) input NFTL release requests in these circumstances; for functions not having access to ALS, determine and provide the Centralized Lien Unit (CLU) NFTL release contact on the Intranet by going to:

- The IRS Intranet home page (IRWeb)
- SERP
- The Who/Where tab
- ALS Units - Contacts

Reminder:

An internal use only telephone number is also provided along with the contact information on the CLU web site. Ensure all email communications regarding NFTLs are via secure messaging.

Note:

Consider providing the taxpayer Pub 1468, *Guidelines for Processing Notice of Federal Tax Lien Documents*, if the taxpayer has additional questions about the NFTL or refer the taxpayer to irs.gov to retrieve the publication.

- 2. If the taxpayer disputes a balance due as a result of an SFR/ASFR assessment, and claims they filed with their spouse, prepare Form 4442, *Inquiry Referral*, and forward it to SFR/ASFR. See IRM 5.19.1.2.4(14), *For Other Account Issues*, for processing sites. If the taxpayer disagrees with the assessment and has not previously filed, advise them to prepare and file an original return showing the correct income, exemptions, filing status, and deductions. An SFR/ASFR assessment can be identified by the following:

- A. TC 150 for .00 with literal "SFR" next to it.
- B. Tax class 2 with Doc Code 10 in the DLN.
- C. Blocking series 000-299.
- D. No AGI present on the module.
- E. TC 290 (Collection ASFR assessment) or TC 300 (Examination SFR assessment) with blocking series 540-549 or 640-649.

For addresses to which ASFR reconsiderations requests/cases are sent, see SERP, Who/Where, ASFR - Reconsideration Returns - Centralized Processing Sites.

- F. TC 599 with cc 088, no response to ASFR notifications.
- G. TC 599 with cc 089, taxpayer agreed to the ASFR assessment or filed an original return. If you receive a reconsideration of an Examination SFR, follow appropriate procedures. See IRM 4.13.3.8, *Closing Procedures*.

Note:

If the taxpayer files a return after TC 599 cc 089 is input, this is considered an amended return, not a reconsideration. Do not route these to ASFR. See IRM 21.3.3.4.10.2.1, *Amended Returns/Claims - Compliance Criteria*.

- 3. If the ITAS in Field Assistance working the account does not have a Form 809 Book, *Receipt for Payment of Taxes*, they do the input online. If the ITAS does have a Form 809 Book, they prepare Form 4442, *Inquiry Referral*, and submit it to their manager for approval and assignment for the input.

**5.19.1.3.4 (04-28-2008)
Tax Liability Determined**

- 1. This subsection provides the steps for continuing the interview/research process for a balance due and/or return delinquency account.

**5.19.1.3.4.1 (09-29-2014)
Full Compliance Check**

- 1. A full compliance check is required to identify if the taxpayer filed and paid all types of tax, penalties and interest for which they are liable. Ensure balance due and return delinquency modules, including cross-reference taxpayer identification numbers displayed on all MFs, are researched. Document full compliance check on AMS.
- 2. Always review comments on AMS to determine whether a full compliance check (FCC) was previously performed. If completed within the last 30 days, it is not necessary to perform it again.

Note:

For ACS users, ensure you also review the ACSWeb Comments screen.

- 3. Establish whether the taxpayer filed all returns as required in IRM 5.19.2.5.4.6, *IMF - Determining Liability*, and IRM 5.19.22.4.3, *BMF Return Delinquency Responses and Inquiries*, (or a module was closed or can be closed, with a satisfying transaction code). Individuals in business as sole proprietors must be in compliance with both individual and business filing requirements, including the following guidelines:

- A. If TDI modules closed with a TC 597 cc 012 or TC 598, you must satisfy these modules by securing a tax return or making a determination the taxpayer is not required to file
- B. If the taxpayer is required to file, request the returns and reverse the TDI modules with a TC 592 with no cc
- C. Determine liability to file:

For IMF, see IRM 5.19.2.5.4.6, *IMF - Determining Liability*.

For BMF, see IRM 5.19.22.4.3, *BMF Return Delinquency Responses and Inquiries*.

Exception:

AM employees - When conducting a full compliance check for BMF taxpayers and there is an open TDI module(s), please refer to IRM 5.19.1.5(5), *Methods of Payment*. AM will not perform the research required to close out the TDI. This includes taxpayers who state they are out of business or are not liable.

- 4. For BMF accounts, taxpayers must be in compliance in filing all tax returns or you may close a module using a satisfying cc, as appropriate.
- 5. For IMF accounts address all nonfiled returns per paragraph (3) above, follow IRM 5.19.2.5.4.6(15), *IMF - Determining Liability*, for appropriate closing actions or documentation.
- 6. IAs cannot be established if a return is required to be filed. When **speaking** to the taxpayer, address compliance on current year return filing as follows:

If ...	Then ...
Before April 15th IMF due date or due date of BMF return	Ask the taxpayer if the return was filed: A. If "Yes" , ask if it is a balance due or refund return B. If a balance due return and filed less than ten weeks ago, include the liability in the case disposition

	C. If "No" , continue with normal case processing; securing the return is not required
The return was filed more than ten weeks ago	You must secure the return; ask the taxpayer if the return was filed and whether it is a balance due or refund return.
A TC 460 is present for the current year return and it is before the extension due date	Continue with normal processing; securing the return is not required
It is past 10 weeks of the return due date, or approved extension date (TC 460) (IMF), or past 20 weeks of the return due date (BMF),	Ask the taxpayer if the return was filed: A. If "Yes" , ask if it is a balance due or refund return B. If a balance due return and filed less than ten weeks ago, include the liability in the case disposition C. If "No" , and you determine the taxpayer is not required to file, input appropriate transaction and cc per Document 6209, <i>IRS Processing Codes and Information</i> , Section 11, <i>TDI Closing Codes</i> , and continue with normal case processing D. If the taxpayer has not filed all required returns, you cannot grant an IA without securing them. If the taxpayer is eligible for CNC hardship but has unfiled returns, IRM 5.19.17.1.1.3(4)-(5), <i>CNC Unable to Pay - Hardship</i> .

Note:

Follow IRM 5.19.2.5.4.6, *IMF - Determining Liability*. Address modules not in an open RD status by annotating AMS comments only, as appropriate. Do not input a TC 59X on modules with no TC 140 or TC 474 as input will cause an Unpostable action if module is not on MF.

7. While working correspondence and you determine there are missing returns for which the taxpayer is liable to file:

If ...	Then ...
It is not 10 weeks past the return due date, or approved extension date (TC 460) (IMF), or past 20 weeks of the return due date (BMF),	Process the correspondence
It is past 10 weeks of the return due date, or approved extension date (TC 460) (IMF), or past 20 weeks of the return due date (BMF),	Send an appropriate Correspondex letter requesting the return. Advise the taxpayer an IA cannot be considered at this time. IAs cannot be granted when a return is due. If the taxpayer meets CNC hardship criteria, follow the procedures in IRM 5.19.17.1.1.3(4)-(5), <i>CNC Unable to Pay - Hardship</i> .

8. If the taxpayer is liable to file and needs income information to file the return, use the Transcript Delivery System (TDS); for additional information, see IRM 21.2.3.4, *Transcripts Procedures*. TDS delivers tax account and return information to the taxpayer with an appropriate cover letter.

9. If the taxpayer is liable to file, instruct them to file as follows:

- A. If an ACS call site telephone inquiry, direct the taxpayer to mail the missing return to the appropriate ACSS Site
- B. If the return delinquency is in ASFR, and the taxpayer has received an ASFR notice direct the taxpayer to mail the return to ASFR site's address that appears on the notice.
- C. For all others, including accounts where it is assigned 8000 but there is no Dummy TC 150 present on the module, direct the taxpayer to mail the missing return to the appropriate address using the "Where to File" , Forms and Payments information via SERP.

See IRM 5.18.1.7.1(1), *ASFR Dummy TC 150*, for instructions on how to identify an ASFR started case.

**5.19.1.3.4.2 (01-02-2015)
Obtain and Verify Levy Sources**

1. When speaking to the taxpayer or their authorized representative regarding a balance due account, employees must attempt to secure levy sources.
2. Employees are **not** required to obtain or verify levy sources on the following:

- TDI only cases (ST 02 or 03).
- ST 12 cases.
- On any account where ACSWeb, AMS or CC ENMOD indicate levy sources were confirmed or updated within the last three months or 13 cycles.
- On any cases where the total accrued balance is below deferral.
- An adjustment to the account will resolve the balance due, or other action will resolve the balance due within the same day.

Example:

A misapplied payment located or an on-line adjustment.

- ST 26: Assigned to an RO. See *IRM 5.19.1.3.1(7), Account Actions on Referral/Redirects*.
- When transferring the call to ACS or an NSIA site.

Exception:

AM phone assistants are **only** required to secure or verify levy sources when working the NSIA application.

- Accounts that are in ST 53, or requests for CNC accompanied with Form 433-F, *Collection/Information Statement*.
- ST 60 cases or IA request correspondence (e.g., Form 433-D, *Installment Agreement*, Form 9465, *Installment Agreement Request*).

Note:

This includes **Field Assistance TAC** employees when contact is **solely** for the purpose of hand delivering a payment and the account is in ST 60.

- ST 71 cases, or OIC correspondence requests accompanied with Form 656, *Offer in Compromise*.

Exception:

If the account includes modules in ST 71 **and** modules in other statuses, then employees **are** required to obtain or verify levy sources (if no other conditions in paragraph (2) are met).

- ST 72 cases, bankruptcy only, unless modules in other statuses are present.
- Standalone Individual SRP. See *IRM 5.19.1.4.16.1, Standalone SRP*.

3. Unless the account meets one of the exceptions listed in paragraph (2) above, ACS, ACSS and Field Assistance employees working ACS cases must follow the procedures in *IRM 5.19.4.3.6, Obtain, Verify and Update Levy Sources*, for obtaining and verifying levy sources on ST 22 cases where the balance due meets or exceeds deferral. See *IRM 5.19.1.1.6(2), Case Processing Authority Levels*, for information on deferral amounts.

A. Examples of what representatives should say when verifying (or securing) levy sources are:

Suggested Language
"May I have the name and address of your current employer?"
Ask if there are any additional employers or sources of income.
"May I also have the name and address of your current bank or financial institutions?"
Ask if the taxpayer has any additional banks or credit unions.

4. Unless the account meets one of the exceptions above, **all** employees working accounts where **no** module is in ST 22 (ST 23 or ST 24), where the balance due is above deferral, (see *IRM 5.19.1.1.6(2), Case Processing Authority Levels*, for information on deferral amounts) must follow the procedures below:

A. Verify levy sources on IDRS using CC LEVYS if they have **not** been confirmed in the last 13 cycles.

Note:

AMS or CC ENMOD indicates levy sources were confirmed or updated within the last three months or 13 cycles.

Note:

If no modules are active on IDRS, then CC LEVYS will not be available.

B. If the taxpayer/representative provides a new levy source, ask for the source's complete address. Use CC LEVYE to add levy sources to IDRS. If the taxpayer or representative does not have the address of the levy source available, employees can check the National Levy Source Look-Up available on SERP. If the levy source is not listed, document information provided using AMS History.

C. If, after verifying existing sources, there are no sources on CC LEVYS, employees are required to attempt to secure one potential levy source; (i.e. wage, self employment, bank, etc.).

D. Obtain the name, address and ZIP Code of any source added.

E. Note in AMS comments levy sources were validated.

5.19.1.3.4.3 (09-29-2014)

Balance Due Taxpayer Education (Cause and Cure)

1. In order to prevent future tax delinquencies, it is important to determine what caused the taxpayers current balance due or return delinquency; once you understand the reason for the problem, you can recommend a cure or plan of action the taxpayer can follow to prevent the problem from recurring. Unless the taxpayer corrected the problem and the current year return is full paid, you must do this while on the phone or when answering correspondence. Document in AMS comments cause, cure and compliance (CCC) was completed.

Note:

If cause, cure and compliance is entered in comments and there are no new delinquencies since the initial cause and cure discussion, you are not required to address cause and cure again.

2. If the account is a balance due, it is important to remember, in general, tax withheld from wages, pension, or annuity income, estimated tax payments, or a combination of both must constitute either 90% of the tax liability for the taxable year or 100% of the tax liability for the preceding taxable year; for further guidance and exception criteria:

- See *IRM 20.1.3.2.1.1, Determining the Required Annual Payment*
- See *IRM 20.1.3.3.1.1, Determining the Required Payment Amount*

3. If the account is a return delinquency or there are unfiled returns due within the period specified in *IRM 5.19.2.5.4.5, IMF Determining Liability*, or *IRM 5.19.2.5.4(6), BMF Determining Liability*, educate the taxpayer about their filing requirements; for additional information. *IRM 5.19.1.3.4.1, Full Compliance Check*.

4. You must do this when speaking to the taxpayer via phone or when answering correspondence.

5. The following are typical examples of causes and cures:

Causes ...	Cures ...
The taxpayer does not have enough income tax withheld from wages.	<p>A. Advise the taxpayer if they incur any additional tax liability or fail to file any future tax year returns, the IRS can issue a notice to their employer directing the employer to withhold at the highest rate.</p> <p>B. Explain how to correct Form W-4, <i>Employee's Withholding Allowance Certificate</i>, reducing the number of allowances or having additional tax withheld each pay period.</p> <p>Note:</p> <p>If the taxpayer would like to calculate the proper withholding allowances on his or her own, refer the taxpayer to the withholding calculator at www.irs.gov.</p> <p>C. Remind taxpayers, when applicable, they may withhold from their Social Security, Unemployment, etc., with Form W-4V, <i>Voluntary Withholding Request</i>.</p>
The taxpayer adjusted withholding during the year, but still owes tax on the current year because of the withholding rate for the earlier part of the year.	Confirm withholding is correct to avoid future delinquencies.

<p>The taxpayer does not make estimated tax payments because they are unaware of or does not understand the requirements.</p>	<p>A. Explain estimated tax payment requirements including when to complete Form 1040-ES, <i>Estimated Tax Income for Individuals</i>.</p> <p>B. If the taxpayer has internet access, advise taxpayer to access the following Publications via www.irs.gov:</p> <ul style="list-style-type: none"> • Publication 334, <i>Tax Guide for Small Business</i>, and/or • Publication 505, <i>Tax Withholding and Estimated Tax</i>. <p>for taxpayers with interest, dividend, and other non-wage income; for additional information regarding estimated tax, see IRM 21.6.3.4.2.3, <i>Estimated Tax (ES)</i>.</p> <p>C. If the taxpayer does not have internet access, then offer to send these publications.</p>
<p>The taxpayer is not making Federal Tax Deposits for employment, excise or corporate taxes.</p>	<p>A. Advise the taxpayer of FTD requirements. See IRM 21.7.2.3.4, <i>Deposits</i></p> <p>B. If the taxpayer has internet access, advise taxpayer to access the following Publication via www.irs.gov: Publication 15, <i>Circular E, Employers Tax Guide</i>.</p> <p>Note:</p> <p>If a business, other than a sole proprietorship, explain the officers or partners of the business can be held personally liable for unpaid trust fund taxes by being assessed a TFRP by an RO</p> <p>C. If the taxpayer does not have internet access, then offer to send this Publication.</p>
<p>The taxpayer did not file because they did not know how to complete a tax form.</p>	<p>Advise the taxpayer assistance is available each filing season:</p> <ul style="list-style-type: none"> • Through VITA or TCE for IMF taxpayers. <p>Note:</p> <p>See IRM 21.3.4.10(3), <i>Return Preparation Assistance</i>, and IRM 21.3.5.4.4.1, <i>Directing Taxpayers to Taxpayer Assistance Centers (TAC)</i>.</p>
<p>The taxpayer states they do not have the income information to file prior year returns.</p>	<p>Provide income information via TDS, or CC IRPTRW; if needed, send the corresponding tax forms via ELITE, see IRM 21.2.1.10, <i>Enterprise Logistics Information Technology [ELITE]</i>.</p>

6. Document in AMS comments cause, cure and compliance (CCC) was completed.

5.19.1.3.4.4 (10-18-2013)

Balance Due Collection Statute Expiration Date (CSED) Considerations

1. You must consider the Collection Statute Expiration Date (CSED) when addressing a balance due account. The CSED is a time period established by law to collect taxes. The CSED is normally ten years from the date of an assessment; however, a number of events, such as the filing of an Innocent Spouse claim or bankruptcy will suspend the ten year period. Guidance for determining the CSED can be found in IRM 25.6.1.12, *Collection Statute Expiration Date*.
2. If full payment cannot be secured by the CSED, and the taxpayer has some ability to pay, the government can grant a partial PPIA. If any modules will not be full paid prior to the CSED and the taxpayer has some ability to pay, consider a PPIA. See IRM 5.19.1.5.5, *PPIA*.
3. If a PPIA is being considered, a financial statement is required to determine the taxpayer's ability to pay, you must use CC ICOMP or Decision IA (or IAT Compliance Suite Payment Calculator) to calculate full payment and determine if the account will full pay before any CSED expires.

5.19.1.3.5 (10-18-2013)

Balance Due Collection First Read Process (CFRP) Mail Desk Procedures

1. Without accessing IDRS to make a determination, pre-sort and extract mail easily identified as not meeting CFRP criteria such as Form 656, *Offer in Compromise*, Trust Fund Penalty, and TDI to be batched as First Read in separate batches under the document types specified or forwarded to the appropriate function for processing if not controlled on AMS.

Note:

If the tax year is not identified in the taxpayer's correspondence, control the case to the current tax year.

2. Place balance due receipts in folders in batches of up to 50 and date stamp the folder with the Collection received dated. (Do not date stamp each individual piece of mail as AMS will record both the IRS received date and that of CSCO.)
3. Following AMS procedures, enter the batches on AMS under the First Read category under the appropriate OFP and document type.

Note:

Until the new OFPs are established on AMS for First Read, use the existing OFP codes on AMS. The new OFP codes are established and must be used on your Form 3081, *Employee Time Report*.

4. Shelf the batches of work in date order or to assigned employee as management has designated.

5. After the batch has been completed and released by Quality and managerial review, the batch will be returned to the clerks for stripping and destroying documents or forwarding to other areas as appropriate.

5.19.1.3.5.1 (09-29-2014)

Collection First Read Process - CFRP

1. In First Read (CFRP), work cases that can be closed within Five (5) minutes following appropriate balance due procedures in this IRM. The following are examples of some of the types of cases you should work, but there could be others.

- Here is my payment

- Address Change
- Telephone number input
- Misroutes (Cases belonging to Exam, AM, etc.)
- ST 72, 22, 71, and 26 (Route to appropriate area)
- Requests for balance due amount
- SIA
- Open control base
- Can't Pay (No financial statement is needed if balance below deferral; see *IRM 5.19.1.1.6(2)*, *Case Processing Authority Levels*.)
- Short term full pay (up to 120 days)
- Did you receive my payment

Note:

ST 72, 22, 71, and 26 (Route to appropriate area) ST 72 route based on the TC 520 cc; CDP/Appeals, Bankruptcy, Litigation, Refund Litigation, Tax Court, Civil penalty with Appeal Rights. Follow the TC 520 cc Chart in Document 6209, *IRS Processing Codes and Information*, for the definitions of the codes to ensure the case is routed properly.

2. Those cases you are not able to close within the batch under CFRP procedures, you will put into the Suspended status on AMS and AMS will move to the Ready to Work category to be worked by the technical units.
3. Management may, at times, move batches of work not started out of the CFRP inventory into the Ready to Work inventory by placing them in a Suspended status on AMS. These batches will then be assigned to the technical employees assigned to work this inventory. (Initially the clerks may be required to manually suspend each of the cases in the folder and then the manager will reassign the batches to the Unassigned Queue. The manager in the technical units would then have to move out of the Queue into their employees' inventories. We are requesting AMS be updated to do this for us systemically as soon as possible.)
4. Take all actions on cases following normal balance due procedures.
5. After all cases in the batch have been worked either by resolving and closing or putting into the suspended inventory, separate the batch. The closed cases will stay with the original batch sheet and be placed for quality and managerial reviews. Those cases in suspended will be placed in a new batch. Print the new batch sheet and put on the front of the new batch. Place folder in a designated area to be distributed to the technical unit employees under the Ready to Work category.

5.19.1.4 (10-18-2013)

Balance Due Special Considerations

1. This subsection provides additional guidelines for handling balance due accounts for the following types of casework:

- NMF Balance Due Accounts
- Insolvency issues
- Deceased Taxpayers
- TFRP issues
- Credit Offset (TC 130)
- FERDI issues
- Incarcerated Taxpayers
- Disaster/Emergency Relief
- Military Deferment Accounts
- Tax Court Cases
- Killed in Terrorist Action (KITA)
- Taxpayers Taken Hostage in Terrorist Action (HSTG)
- Criminal Investigation Division Indicators (CID) on balance due cases
- LLC Accounts

2. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to IAT tools are required to complete the action using the IAT tool. See *IRM 5.19.1.1.7*, *Mandated IAT Tools*, for a list of mandated IAT tools.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>.

5.19.1.4.1 (04-28-2008)

NMF Balance Due Accounts

1. The Automated Non-Master File (ANMF) System is an accounting and data control of NMF accounts. The following instructions pertain only to automated NMF accounts.
2. NMF accounts are established by Accounting Operations and maintained on the ANMF database for accounting of the tax assessments and collection of revenue.
3. A NMF account reflects an assessment of tax from a return or another source document and, by itself, usually does not represent the entire liability for a tax period. A separate NMF account establishes for each additional tax assessment.
4. NMF is subject to the same examination, criminal investigation, and general data processing criteria as the MF.
5. Input a history item on the ANMF System for each period involved whenever an action is taken on the account.

Caution:

Any NMF account on IDRS, regardless of status, is only an information item and not necessarily an accurate picture of the current status of the account.

**5.19.1.4.1.1 (10-18-2013)
NMF Notice Responses**

1. NMF responses are received from a taxpayer due to a notice issued by Accounting Operations.

Note:

For calls regarding NMF notices received other than via 1-888-829-7434, the CSR may answer questions if they have the ability and expertise to do so; if not, ask the taxpayer to call 1-888-829-7434, at which a specialist is available to help. DO NOT REFER CALLS ON OTHER ISSUES TO THIS NUMBER. ALSO, THIS TOLL FREE NUMBER IS FOR CALLS FROM TAXPAYERS OR TAXPAYER REPRESENTATIVES ONLY; for additional information, see IRM 21.7.12.4.1, *NMF Toll- Free Number*.

2. Review CC ENMOD on the MF for a TC 130 ("V-" freeze) on all responses; if TC 130 is not present, follow procedures for input instructions. See IRM 5.19.10.3, *Credit Offsets*.
3. Take the following actions on AAB (CC SUMRY) due on NMF accounts less than established criteria; for additional information for balance due amounts for individuals or businesses, see IRM 5.19.1.4.1.1, *NMF Notice Responses*.

If ...	Then ...
The taxpayer states they are unable to pay	A. Complete Form 3177, <i>Notice of Action for Entry on Master File</i> , to request the account be placed in CNC status (TC 530) B. Forward Form 3177, <i>Notice of Action for Entry on Master File</i> , to Accounting Operations using Form 3210, <i>Document Transmittal</i> Note: If taxpayer does not qualify for a CNC exception IRM 5.19.17.1.1.2(1), <i>CNC Exception Processing</i>), you must review their financial statement to determine if taxpayer qualifies for a CNC, IRM 5.19.17, <i>Campus Currently Not Collectible and Offers in Compromise</i> C. If taxpayer qualifies for a CNC advise the taxpayer collection action will not be pursued at this time; however, penalty and interest continue to accrue D. Inform the taxpayer they will receive a yearly reminder notice via regular mail E. Input history on the ANMF System
The taxpayer requests additional time to pay	A. Send Letter 681C, <i>Proposal to Pay Later Accepted</i> , accepting the taxpayer's proposal to pay Note: The maximum time to allow for a full pay is 60 days (ST 22 or 24) or 120 days for any Notice Status without a ST 22 module. B. Ask the taxpayer to place an "N" after their taxpayer identification number when making a payment and enclose a copy of this letter C. Advise the taxpayer a final notice will be issued; however, collection action will not be pursued at this time D. Forward to Accounting Operations, via Form 3210, <i>Document Transmittal</i> , Form 3177, <i>Notice of Action for Entry on Master File</i> , requesting input of TC 530, and Form 4442, <i>Inquiry Referral</i> , requesting the fourth notice is issued E. Input history on the ANMF System
The notice response indicates a deceased, bankrupt or incarcerated taxpayer	A. Send Form 4442, <i>Inquiry Referral</i> , via Form 3210, <i>Document Transmittal</i> , to Accounting Operations requesting a TDA be issued regardless of the dollar amount B. Input history on the ANMF System

4. Take the following actions on NMF responses with an AAB (CC SUMRY) due of more than ≡ ≡ ≡ ≡ ≡ ≡ for individuals and ≡ ≡ ≡ ≡ ≡ ≡ for businesses:

If ...	Then ...
The taxpayer requests additional time to pay	A. Send Letter 86C, <i>Referring Taxpayer Inquiry/Forms to Another Office</i> , and advise they make payments when they can; however, a request is being referred to the field for processing the taxpayers request B. Ask the taxpayer to place an "N" after their taxpayer identification number when making a payment and enclose a copy of this letter. C. Advise the taxpayer a final notice will be issued. D. Prepare and send Form 4442, <i>Inquiry Referral</i> , via Form 3210, <i>Document Transmittal</i> , to Accounting Operations requesting a fourth (final) notice be issued; E. Input history on the ANMF System.
The taxpayer states they are unable to pay	A. Send Form 4442, <i>Inquiry Referral</i> , via Form 3210, <i>Document Transmittal</i> , to Accounting Operations requesting a referral to the field with accompanying Form 4442, <i>Inquiry Referral</i> . B. Input history on the ANMF System.
The notice response indicates a deceased, bankrupt or incarcerated taxpayer	A. Send Form 4442, <i>Inquiry Referral</i> , via Form 3210, <i>Document Transmittal</i> , to Accounting Operations requesting a referral to the field with accompanying Form 4442, <i>Inquiry Referral</i> . B. Input history on the ANMF System.

5. Take the following actions if the taxpayer indicates they filed an appeal with the U.S. Tax Court:

A. Notify Accounting Operations to input TC 470 with the appropriate cc.

Caution:

Only advise Accounting Operations to input 470 with cc 90 when an account will go to ST 12 due to full payment. See IRM 5.1.15, *Abatements, Reconsiderations and Adjustments*.

Request TC 470 cc 90 on the account using Form 3177, *Notice of Action for Entry on Master File*, via Form 3210, *Document Transmittal*

B. Route the correspondence or Form 4442, *Inquiry Referral*, to the appropriate field Advisory Unit.

C. Input history on the ANMF System indicating the account was forwarded to the field

6. Take appropriate actions when the taxpayer responds to any notice including a Form 9774, *Annual Reminder Notice*:

If ...	Then ...
<p>The taxpayer request a payoff amount or a third party indicating a willingness to pay the debt. <i>IRM 5.19.1.1.1, Disclosure Overview: Verifying Identity of Contact Party</i></p>	<p>A. Give the taxpayer/third party the payoff amount using CC COMPA if the account shows on IDRS</p> <p>B. Input history on ANMF including the payoff amount and date</p> <p>C. If not on IDRS, prepare Form 4442, <i>Inquiry Referral</i>, and forward to Accounting Operations</p> <p>D. Advise the taxpayer you are referring the inquiry to another office</p>
<p>The taxpayer requests an IA</p>	<p>A. Determine if taxpayer meets and qualifies for an IA, including AAB (CC SUMRY): <i>IRM 5.19.1.5.4, IAs</i></p> <p>B. If any module is in ST 53, review the account to determine if TC 530 should be reversed</p> <p>C. When the reversal is appropriate, send Form 3177, <i>Notice of Action for Entry on Master File</i>, to Accounting Operations for input of TC 531</p> <p>D. When the reversal is not appropriate, review detailed rejection procedures before requesting the taxpayer send payments when they can. <i>IRM 5.19.1.5.4.9, IA Rejection Criteria</i>.</p> <p>Note:</p> <p>No formal IA is established.</p> <p>E. When the account is in Notice Status or the request for a TC 531 is submitted to Accounting Operations: Send Form 4442, <i>Inquiry Referral</i>, with IA information to Accounting Operations requesting the account be referred to the field, update to ST 26 and TSIGN 3500 6996. Follow MMIA procedures, see <i>IRM 5.19.1.5.4.19, MMIA's</i>. Prepare the case to be forwarded to CCP from the Accounting Operations. Prepare Form 3177, <i>Notice of Action for Entry on Master File</i>, requesting input of TC 971 AC 063 and forward to Accounting Operations. Advise the taxpayer it is in their best interest to begin making payments to reduce penalty and interest accruals. Include their SSN and an "N" following the number on the check or money order; also, advise they attach a copy of the notice they receive with their payment.</p> <p>F. When the account is in TDA status and assigned to a RO (ST 26): Forward Form 4442, <i>Inquiry Referral</i>, with payment request information to the assigned RO; the TSIGN indicates the group number and revenue officer number. (See Document 6209, <i>IRS Processing Codes and Information</i>, 11-3) Prepare Form 3177, <i>Notice of Action for Entry on Master File</i>, requesting input of TC 971 AC 043 and forward to Accounting Operations Input history on the ANMF System. Advise the taxpayer to begin making payments and put their SSN with an "N" following the number on the check and attach a copy of the notice they receive</p>

5.19.1.4.1.2 (04-28-2008)

CSCO Hard Copy NMF TDAs

1. Input assignment code "6466" using CC ASGN/CC ASGNB when the NMF TDA is received from Accounting Operations; for input procedures. See IRM 2.4.27, *Command CodeASGN/ASGNB(formerly TSIGN)*.
2. Count each balance due Notice reply; if more than one notice is received with or without correspondence attached, count each notice response regardless of the MFT/tax period.
3. If a MF account is in ST 22 and there is also a NMF balance due, all modules must be accelerated to the field and assigned to a RO.
4. Do not take a count on clerical duties relating to balance due cases.

5.19.1.4.1.3 (04-28-2008)

NMF Adjustment File

1. CSCO receives a photocopy of cases in ST 89 for filing in the NMF Adjustment File.

Example:

Husband only, wife only, non-petitioning spouse, transferee/transferrer.

2. Maintain the file by tickler system; a tickler system is a method used to remind you to take follow-up action on a case.
3. Research IDRS and take actions listed in the chart below within 60 days after the adjustment is completed:

Caution:

If the NMF account on IDRS is in ST 89, IDRS is only an information item and not necessarily an accurate picture of the ANMF.

If ...	Then ...
No balance remains	A. Complete Part 7 of Form 668 if a TC 582 is posted to the account B. Indicate the full paid information (date the account was full paid) C. Sign and date the green copy (upper right) D. Forward Form 668 with the green copy (Part 7) on top to the Advisory Unit via Form 3210, <i>Document Transmittal</i> E. Input CC STAUP 12 for each fully paid module F. Destroy the photocopy of the case G. If the module contains a TC 780, send a print to the OIC Unit
There is a remaining balance due	A. Review IDRS every 30 days, not to exceed six months, until the pending adjustment is resolved or no balance due remains on the account B. Follow instructions outlined in this table when the account is fully paid
A potential refund situation exists following the adjustment action	A. Accounting Operations forwards an ANMF transcript to CSCO B. Determine if there are other outstanding balance due liabilities for the entity C. Research CC ENMOD for a TC 130 before allowing the refund to issue

**5.19.1.4.1.4 (11-04-2008)
NMF Semi-Annual Delinquent Accounts Inventory Profile (DAIP)**

1. As a result of ICS case management, CSCO no longer processes DAIP.

**5.19.1.4.2 (10-18-2013)
Insolvency Issues**

1. When a taxpayer files for protection under the Bankruptcy Code, collection actions are suspended. Generally, the Centralized Insolvency Operation (CIO) is responsible for inputting Transaction Code (TC) 520 to each module covered under the bankruptcy. This action terminates notice generation, aside from a first notice, and places the modules in ST 72.

Exception:

TC 520 cc 84 does not automatically move to ST 72.

2. Due to timing issues between the input of TC 520 and ACS account actions taken, enforcement action could be taken. To eliminate these violations, Insolvency accessed ACS to release levies and continue with necessary actions on bankruptcy cases.
3. If the account is in ST 72, verify the TC 520 cc is for insolvency. (See Document 6209, *IRS Processing Codes and Information*, Section 11, TC 520 cc Chart.)
4. Clearly document all actions outlined in this subsection on AMS comments.
5. CSCO may receive Official Form 18, *Discharge of Debtor*, from various states. CSCO must route these forms to CIO:

Centralized Insolvency Operation
 PO Box 7346
 Philadelphia, PA 19101-7346

It is not necessary to forward these forms to Insolvency. Discard them as classified waste.

**5.19.1.4.2.1 (10-18-2013)
Contacts Regarding Insolvency Issues**

1. Do not automatically refer the taxpayer to the CIO when contacted and all or part of the account is in ST 72. First, determine the reasons for the call or correspondence and address any non-insolvency related issues as appropriate.
2. If the taxpayer is calling to request an IA, a tool is available under the SERP, Who/Where tab Insolvency (Bankruptcy) Tools link titled Installment Agreement Requests When in a Chapter 13 Bankruptcy Only. Use this tool to determine if an IA can be granted on post-petition liabilities. This tool is available for use in all telephone operations. Paper operations can also use this tool if they know which bankruptcy chapter the taxpayer filed.
 - A. Refer the taxpayer to the CIO toll free number, 1-800-973-0424, for questions regarding the bankruptcy proceedings. Transfer the call to extension 92318.
 - B. For correspondence, refer the inquiry to the CIO via Form 4442, *Inquiry Referral*.
3. When receiving refund inquiries and a bankruptcy freeze is on an account:

If ...	Then ...
TC 846 is present	Provide the caller with the expected refund date Reminder: Do not contact the CIO concerning a refund when TC 846 is present.
TC 810 with "RESP-U-CD>3" (Earned Income Tax Credit freeze) is present,	Advise the taxpayer a review for the EITC amount is in process
Both TC 846 and TC 840 with "RESP-U-CD>3" is present (partial refund is generating while an EITC freeze is on the account)	Explain to the taxpayer the refund they will initially receive is the amount not subject to EITC review

3. When working **correspondence**, advise the taxpayer of NF IL filing by sending Letter 2603C, *Notice of Federal Tax Lien Will be Filed with Installment Agreement*, to the taxpayer. When necessary, request a Federal Tax Lien be filed immediately. For additional information, see IRM 5.19.4.5, *Research on Federal Tax Liens* and IRM 5.19.4.6, *Procedures for Filing Liens*.
4. When working **correspondence**, you are required to resolve any issue under your authority and dispose of the document(s) in classified waste. Forward questions not under your authority to the appropriate operation. Use Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*, to notify the taxpayer. Follow Action 61 procedures in IRM 21.3.3.4.2.1, *Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office*.
5. **Delay Collection** - Follow appropriate procedures below:

- A. For Notice Status accounts, input CC STAUP 09 to the next status
- B. For ST 64, input CC STAUP 2209
- C. For ST 22 accounts, reassign to "TOXX,60", where XX =:

"E2" if a levy source is available and LT11, *Final Notice -- Notice of intent to levy and your notice of a right to a hearing (sent certified, return receipt requested)*, was not issued
 "E3" if a levy source is available and LT11, *Final Notice -- Notice of intent to levy and your notice of a right to a hearing (sent certified, return receipt requested)*, was issued
 "I2" if there is no levy source.

Note:

If the account is in S8, contact the ACS CDP Coordinator and do not remove from S8.

- D. When the follow up period expires and the account is still ST 22, proceed with normal processing.

**5.19.1.4.2.1.4 (04-28-2008)
 Insolvency Request for ACS**

1. Insolvency may request ACS take one of the following actions listed in the chart below:

If Insolvency requests ...	Then ...
An account transferred to a RO	Enter History Code "TFRO,,AOTOXXXX" , where "XXXX" = the RO collection assignment number.
An account transferred to them	Enter History Code "TFRO,,XXXXXXXX" , where "XXXXXXXX" = the assignment code provided by Insolvency.
Collection be pursued	A. Contact the taxpayer and explain the tax is due and collectible. B. If unable to reach the taxpayer by phone, notate comments and pursue collection.

**5.19.1.4.2.2 (09-23-2015)
 Insolvency - Full Pay Within 60 Days/IA Requests on Post-Petition Periods**

1. A Post-petition period(s) is a tax period that **ends** after the date of filing of the bankruptcy petition. The exception is employment taxes which are divisible by payroll date. The Bankruptcy Reform Act of 1994 (BRA94) granted permission to assess pre-petition tax periods while the debtor is under the protection of the automatic stay. Therefore, a pre-petition tax can be assessed after the petition date.
2. Effective 03-23-2015, a request for an IA (or Full Pay Agreement) on post-petition liabilities is non-processable when a taxpayer is in bankruptcy (**unless** the IA request meets Guaranteed IA criteria. See *IRM 5.19.1.5.4(8), IAs*). Employees should contact CIO to determine the current status of the bankruptcy and what collection actions, if any, are appropriate to each specific case with post-petition liabilities and follow CIO guidance. Procedures for allowing IAs vary among bankruptcy court jurisdictions. Insolvency must approve full pay within 60 days and an IA on post-petition periods. To determine if an account qualifies, see *IRM 5.19.1.4.2.1(1), Contacts Regarding Insolvency Issues*. Employees should not establish installment agreements on post-petition liabilities when there are open modules in bankruptcy, unless directed to by CIO.

Note:

In this situation, before referring an account to CIO, ensure the taxpayer is in bankruptcy.

Example:

If there is a TC 520 CC 76 or cc 77 on the ST 72 modules, the account is in Collection Due Process (CDP); these cases are referred to the ACS CDP Coordinator.

Reminder:

Always follow CIO's direction on whether or not a full pay request or an IA can be granted on the post-petition periods; local law and practices in each state may vary.

3. Upon receipt of Form 9465, **Installment Agreement Request**, or any IA (or Full Pay Agreement) request on post-petition liabilities while the taxpayer is in bankruptcy, CIO will:
 - A. Issue Letter 2272C, *Installment Agreement Cannot Be Considered*, to the taxpayer.
 - B. If there is documentation about receipt of the request, on AMS, document the AMS history stating that the IA request is non-processable due to bankruptcy and that Letter 2272C, *Installment Agreement Cannot Be Considered*, was sent to the taxpayer.
 - C. Input a TC 520 cc 84 on the post-petition modules on IDRS using the bankruptcy petition date as the TC 520 date.
 - D. Add all TC 520 cc 84s added to modules on IDRS to the Automated Insolvency System (AIS) Freeze Screen. This will allow systemic reversal of the TC 520 during case closure.
 - E. If the aggregate Unpaid Balance of Assessment (UBA) on all post-petition periods is \$2,500 or more, CIO will determine if the liability was addressed when a New Assessment Litigation Transcript System (LTS) transcript generated.

- If the post-petition liability was addressed by Field Insolvency (FI) when a LTS transcript generated, CIO will go to Step g.
- If the post-petition liability was not addressed previously, CIO will reassign the case to FI. CIO and FI will follow guidance in *IRM 5.9.16.3.2(2), New Assessment Reports*.

- F. If the post-petition module is in ST 22, CIO will check the ACS system.

- If a levy was issued on the debtor's wages, CIO will release the levy and move the case to R4, which is a protected inventory.
- If no levy was issued, then CIO will move the case to R4.

G. Notate all actions in the AIS case history.

Note:

Post-petition IA requests submitted by taxpayers who had a pre-petition IA are also considered non-processable. The taxpayer may not be granted a post-petition IA, nor is the taxpayer eligible to have the pre-petition IA reinstated. In addition to issuing Letter 2272C, *Installment Agreement Cannot Be Considered*, CIO will follow the steps in Exhibit 5.9.17-5, *Installment Agreement Cannot Be Reinstated*.

4. When contacting CIO for approval, tell the taxpayer you will contact them within 30 days. Open a control base on IDRS and follow up with the appropriate interim letter or phone call if resolution is not completed within the 30 days. Update AMS comments actions taken.
5. After attempting contact with the Insolvency Unit by fax, if you do not receive a response within 21 days, contact them to follow up on the initial request. If you do not receive a response within 14 days after the follow up, refer the case to your manager for contact with the Insolvency Unit manager. Follow up with the taxpayer by sending the appropriate interim letter or by phone call.
6. If an IA is granted, and the TC 520 cc is 60, 62, 64 or 66, it can be included in the IA and input on IDRS using CC IAGRE. For all other codes, refer to related procedures. *IRM 5.19.1.5.4.19, MMIA's*.
7. If a full pay is granted, refer to applicable procedures. *IRM 5.19.1.5, Methods of Payment*.
8. When receiving an IA request by correspondence, and modules are in ST 72, and the Bankruptcy Chapter is not available route to:

Centralized Insolvency Operation
 PO Box 7346
 Philadelphia, PA 19101-7346

9. Notify the taxpayer of the referral by sending Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*.
10. Previously, Chapter 13 taxpayers in certain jurisdictions may have been granted an IA for post-petition liabilities. This practice will not be continued, as there is potential for a stay violation. For those cases where a post-petition IA has already been granted and the taxpayer had a pre-petition IA for liabilities not discharged by the bankruptcy, CIO will send Letter 2975C, *Notice of Intent to Levy - Intent to Terminate Your Installment Agreement*, to the taxpayer at case closure.

**5.19.1.4.3 (10-18-2013)
 Deceased Taxpayers**

1. General processing guidelines:

A. Except as otherwise noted throughout the following procedures, all procedures apply to contacts by phone, correspondence, or in person.

Reminder:

If a Decedent account includes any modules in ST 22, and you have no access to the ACS system, transfer the correspondence to the appropriate ACSS site or the call to the appropriate ACS toll free number using the Telephone Transfer Guide.

B. Decedent procedures apply to IMF, BMF sole proprietorship, and BMF partnership accounts.

C. All information gathered and actions taken (including NFTL determinations) on Decedent accounts are to be documented in AMS. Asset information may be documented in the AMS narrative or AMS Financial screen. If AMS is not available, document on CC ENMOD or CC TXMOD as appropriate.

D. If at any time original documents are received, make copies and return the originals to the provider.

Reminder:

Faxes are copies and do not need to be handled as originals.

E. See IRM 11.3.2.4.11, *Deceased Individuals*, for disclosure information on Decedent accounts. Secure Form 56, *Notice Concerning Fiduciary Relationship*, when necessary to prove the creation or termination of a fiduciary relationship. Secure authorized representative forms (Form 2848, *Power of Attorney and Declaration of Representative*/Form 8821, *Tax Information Authorization*) when necessary to verify an authorized representative.

Note:

A third party authorization (Form 2848, *Power of Attorney and Declaration of Representative*, Form 8821, *Tax Information Authorization*, or oral taxpayer information authorization) expires with the death of the taxpayer. An executor or administrator is appointed to act in place of the decedent and may provide a new authorization.

F. A NFTL determination is required on **all** Decedent accounts. If personal or real property is identified during internal/external research as described below, a NFTL is to be filed. Neither a fiduciary's name nor the fiduciary's address is to appear on the NFTL. If a fiduciary's address has been added to the account, include in the case narrative the address of real property owned by the decedent prior to death or their last known address if they owned no property. For ST 22 accounts, document that the NFTL should not be filed using the address on the account and enter "FM10" twice when requesting the NFTL. For non ST 22 accounts, enter the appropriate address on Form 12636, *Request for Filing or Refiling Notice of Federal Tax NFTL*, when requesting the NFTL. If a fiduciary's name has been added to the account, document that the fiduciary's name must be removed from the NFTL. For ST 22 accounts, enter "FM10" twice when requesting the NFTL. For non ST 22 accounts, do not enter the fiduciary's name on Form 12636, *Request for Filing or Refiling Notice of Federal Tax NFTL*, when requesting the NFTL. See IRM 5.19.4.5, *Research on Federal Tax NFTLs*, for NFTL procedures.

G. When it becomes necessary to suspend a case while waiting for additional information that is not available during the phone contact or in correspondence:

If ...	Then ...
ST 22 account	Based on the address and BOD of the account, provide the appropriate ACSS mailing address. Enter history code "TOR4,XX,DECD" (XX = promised mailing time frame plus 15 days)
Notice status account	Based on the address and BOD of the account, provide the appropriate CSCO mailing address and enter CC STAUP 22XX (XX = promised mailing time plus 6 cycles).

H. If procedures require the input of ACS history code TOR4 and the case is already in R4, use of history code OADT is acceptable.

I. When sending referrals per the following procedures, include all supporting documents secured (e.g. copies of death certificate, wills, letters testamentary, Credit Bureau reports, etc.). Additionally, document research work undertaken, the NFTL determination, and attempts to contact the fiduciary on the referral.

Note:

Only TDA or TDA/TDI combo cases are to be referred to Advisory. Do not refer TDI only decedent accounts to Advisory.

J. If communication is with a liable surviving party and the following decedent procedures require transfer to a Revenue Officer or referral to an Advisory Unit, document the liable party's payment ability and transfer/refer the case. *IRM 5.19.1.4.3.1, Deceased Taxpayer- Balance Due Actions*, when communicating with a liable surviving party.

K. Normal out call procedures and requirements apply when making out calls on Decedent accounts.

2. Attempt to secure the following information on all contacts regarding the death of a taxpayer:

A. Date of death (unless a TC 540 is already present).

Note:

If a date of death is not present on CC INOLE, attempt to secure a copy of the death certificate.

B. County in which the taxpayer died.

C. County in which the taxpayer resided at the time of death.

D. Name, address, telephone number, and address of the fiduciary (executor or administrator), if any.

E. Name and telephone number of person who is calling if different than paragraph d) above in the event additional information is needed from them.

F. If on a phone call and the caller is able to fax the documents during the call, ask them to fax the letters testamentary and probate/estate inventory. These documents, when available, are to be attached to all referrals to Advisory.

3. Ask if assets were separately or jointly owned by the Decedent (e.g. real estate, accounts, stocks, bonds, pension plans, IRAs, other). Use the following table to probe for location and type of assets available:

Type Of Asset	Probing Questions
Real estate	<ul style="list-style-type: none"> Where is it located (address including city and state)? Value, equity, and mortgage holder? Property owned jointly or individually? If jointly, name(s) and contact information of other owner(s)?
Bank Accounts	<ul style="list-style-type: none"> Type of account(s) (e.g. savings, checking, money market, CD)? Financial institution at which account(s) are held? Value of account(s)? Account(s) owned jointly or individually? If jointly, name(s) and contact information of other owner(s)?
Stocks/Bonds	<ul style="list-style-type: none"> Stock(s) or bond(s)? Name of and location of brokerage firm(s)/ broker(s)? Value of stock(s)/bond(s)?
Pensions/IRAs	<ul style="list-style-type: none"> Source(s) of pension(s)? Name of and location of IRA holder(s)? Value of account(s)?
Other	<ul style="list-style-type: none"> Type of other asset(s)? Value, equity, and lien holder? Asset(s) owned jointly or individually? If jointly, name(s) and contact information of other owner(s)? Location of the asset(s)?

4. Ask if there is an open probate.

A. Use the following table when there is an open probate:

If ...	Then ...
There is no TC 520 with cc 80 or 81 present	<ul style="list-style-type: none"> Request the court location and the docket number of the proceedings. Prepare Form 4442, <i>Inquiry Referral</i>, with attachments/documents and fax or mail to appropriate Advisory Unit for a Proof of Claim determination. If account is in Notice Status input a CC STAUP to the next status for 9 cycles. If the account is in ST 22, assign the case "TOR4,45,DECD" .
There is an un-reversed TC 520 with cc 80 or 81 present	Prepare Form 4442, <i>Inquiry Referral</i> , with attachments/documents and fax or mail to appropriate Advisory Unit.

B. There may be instances in which the caller or correspondence states there are assets available but based on state law no probate is required. When that is the case, prepare Form 4442, *Inquiry Referral*, with attachments/documents and fax or mail to the appropriate Advisory Unit.

C. If there are no remaining assets or the probate has closed, probe for information concerning any assets held by the decedent at the time of death that were dispersed even if there was not a requirement by the state to file probate.

If ...	Then ...
Assets were dispersed	Refer the case to the appropriate Advisory Unit via Form 4442, <i>Inquiry Referral</i> , with all attachments/documents. Continue to paragraph (6)
There were no assets dispersed	Continue to paragraph (6).

5. If the information in paragraphs (2) - (3) is not available, take the following actions in the order listed to secure it. Stop at the point the needed information is attained.
- Research internal sources including CC IRPTR and CC RTVUE in the year prior to, year of, and years following death to identify potential assets. Additionally, secure a Custom Comprehensive People Search report (Accurint) from the current Locator Service vendor, if available. This report provides the date and county of death, as well as asset and locator information.
 - If working correspondence or R4 inventory and a phone number is available, call the fiduciary or surviving liable party (i.e. surviving spouse or Partner in a BMF Partnership).
 - When receiving the information from a third party by phone and the account is ST 22, assign the case "TOR4,00,DECD" for contact attempt with the fiduciary or surviving liable party. When receiving the information from a third party by phone and the account is in Notice Status, prepare Form 4442, *Inquiry Referral*. Based on the address and BOD of the account route to the appropriate CSCO site for contact attempt with the fiduciary or surviving liable party. If unable to reach the fiduciary or liable surviving party after two contact attempts, continue to paragraph d).
 - If not previously sent, issue IDRS Letter 2268C, *Request for Information/Delinquent Return for a Deceased Taxpayer*, to request the information. Overlay the name line of the letter to include "Estate Of". If the account is in Notice Status, input a CC STAUP to the next status for 9 cycles. If the account is in ST 22, assign the case "TOR4,30,DECD".
6. When contact is with the fiduciary, conduct a full compliance check per *IRM 5.19.1.3.4.1, Full Compliance Check*, make note of all cross-referenced accounts (i.e. IMF, BMF sole proprietor, or LLC partnership), a partnership can be a member of an LLC. For additional information on LLC accounts, refer to *IRM 5.19.1.4.14 LLC Accounts*. Request any tax returns that are due, and establish a deadline for filing any delinquent returns identified. See *IRM 5.19.2.5.4.6.6, IMF Response Taxpayer Deceased*, for IMF Return Delinquency and *IRM 5.19.22.4.3.1.2.1, BMF Response Taxpayer Deceased*, for BMF Return Delinquency procedures.
7. Use the following tables if all actions from paragraph (5) have been taken and decedent information has not been secured.

If ...	And ...	Then ...
ST 22 account (with or without date of death on CC INOLE)	Usable levy source(s) present	See <i>IRM 5.19.4.3, Levy Information</i> , for levy procedures and requirements and issue levies or take pre-levy action as necessary.
Notice status account with date of death on CC INOLE	Usable levy source(s) present	Input CC STAUP 2201
ST 22 or Notice Status account with date of death on CC INOLE	No usable levy source(s) present	<i>IRM 5.19.1.4.3.1, Deceased Taxpayer- Balance Due Actions</i>
Notice status account with no date of death on CC INOLE	Intentionally left blank	Input CC STAUP 2201

A. Note:

Usable levy sources are sources for either the decedent or a surviving liable party that can be levied by ACS. See *IRM 5.19.4.3.7(1), Choosing a Levy Source*, for levy sources that are not levied by ACS.

**5.19.1.4.3.1 (01-02-2015)
Deceased Taxpayer - Balance Due Actions**

- Follow existing procedures to update an account to ST 26 for any decedent account in which the deceased owned real property secured by a NFTL at the time of death. These accounts are to be assigned to a Revenue Officer. The Revenue Officer will determine the need for any required collection.
 - ST 22 accounts: Enter history code "TFRO" with definer 6501 or 6566.
 - Notice status accounts: Input CC STAUP 2200, TSIGN 6401 or 6466.
- If a CI freeze is present and per the following procedures TC 540 must be entered, input TC 540 then prepare Form 4442, *Inquiry Referral*, to refer the case to CI and:
 - ST 22 accounts: Enter history code "TOR4,45".
 - Notice status accounts: Input CC STAUP 2203.
- If there is no liable surviving party:
 - Input entity changes. *IRM 5.19.1.4.3.2, Deceased Taxpayers - Entity Changes*
 - Continue with paragraph (6), below.
- Use the following table if there is a liable surviving party:

If ...	Then ...
IMF and only the secondary taxpayer is deceased	<ul style="list-style-type: none"> Input entity changes. <i>IRM 5.19.1.4.3.2, Deceased Taxpayers - Entity Changes</i> Pursue collection from the primary taxpayer. Continue to paragraph 5.
IMF and only the primary taxpayer is deceased	<ul style="list-style-type: none"> Input entity changes. <i>IRM 5.19.1.4.3.2, Deceased Taxpayers - Entity Changes</i> Pursue collection from the secondary taxpayer. Continue to paragraph 5.
BMF Partnership and there are one or more surviving partners	<ul style="list-style-type: none"> Pursue collection from the surviving Partner(s). Continue to paragraph 5.

- When the contact is by phone, conduct a tiered interview to determine the appropriate resolution for the liable party or estate. See *IRM 5.19.1, Balance Due*, for applicable balance due collection procedures.

6. **When the primary taxpayer is deceased**, regardless of the balance owed, if neither the surviving liable party nor the estate show payment ability, input of 1C 530 cc 08 will generate a TC 540 systemically on the account.

If the account is in ST 22, send the case:	
If ...	Then ...
If the AAB (CC SUMRY) due is less than ≡≡≡ ,	<p>A. Input TC 530 cc 08 using CC REQ77/CC FRM77 on each module with a balance due.</p> <p>B. Input:</p> <ul style="list-style-type: none"> • ACS: "TOC0,21,CNC" . • ACSS: "TOS0,21,CNC" <p>C. Document AMS.</p>
If the AAB (CC SUMRY) due is ≡≡≡≡≡≡≡≡ ,	<p>A. Request managerial approval:</p> <ul style="list-style-type: none"> • ACS: "TOC0,05,NC08" • ACSS: "TOS0,05,NC08" <p>B. Document AMS.</p> <p>C. The manager should confirm that required actions in <i>IRM 5.19.1.4.3, Deceased Taxpayers</i>, have been taken and documented in AMS, prior to approval of TC 530. Once confirmed, the manager should approve the closure by inputting "NC08,,53APP" on ACS.</p> <p>D. The manager should document their approval in AMS as well.</p>

Note:

If the decedent account includes Individual SRPs with other MFT 30 or MFT 31 modules, close all modules as CNC (cc 08).

Note:

Decedent procedures apply to IMF, BMF sole proprietorship and BMF partnership accounts (only if all liable partners are deceased).

7. If the primary taxpayer is deceased and a TC 530 cc 08 is not input, the mail file requirement must be deleted. In these cases, input TC 540 for the year in which the taxpayer died.

Example:

The primary taxpayer died in 2011. A surviving spouse, partner, or estate has the ability to pay. An IA is established. TC 540 must be input on 30 201112.

8. If the liable surviving spouse's TIN is invalid on the joint account, input TC 130 on the liable surviving spouse's TIN.

**5.19.1.4.3.2 (06-17-2011)
Deceased Taxpayers - Entity Changes**

1. Make appropriate entity changes to IDRS CC ENMOD using IDRS CC ENREQ prior to closing the case. Update all cross reference TINs as appropriate.

If ...	Then ...
The taxpayer is individual (FS1, FS3, FS4, or BMF sole proprietor)	<ul style="list-style-type: none"> • Add "DECD" to the name line (e.g. JOHN W SMITH DECD) • If a fiduciary is present, add "C/O" to the fiduciary's name in the second name line. <p>Example:</p> <p>JOHN W SMITH DECD C/O JANE W DOE</p>
IMF joint taxpayer or BMF Partnership	<p>Enter "DECD" after the decedent's name. If the decedent is the primary taxpayer, add the secondary taxpayer's name as C/O on the second name line.</p> <p>Example:</p> <p>JOHN W DECD AND JILL P SMITH C/O JILL P SMITH</p> <p>Exception:</p> <p>If a fiduciary is present, enter the fiduciary name as C/O on the second name line.</p> <p>Example:</p> <p>JOHN W DECD AND JILL P SMITH C/O JANE W DOE</p>

2. Input an "in-care-of" name line on the continuation of the primary name line and/or make an address change if a representative requests to be recorded as the contact point on the decedent's account and has provided one of the following:

- A. Completed Form 56, *Notice Concerning Fiduciary Relationship*.
- B. Court papers naming the person as a court-appointed or court certified personal representative for the estate of the deceased taxpayer.
- C. A will, validated through the court.

3. The items in paragraph (2) should be solicited by Fax if the caller has them available and can fax the information while on the call. If unable to secure by fax:

A. ST 22 accounts: Based on the address and BOD of the account, provide the appropriate ACSS mailing address. Enter history code "TOR4,XX,DECD" (XX = promised mailing time frame plus 15 days).

B. Notice status accounts: Based on the address and BOD of the account, provide the appropriate CSCO mailing address and enter CC STAUP 22XX (XX = promised mailing time plus 6 cycles).

[Next](#)

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 2. Individual Master File (IMF) Return Delinquency

5.19.2 Individual Master File (IMF) Return Delinquency

- 5.19.2.1 [What Is The IMF Return Delinquency Program?](#)
- 5.19.2.2 [IMF Return Delinquency Case Creation](#)
- 5.19.2.3 [Manual Creation of a Return Delinquency Module \(IMF Only\)](#)
- 5.19.2.4 [Return Delinquency Research](#)
- 5.19.2.5 [Return Delinquency Procedures](#)

Manual Transmittal

March 11, 2016

Purpose

(1) This transmits revised IRM 5.19.2, Liability Collection, *Return Delinquency*, and incorporates updated procedures, editorial changes and clarifications since the revision dated January 16, 2015.

Material Changes

- (1) IPU 15U0219 issued 01-29-2015 IRM 5.19.2.5.4.6.4(11) - Clarification on ACS inventory for consistency.
- (2) IPU 15U0219 issued 01-29-2015 IRM 5.19.2.5.4.6.12(3) - Clarification on wording to include CP notice and open TDI.
- (3) IPU 15U0219 issued 01-29-2015 IRM 5.19.2.5.4.6.12.2 - Correction to title.
- (4) IPU 15U0429 issued 03-04-2015 IRM 5.19.2.7.11 - Editorial changes on TDI combo case Exam referrals and ACS/ACSS inventory.
- (5) IPU 15U0429 issued 03-04-2015 IRM 5.19.2.1.5 - Editorial changes on Compliance Suite use.
- (6) IPU 15U0429 issued 03-04-2015 IRM 5.19.2.5.4.6.12 (4) - Editorial changes to ACS/ACSS inventory.
- (7) IPU 15U0429 issued 03-04-2015 IRM 5.19.2.7 - Editorial changes on HINF select codes.
- (8) IPU 15U0510 issued 03-19-2015 IRM 5.19.2.5.4.6.2 - ACS mailing clarification.
- (9) IPU 15U0510 issued 03-19-2015 IRM 5.19.2.5.4.6.6 - Removal of Spouse.
- (10) IPU 15U0510 issued 03-19-2015 IRM 5.19.2.5.4.6.3 - Title change and clarification of P-5-133.
- (11) IPU 15U0510 issued 03-19-2015 IRM 5.19.2.5.4.6.3.1 - New subsection to address accounts over 6 years old.
- (12) IPU 15U0510 issued 03-19-2015 IRM 5.19.2.5.4.6.3.2 - New subsection for IMF Little or No Tax Due.
- (13) IPU 15U0510 issued 03-19-2015 Exhibit 5.19.2-2 Removed. Renumbering of Exhibits will occur.
- (14) IPU 15U0700 issued 04-16-2015 IRM 5.19.2.5.4.4 - Clarification on 6 year rule in ASFR procedures.
- (15) IPU 15U0700 issued 04-16-2015 IRM 5.19.2.5.4.6.12.3 - IRM link included to clarify faxed signature procedures.
- (16) IPU 15U0700 issued 04-16-2015 Exhibit 5.19.2-5 - Clarification on File Addresses and locations.
- (17) IPU 15U0700 issued 04-16-2015 IRM 5.19.2.5.4.6.13 - Clarification on copy or returns when original was filed less than 10 weeks ago.
- (18) IPU 15U0700 issued 04-16-2015 IRM 5.19.2.5.4.6.12 - Clarification on coding date on faxed returns.
- (19) IPU 15U1029 issued 06-16-2015 IRM 5.19.2.3.1 - Clarification on procedures for manual case creation.
- (20) IPU 15U1029 issued 06-16-2015 IRM 5.19.2.5.9.2.10 - Clarification on unreversed TC 595
- (21) IPU 15U1029 issued 06-16-2015 IRM 5.19.2.5.8.3 - Clarification on unreversed T 595.
- (22) IPU 15U1029 issued 06-16-2015 IRM 5.19.2.5.4.6 - Removal of WHC referrals.
- (23) IPU 15U1029 issued 06-16-2015 IRM 5.19.2.5.4.6.4(13) - Clarification on mailing addresses.
- (24) IPU 15U1029 issued 06-16-2015 IRM 5.19.2.5.4.6.10 - Clarification on 976/977 posted with no 150.
- (25) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.1(7) - Clarified batching procedures.
- (26) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.1(12) - Removed IDRS control information and added AMS information.
- (27) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.2(3) - Added instructions to ensure the return reflects the current address.
- (28) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.2(6) & (7) - Moved order of bullets.
- (29) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.3(1) - Removed second period.
- (30) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.3(2) - Clarified documentation on AMS.

- (31) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.3(5) - Removed sentence referring to BMF instructions.
- (32) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.4(3) - Added the word All before information.
- (33) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.4(7) - Replaced the word any with on.
- (34) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.1.5(2) & (5) - Removed the 2nd and 5th bullet regarding AMS.
- (35) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.2(1) - Removed the word identified and replace with available.
- (36) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.2(4) - Reworded sentence and removed pubs and docs that weren't needed.
- (37) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.2(6) - Removed mailed to with issued if.
- (38) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.2(8) - Removed the CP516 will contain a return envelope only.
- (39) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.3.1(1) - Removed the sentence stating purpose of this section.
- (40) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.3(2) - Changed the 6th bullet from more than to less than.
- (41) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.4(2) - Removed Individual Master File and Business Master File.
- (42) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.4.1(4) - Corrected spelling of included.
- (43) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.4.1(5) - Removed 2nd sentence which mentions self-employment.
- (44) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.1.1(2) - Replaced after this notice with after that.
- (45) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.1.2 - Removed IMF only.
- (46) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.1.2(1) - Added from SERP who/Where tab.
- (47) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.2.2(1) - Removed the purpose sentence.
- (48) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.2(3) - Changed the CPS sites.
- (49) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.3 - Added exception for TAS case criteria.
- (50) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.3(3) - Changed ID Theft to Identity Theft Victim Assistance (IDTVA).
- (51) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.3(4) - Removed Accounts Management Service.
- (52) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.3.4 - Removed procedures in this section.
- (53) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.2(2) - Removed enter into comments and replace with document on AMS.
- (54) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.2.1(1) - Removed procedures in this section
- (55) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.3(1) - Removed sentence explaining what this section explains.
- (56) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.4(5) - Removed ASFR location and replace with ASFR.
- (57) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6(1) - Removed if necessary and add refer them.
- (58) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12(7) - Added acceptable IRS received date stamp instructions.
- (59) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6(13) - Replaced request with ask.
- (60) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6(14) - Deleted the word as.
- (61) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6(15) - Clarified the response in Note.
- (62) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.1(1) - Removed section explanation.
- (63) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.2(1) - Added word and to in the #3 and #4 If/Then box.
- (64) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.3.2(1) - Changed semi-colon to colon.
- (65) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.3.2(2) - Removed this criteria is.
- (66) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.4(11) - Changed Par 9 to Par 11 in 1st If/then table.
- (67) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.4(13) - Added clarification to the Note.
- (68) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.5(8) - Changed 0440/46 to 0440/046.
- (69) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.6(1) - Removed or IDRS History.
- (70) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.6(3) - Added new Fiduciary information and renumbered paragraphs.
- (71) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.6(3) - Reworded Estate information in the If/Then table.
- (72) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.6(3) - Deleted IDRS from the IF/then table 7th bullet under note.
- (73) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.6(3) - Deleted Get information while you can in the 2nd to last bullet.
- (74) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.6(4) - Removed 1041 name.
- (75) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6(5) - Removed the duplicate #5.
- (76) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.8(1) - Removed explanation of section.
- (77) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.9 - Deleted as appropriate in Note.
- (78) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.9(1) - Updated 2nd sentence in IF/Then table.
- (79) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.9(1) - Updated TDI status 03 in the If/Then table.
- (80) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.10(1) - Removed IDRS information in 2nd bullet in If/then table.

- (81) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.10(4) - Removed 1st bullet under Return posted under another TIN or name.
- (82) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.10(4)) - Removed 1st bullet under Return posted to different tax period.
- (83) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.10(5) - Removed IDRS reference in 1st and 2nd bullet in If/Then table.
- (84) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12(3) - Changed refer to route and of to with.
- (85) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12(8) - Replaced document entity with update ENMOD.
- (86) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12.1(1) b - Replaced may become with may have become.
- (87) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12.1(1) c - Added 887 in the Julian date after DLN.
- (88) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12.2(1) - Added 3rd bullet to 1st Then table.
- (89) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12.3 - Removed CSCO from the If box for undelivered letter 4905.
- (90) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12.3 - Removed CSCO from the If box for insufficient response returned with 4905.
- (91) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.4.6.12(7) - Added acceptable IRS received date stamp instructions.
- (92) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.5.1.2(4) - Added 887 in the Julian date.
- (93) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.6(3) - Reworded (3) for letter 2788 information.
- (94) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.6.2(3) - Added and document AMS history with the updated information in last bullet.
- (95) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.1(2) - Added criteria to clarify credit documentation.
- (96) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.2(2) - Reworded 2nd If/then box 5th bullet.
- (97) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.3(1) - Removed word researching.
- (98) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.3(3) - Changed word of to as.
- (99) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.3(4) - Removed penalty and reworded Note.
- (100) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.3(5) - Clarified paragraph.
- (101) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.3(6) - Removed first identified and added identified is.
- (102) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.3(7) - Clarified paragraph.
- (103) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.3(9) - Clarified paragraph and Note.
- (104) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.7.4(5) - Clarification on credits and payments left on mod.
- (105) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(1) - Clarified paragraph.
- (106) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(4) a - Clarified paragraph.
- (107) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(4) b - Clarified paragraph.
- (108) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(4) c - Clarified paragraph.
- (109) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(5) - Clarified paragraph.
- (110) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(6) - Clarified paragraph.
- (111) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(10) - Added the word return.
- (112) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(11) - Removed working a TDI Transcript.
- (113) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8(12) - Removed the word TDI.
- (114) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8.1(1) - Clarified paragraph.
- (115) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8.1(2) - Removed the word The.
- (116) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8.1(2) - Reworded the exception.
- (117) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8.2(1) - Clarified paragraph.
- (118) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8.2(2) - Clarified paragraph.
- (119) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8.3(1) - Clarified paragraph.
- (120) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.8.3(7) - Remove note and reworded Then box.
- (121) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9(1) - Clarified paragraph.
- (122) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.1(2) - Capitalized return .
- (123) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.1(4) - Removed Compliance Services Collection.
- (124) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.1(5) - Clarified paragraph.
- (125) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.1(6) - Removed Note and reworded DIAG-Q sentence.
- (126) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.1(7) - Reworded 2nd bullet.
- (127) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.1(8) - Removed Sentence about inventory control.
- (128) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2(1) - Clarified paragraph.
- (129) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2(1) - Reworded DIAQ transcripts.
- (130) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2(4) - Removed Return Delinquent/TDI.

- (131) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2.4(8) - Removed word History in 1st if/then box and Par 3 in Then box.
- (132) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2.4(9) - Removed ASGBN from Table and History from 2nd sentence.
- (133) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2.4(10) - Removed ASGBN.
- (134) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2.4(11) - Removed ASGBN.
- (135) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2.7(3) - Changed Form to From.
- (136) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2.8(1) - Removed ASGBN.
- (137) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.9.2.10(1) - Changed Y to -Y.
- (138) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.10(1) - Clarified paragraph.
- (139) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.10(2) - Clarified paragraph.
- (140) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.10.1(1) - Removed CSCO.
- (141) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.10.2 - Removed IMF from title.
- (142) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.5.10.2(1) - Removed BMFOL (definer E or 1), and IMF.
- (143) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7(2) - Revised wording in the HINF criteria took out acronym titles.
- (144) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7.1(1) - Removed specific teams will work HNIF inventory.
- (145) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7.1(2) a - Removed the words first touch of.
- (146) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7.3(1) &(2) - Reworded the 2 bullets.
- (147) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7.6(3) - Added (s) to purpose in 6th bullet and remove IDRS in 7th bullet.
- (148) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7.7(4) - Removed via fax.
- (149) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7.9(1) - Reworded paragraph.
- (150) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7.3(2) - Added the word.
- (151) IPU 15U1579 issued 11-06-2015 IRM 5.19.2.7.13(6) - Removed if you have Word or Word Pad.
- (152) IPU 15U1579 issued 11-06-2015 Exhibit 5.19.2-3 - Removed BMF mailing addresses.
- (153) IPU 15U1579 issued 11-06-2015 Exhibit 5.19.2-4 - Removed File from title and Cincinnati & Ogden addresses.
- (154) IPU 15U1579 issued 11-06-2015 Exhibit 5.19.2-6 - Added from CC ENMOD.
- (155) IPU 15U1579 issued 11-06-2015 Exhibit 5.19.2-7 - Remove ASGNB from If/Then box.
- (156) IPU 15U1726 issued 12-02-2015 IRM 5.19.2.5.6.1 - Added the word Also in the 3rd bullet.
- (157) IPU 15U1726 issued 12-02-2015 IRM 5.19.2.5.7.3 caution - Added MFT65 beginning January 1, 2016.
- (158) IPU 15U1726 issued 12-02-2015 IRM 5.19.2.5.9.2.10(2) - Removed Technical Support and added Advisory or Insolvency.
- (159) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.4.1(4) - Changed 2013 to 2016 and removed the word interest.
- (160) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.4.6.5 - Corrected title to read Territory.
- (161) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.4.6.5 - Revised section to delete Territories and Possession and change to territory, delete country list to use abbreviations.
- (162) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.4.6.5(9) - Corrected USVI street and suite address.
- (163) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.4.6.5(10) - Replaced net income with net self-employment earnings.
- (164) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.4.6.15(1) (a)note - Added the word cover
- (165) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.6.2 - Added Unauthorized Disclosure to the title.
- (166) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.7.1(2) - Added a Note to explain overpayment applied as a with Credit Elect.
- (167) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.7.2(1) - Added claim instructions for refunds or credits.
- (168) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.7.2(2) - Removed 1st sentence about claims as it was moved up. Revised statute barred claims.
- (169) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.7.2(2) - Moved Exception from (2) to (1) and reworded prepaid credit criteria, and deleted exception in (2)
- (170) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.7.2(2) - Reworded the table to add language for applying credits or payments not statute barred.
- (171) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.7.2(3) - Replaced dummy return with 112C with signed statement, added IRM reference for credit elect reversals.
- (172) IPU 16U0236 issued 02-02-2016 IRM 5.19.2.5.7.4(5) - Corrected a typo from which to with.

Effect on Other Documents

This IRM supersedes IRM 5.19.2 dated January 16, 2015. The following IRM Procedural Updates (IPU's), issued between January 29, 2015 through February 2, 2016, have been incorporated into this IRM: 15U0219, IPU15U0429, IPU15U0510, IPU15U0700, IPU15U1029, IPU15U1579, PU15U1726 and IPU16U0236.

Audience

Small Business/Self-Employed (SB/SE) and Wage & Investment (W&I) employees in Compliance Services Collection Operation, ACS, ASFR/ 6020(b), Territory Area Office, and AM, who process IMF Return Delinquency Responses.

Effective Date

(03-11-2016)

5.19.2.1 (01-16-2015)

What Is The IMF Return Delinquency Program?

1. The objective of the IMF Return Delinquency (RD) Program is to work responses to notices that were generated through Case Creation and issued to taxpayers that have been identified as liable to file and have not filed a tax return by the Return Due Date (RDD).
2. A compliance check is conducted for a delinquent tax return based on the Program Completion Date (PCD) for each specific Individual Master File (IMF) tax return. PCD is determined when all timely filed, error free returns are processed and the information is transmitted to Martinsburg Computing Center (MCC) for posting. For more information on PCD, see IRM 3.30.123.2.1, *Program Completion Date (PCD) Definitions*.
3. A Transaction Code (TC) 140 is created on IMF Taxpayer Delinquency Investigation (TDI) modules to establish the entity and/or Tax Module and Status 02 Delinquency Inquiry on the affected module.
4. Modules in the RD Program consist of the following:
 - Delinquent Notice Master File (MF) Status 02,
 - TDI Master File(MF) Status 03,
 - Case Closed in Status 06 with a TC 593, 595, 596, 597, or 598,
 - Case Closed in Status 06 with a TC 590 cc 019, which only suppresses the notices.
5. Other IMF RD Non-Filer programs are ASFR and Refund Hold (IMF). Refer to IRM 25.12.1, *Processing Refund Hold Program Inventory* or IRM 5.18.1, *Automated Substitute for Return (ASFR) Program*.

5.19.2.1.1 (11-06-2015)

Return Delinquency Overview

1. This section provides procedures for Individual Master File (IMF) working the Return Delinquency (RD) Program in the campuses, call-sites, and Field Assistance (FA) offices to ensure timely resolution of taxpayer inquiries received via telephone, paper or face-to-face in regards to a RD module.
2. Inventory should be worked on a first-in first-out basis to reduce or eliminate overage. See IRM 3.30.123.5.2, *Response to Correspondence and Overage Criteria*, for additional guidance.

Note:

Employees need to ensure communications from taxpayers are addressed in a timely manner to make sure the length of the process is as brief as possible.

3. For reporting purposes, the "Days to Close" for CSCO Operations is determined from the CSCO received date to closing date.
4. When sending a letter requesting additional information from the taxpayer, allow up to 30 days for the taxpayer to respond and 15 days for mail delivery, for a total of 45 days.
5. If additional information is needed refer to *IRM 5.19.2.1.2, Out Calls and Disclosure Procedure Overview*.
6. All Employees should attempt to resolve each RD account on initial contact including closing modules with the appropriate Transaction Code (TC) 59X.

Note:

Use a block indicator of "BB" for all TC 594 and 599 transactions. See IRM 2.4.26.3 (1) (c), *Command Code FRM49*, for more information.

7. Written responses for a RD case received in CSCO and ACS Support Operations must be batched within 5 days from the Operation received date. AMS now inputs delays systemically.
8. For UD mail follow IRM 5.19.16.1, *Undeliverable (UD) Mail, Bad Address and Address Research (ADR) Processing*
9. If the case meets P-21-3 criteria and cannot be closed by the 30th day, an interim letter must be sent to the taxpayer. For additional guidance see IRM 21.3.3.4.2.2, *Interim Responses*.
10. It is a requirement to send a closing Letter 2358C or appropriate letter informing the taxpayer of actions taken to resolve their issue whether or not an interim letter was sent. Refer to IRM 21.3.3.4.2, *Policy Statement P-21-3 (formerly P-6-12) Procedures*, for additional information.
11. Original returns or amended returns attached to RD notices are excluded from P-21-3.

Note:

Correspondence is all written communications from a taxpayer or their representative, excluding tax returns, whether solicited or unsolicited per IRM 21.3.3.2, *What is a Correspondence? - Policy Statement P-21-3 (Formerly P-6-12) Exclusion List*

Exception:

If the taxpayer is requesting an acknowledgement to receipt of a tax return, send appropriate closing letter.

12. All incoming work is batched on AMS and controls are established on IDRS.
13. In all references throughout the IRM that instruct employees to address any balance due issue, it is **only** required for employees that have had training on Balance Due (BD) work. If the employee has not had adequate BD training, then take the necessary actions regarding the RD issue and refer the BD issue to the appropriate area within your site.
14. **For ACS/ACSS/FA Employees only:** When working a TDI Status 03 module and the taxpayer also has a Balance Due (Taxpayer Delinquent Account (TDA) module (Combo case), it is required to verify, document and secure new levy sources. For all other TDI issues you are not required to document and secure levy sources.
15. Throughout the IRM, all deadline dates, target dates or parameters are counted by calendar days not business days. You start counting with the first day you notify the taxpayer (by telephone or letter), or the first day of actions taken (i.e., IDRS, AMS, etc.), or the first day of entering follow-up items on ACS. See the chart below for more information.

If ...	Then ...
The calculated call-back date falls on a Saturday, Sunday or Holiday	The taxpayers call-back date will be the next business day. Reminder:

	Add an additional 4 days to your follow-up on ACS.
Providing the taxpayer a deadline date	Calculate the time frame leading up to the deadline by starting with the current day. Note: The total follow-up time could include a grace period of up to 5 days.
Sending a letter requesting additional information from the taxpayer	Allow up to 30 days for the taxpayer to respond and 15 days for mail delivery, for a total of 45 days.
Other follow-up time added to your deadline date	<ul style="list-style-type: none"> • Additional 15 days follow-up date for decedent cases • Additional 30 days follow-up date for "generally" all others.

5.19.2.1.2 (11-06-2015)

Out Calls and Disclosure Procedure Overview

1. Throughout this IRM, if additional information is needed to resolve the case and a telephone number is available, attempt to call the taxpayer.
2. When contacting taxpayers by telephone, out calls should be placed between the hours of 8:00 a.m. and 9:00 p.m. of the taxpayers time zone in which you are calling.

Note:

These guidelines are also applicable when making out calls on a Saturday or Sunday.

Exception:

When contacting a taxpayer's representative (POA), contacts should only be attempted during routine business hours (i.e. 8:00 a.m. to 6:00 p.m., Monday thru Friday) based on the POA's time zone unless other arrangements have been agreed to by the POA. Other arrangements/information must be documented on AMS.

3. When addressing the delinquent return via telephone contact and the taxpayer has the return already prepared, encourage the taxpayer to fax directly to you while on the telephone. Ensure the taxpayer has their current address on the return.
4. When working telephone contact, it is required to verify/secure and input all taxpayers telephone numbers (i.e. home, work, cell phone, etc.) when working any Notice Status 02 or Taxpayer Delinquency Investigation (TDI) Status 03 modules. Document IDRS, ACS and AMS accordingly.
5. All employees are required to follow disclosure guidelines.
6. For purposes of identification and to prevent unauthorized disclosures of tax information, follow the chart below:

If the contact is...	Then ...
Taxpayer	See IRM 21.1.3.2.3, <i>Required Taxpayer Authentication</i> or IRM 11.3.2.3.2, <i>Requirements for Verbal or Electronic Requests</i>
Parent/Guardian of Minor	See IRM 11.3.2.4.10, <i>Minors</i>
Hearing Impaired (including telecommunications device for the deaf (TDD) equipment)	See IRM 11.3.2.3.2 (2), <i>Requirements for Verbal Electronic Requests</i>
Mailing and Faxing Tax Account Information	See IRM 21.1.3.9 (2), <i>Mailing and Faxing Account Information</i> , and IRM 11.3.1.11, <i>Facsimile Transmission of Tax Information</i>
Power of Attorney (POA), Form 2848, <i>Power of Attorney and Declaration of Representative</i>	See IRM 11.3.3, <i>Disclosure to Designees and Practitioners</i>
Tax Information Authorization (TIA) Form 8821, <i>Tax Information Authorization</i>	See IRM 11.3.3.2, <i>Disclosure to Third Parties Based Upon Taxpayer Request for Assistance</i> See IRM 11.3.3.3 (1), <i>Distinction Between Disclosure to Designees and the Conference and Practice Requirements</i> See IRM 11.3.3.3 (2), <i>Distinction Between Disclosure to Designees and the Conference and Practice Requirements</i>
Hearing Impaired (including telecommunications device for the deaf (TDD) equipment)	See IRM 11.3.2.3.2 (2), <i>Requirements for Verbal Electronic Requests</i>
Third Party claiming a material interest	See IRM 11.3.2.4, <i>Persons Who May Have Access to Returns and Return Information Pursuant to IRC 6103 (e)</i>

7. If making out-calls and there is a valid POA on file, you must contact the POA and not the taxpayer.

Note:

CSCO and ACSS employees may, but are not required to, leave a message on an answering machine or voice mail.

5.19.2.1.3 (11-06-2015)

Documenting Account Actions

1. You are required to document actions taken on taxpayer's accounts and/or actions promised by a taxpayer.

Note:

This is a general statement. Refer to the specific sections within the IRM for accurate documentation.

2. All documentation will be done via AMS. All documentation on AMS should support action(s) taken based on completed research and be completed while the taxpayer is on the phone, if possible. When working paper, AMS documentation should support action(s) taken based on complete research.
3. Complete and accurate case documentation promotes quality and consistency in working cases. Documentation should contain enough information so that any person subsequently reading it can easily determine what decisions were made, why those decisions were made, what actions were taken and what further actions are required to resolve the case.
4. Do not use the term "Illegal Tax Protester" (ITP) or similar designations on IDRS, ACS History Codes, or AMS comments. The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98), Section 3707, prohibits the use of any tax protester designation to describe the taxpayer. If you identify any such reference, immediately inform your manager. Terms such as "frivolous argument" or "tax avoidance argument" are acceptable terms to use.
5. When the taxpayer is requesting a change of address, and has moved from one state to another, you may need to document the Collection Location Code (CLC). See IRM 5.19.1.3.2.1, *Entity and Address Changes*. For additional assistance for address changes, refer to:
 - IRM 3.21.3.11.4.1, *International Mailing Address*.

- IRM 3.13.5.123, *Domestic Address Change Procedures for Primary Taxpayer ONLY*.
- IRM 2.4.9, *Command Codes ENREQ, INCHG, IRCHG, BNCHG and BRCHG*.

Example:

If address on file is a P.O. Box, and a street address is secured, document P.O. Box as mailing address, and street address as location address on ENMOD.

**5.19.2.1.4 (11-06-2015)
Correspondence Overview**

1. IRS correspondence or notice errors should be identified and reported to the Office of Taxpayer Correspondence (OTC) utilizing the **Red Button** application found at the Servicewide Notice Information Program (SNIP) website. Employees should report any correspondence errors identified, including notices that are smudged, unreadable, or sent to an incorrect taxpayer. The **Red Button** application should also be used to report correspondence that may have an unauthorized disclosure of personally identifiable information (PII). See IRM 25.13.1.3, *Erroneous Correspondence Procedures - Red Button Process*, for additional information.
2. When requesting a delinquent return, remind the taxpayer to ensure the correct **current** address is on the return, whether it is a copy or original return.
3. If responding via correspondence to a taxpayer response (CP notice or letter), employees are required to acknowledge all documentation received and take all necessary actions. See IRM 21.3.3, *Incoming and Outgoing Correspondence/Letters* for additional guidance.

Note:

When responding to taxpayer, ensure the letter is sent using a single name line. If a joint name is present, overlay the name line on CC LETER to a single name line. Do not change on CC ENREQ.

4. For **CSCO employees**: When corresponding with taxpayers use the appropriate Accounts Management (AM) Toll Free number. Document AMS to reflect actions taken and any pertinent information for the next employee.

Note:

Situations may arise when it will be necessary for CSCO employees to give their direct telephone number to resolve a situation on an account, but these instances should be rare.

5. If taxpayer requests written confirmation that we received their tax return or correspondence, send Letter 2358C , Letter 4431C or other appropriate letter.
6. When referring a case to another office for resolution send Letter 86C. Refer to IRM 21.3.3.4.2.1, *Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office* for additional guidance on when it is necessary to issue the letter.
7. When working correspondence, it is required to verify/secure and input all taxpayers telephone numbers (i.e. home, work, cell phone, etc.) when working on Notice Status 02 or Taxpayer Delinquency Investigation (TDI) Status 03 modules. Document IDRS, ACS and AMS accordingly.

**5.19.2.1.5 (11-06-2015)
IAT Tools**

1. This section provides information on mandated IAT tools for Campus Compliance Employees
2. The chart below provides a list of mandated tools for ACS Call Site, ACS Support, CSCO and ASFR employees. Descriptions of each tool as well as job aids can be found on the IAT website, Instructions and Job Aids.
3. If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, following established procedures. See the IAT Website, for how to report/fix problems with IAT tools.

Note:

Document AMS when an IAT tool is not used.

4. IAT tool users can visit the IAT Website, to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.

Functions	IAT Tools	Suggested Use
ACS and ACS Support Functions	<ul style="list-style-type: none"> • Credit Transfer • Erroneous Manual Refund (EMT) • Fill Forms • Letters • Refund Suite • REQ54 • REQ77 • X Claim (ACSS) 	<ul style="list-style-type: none"> • Payment Tracer • Compliance Suite
CSCO Functions	<ul style="list-style-type: none"> • Credit Transfer • Erroneous Manual Refund (EMT) • ESTAB • FRM49 • Letter • REQ54 • REQ77 (TDI) • Refund Suite • TFRP Suite (SB) 	<ul style="list-style-type: none"> • Compliance Suite

	<ul style="list-style-type: none"> • Payment Tracer/Tracer (BAL) • Withholding Compliance - (WI BAL) 	
ASFR	<ul style="list-style-type: none"> • Credit Transfer • ESTAB • FRM49 • Letters • Refund Hold • XClaim 	<ul style="list-style-type: none"> • Compliance Suite

5.19.2.2 (11-06-2015)

IMF Return Delinquency Case Creation

1. IMF Return Delinquency case creation identifies taxpayers who have not filed a return but potential income/data is available and reported to the IRS via "Information Return Masterfile" (IRMF) that meets certain case selection criteria. It also identifies Stop-filer taxpayers who filed the previous year but not the next.
2. All tax modules identified as Nonfilers during case creation are assigned Select Codes (SC). Not all Select Codes are worked in each specific RD program year. See Document 6209, Section 11, for a list of current and prior year select codes.
3. New modules selected into the RD program for a specific tax year are issued a notice requesting the delinquent return.
4. The CP 59 /CP 759 notices are sent on selected delinquent IMF modules.
5. As of January 2013, a CP 515 will be issued when a CP 59 is returned from the post office with a new address. For more information, see IRM 5.19.16.1.2, *Undelivered (UD) Mail Procedures*.
6. Generally a CP 518 will be issued if a return does not post or the open RD is not closed within 8 weeks of the CP 59. The CP 518 will contain Notice 1219A , *Notification of Potential Third Party Contact*, and a return envelope.

Exception:

When a "new" created module has an existing associated module, the "new" module will accelerate to the status of the existing module bypassing a CP 518.

7. The case proceeds to TDI ST03 if the case is not closed within 6 weeks of the CP 518.

Exception:

Not all modules go to TDI Status 03.

8. IMF Primary Code "B" (PC-B) cases receive two notices (CP 59 & CP 516) and will remain in Notice Status 02.

Note:

A Notice Status 02 module, including PC-B's, can systemically be moved into TDI Status 03 without receiving a subsequent notice if the taxpayer already has a module in TDI Status 03.

9. A sampling of these notices are reviewed by the Compliance Services Collection Operations (CSCO) RD function prior to mailing to ensure accuracy. See *IRM 5.19.2.5.10, Return Delinquency On-Line Notice Review (OLNR) System*, for procedures on working the OLNR system.
10. Unresolved IMF RD cases may be considered for ASFR or ACS processing.
11. If UD mail is received follow IRM 5.19.16.1, *Undeliverable (UD) Mail, Bad Address and Address research (ADR) Processing*.

5.19.2.3 (11-06-2015)

Manual Creation of a Return Delinquency Module (IMF Only)

1. The purpose of manually creating a return delinquency (RD) is to prompt the generation of RD notices on modules not selected through case creation.

Exception:

"AM" employees should create a Form 4442 referral to RD function when a case creation is required to be done.

Note:

This section applies when working calls, face to face contacts and correspondences only.

2. The following **REQUIREMENTS** must be met (per module) in order to manually create a RD.

Exception:

State Reverse File Match Initiative (SRFMI) and Refund Hold (RH) modules which have separate systemic processes.

- IRPTR(J) must be present,
- No unreversed TC 140, 474, or 150 present,
- Must be above filing requirements,
- Must exceed minimal tax due (see IRM 5.19.2.5.4.6.3.2 , *IMF Little or No Tax Due (LNTD)*),
- On current processing year only, input a TC 474 **after November 15th**, this will allow IMF Case Creation to select the module first before a manual creation is considered.

Example:

Do not create an RD module for current filing tax year before November 15th of current calendar year.

- The module is less than 6 years old (to determine the last 6 years, see *IRM 5.19.2.5.4.6, IMF Determining Liability*).

3. Once a determination has been made to create a module (TC 474), continue to follow *IRM 5.19.2.3.1, Manual Creation of a Return Delinquency Module on IDRS*

5.19.2.3.1 (11-06-2015)

Manual Creation of a Return Delinquency Module on IDRS

1. After determination is made to create a module per *IRM 5.19.2.3, Manual Creation of a Return Delinquency Module (IMF Only)* and *IRM 5.19.2.5.4.6, IMF - Determining Liability*, use the following Integrated Data Retrieval System (IDRS) Command Codes (CC).

- IMFOL, see *IRM 2.3.51, Command Code IMFOL*.
- ENREQ, see *IRM 2.4.9, IDRS Terminal Input, CC ENREQ, INCHG, IRCHG, BNCHG, and BRCHG and CC FRM49 and/or TDIRQ*.
- FRM49, see *IRM 2.4.26, Command Codes FRM14, FRM49, and TDIRQ*.

2. Command Code REQ77 is used to input TC 474, TC 475. TC 474 is used to "Establish a Tax Delinquency" or to "Delay a TDI" .

3. To establish an IMF tax module, follow the instructions below:

If	Then
A module is established on IDRS but does not have a TC 140,	A. Input a TC 474 with posting delay code 02 and input 08 in cycle field. Input Select Code (SC) "96 " for Full Compliance Check (FCC) in TDI-Select-Cd field, using CC REQ77.
A module is not established on IDRS and does not have a TC 140	A. Input TC 590 CC 075 and then TC 592.

Note:

Once the TC 474 posts, the first RD notice (CP 59) will systemically generate a request for a tax return. "Cycle (cy) 08" is used only as an indicator for TDI programmers' analysis. It is not used to post a delay code.

4. If the above procedures create an unpostable, see *Exhibit 5.19.2-6, Resolving Issues with Manual Created RD Modules on IDRS*, for procedures to resolve the issue.

5.19.2.4 (11-06-2015)

Return Delinquency Research

1. Research tools that will help you in resolving Return Delinquency (RD) responses include, but are not limited to the following:

- Integrated Data Retrieval System (IDRS)/ Corporate Files On Line (CFOL) Command Codes (CC)
- Automated Collection System (ACS) -ACSWeb
- Account Management Services (AMS)
- ADR (Address Research)
- Document 6209
- *IRM 2.3.1, Section Titles and Command Codes for IDRS Terminal Responses*
- *IRM 2.4, IDRS Terminal Input*
- Accurant (Lexis Nexus)
- RTR (Remittance Transaction Research)
- Automated Non-Master File (ANMF) system

2. Research **all cross reference** accounts for possible case resolution using research tools, without taxpayer contact. This includes spouse's SSN number, IMF or BMF cross-reference identified through research, the taxpayer states sole proprietor, owns a business, or Non-Master File (NMF) when either Overflow Status, or High Dollar criterion \$1 Billion or more. The Automated Non-Master File (ANMF) System is an accounting and data control of NMF accounts.

Note:

DO NOT reverse a previous TC 59X with a TC 592 on a module if CC ENMOD shows TC 971 AC 502 (\$1 Billion or more), TC 971 AC 100-104 and 145 or MFT 31 (Mirrored accounts) on IMF.

3. See *IRM 5.19.2.5.7, Credit Balance Overview* for procedural guidance on researching credit balance accounts. If a credit is identified as being mis-applied, take the necessary actions to move the credit to the correct module or entity.

4. Electronic payments (EFTPS) can be researched and verified via IDRS command code EFTPS. Electronic payment information is retained and can be researched for the current year plus four previous years. Information on EFTPS, including how to enroll, can be found at www.eftps.gov or by calling EFTPS Customer Service at 1-800-555-4477. See *IRM 2.3.70.2, General*, for guidance on using the CC EFTPS to verify if payments were applied correctly.

5. Transcript Delivery System (TDS) tool, can be used to send Wage and Income Information Documents to the taxpayer and appropriate cover letter (when applicable), in lieu of any procedures throughout this IRM that state to send IRPTR or SUPOL supplements with the appropriate IRS letter.

Note:

See *IRM 21.2.3.4, Transcript Procedures*, for procedures on using TDS

5.19.2.4.1 (02-02-2016)

IRP Income

1. The following IRP income is considered gross income. It is used when figuring the total tax for tolerance purposes in determining "Little or No Tax Due" .

- Wages
- Interest
- Dividends
- Total Taxable Annuity
- Allocated Tips

- Unemployment Compensation

Note:

For the 2009 tax year only, the American Recovery and Reinvestment Act provided that the first \$2,400.00 of unemployment compensation received in 2009 was non taxable. For 2010 and subsequent tax years, in general, unemployment compensation is fully taxable. However, if the taxpayer made contributions for a governmental unemployment compensation program and the taxpayer does not itemize deductions, the taxpayer should reduce the amount he or she reports by those contributions (Line 19 on the Form 1040).

2. Computed taxable social security benefits are always taxable and cannot have any expenses written off against the income. However, the taxpayer's total income amount is used to calculate the taxable portion of social security benefits.
3. The following IRP income received by taxpayers is always included in gross income. However, taxpayers may reduce these items of gross income by certain expenses associated with earning the income, or by a recovery of basis, in determining their taxable income.
 - Total Pensions
 - Early distribution of pensions
 - Non-Employee Compensation (NEC)
 - Agricultural Subsidies
 - Distribution Share
 - Patronage Income
 - Fishing Income
 - Gross Winnings
 - Barter Income
 - Rents and Royalties
 - Medical Payments
 - Real Estate Payments
 - Broker/Stock Sales
 - Federal Contractor Income (Not Form 8596)
 - K-1 Business
 - Crop Insurance
 - Attorney Fees
 - Passive Income
 - Cancelled debt (see below)
 - Other Income (i.e. amount reported on 1040 by taxpayer not listed above)
4. If a taxpayer owes a debt and the debt or loan is cancelled, the amount of the cancelled (or discharged) debt or loan generally is included in gross income.

Exception:

Mortgage Debt Relief Act of 2007 generally allows taxpayers to exclude cancellation of debt income from the discharge of debt on their principal residence. Section 108(a)(1)(E) and 108(h) generally permits the taxpayer to exclude cancellation of "qualified principal residence indebtedness" for debt forgiven during calendar years 2007 through 2013. Cancellation of debt may occur in connection either with a mortgage restructuring or with a foreclosure of the property. The maximum amount of debt cancellation that can be excluded is \$2 million (\$1 million if the taxpayer is married filing separately). Lenders report debt cancellations forgiven debt to debtors and the IRS on Form 1099-C, Box 2.

Note:

A taxpayer may say that he or she is entitled to exclude the amount of cancelled debt because it is a qualified principal residence interest indebtedness. To claim the exclusion, a taxpayer should file Form 982, *Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment)*. Refer the taxpayer to Publication 4681, *Cancelled Debts, Foreclosures, Repossessions, and Abandonments*, for additional guidance.

5. Self Employment (SE) Tax should be computed and added into the total tax computation for the following IRP income listed (if net earnings from self employment income is less than \$400, do not compute self employment tax).

Note:

You can also refer to Form 1040 Schedule SE as a tool for accurate calculation.

- NEC
- Medical Payments
- Fishing Income
- Barter Income
- Federal Contractor (Not Form 8596)
- Crop Insurance
- Attorney Fees
- Patronage Income
- K-1 Guaranteed Payments
- K-1 Business if a General Partner

6. The following IRP items are not taxable income and should not be used to determine the gross income or tax amounts:

- IRA Contributions
- Withholding,
- Excess FICA and Medicare Wages
- FICA Wages
- FICA Withholding
- Computed Premium Distribution
- Computed Self Employment Tax
- Advanced Earned Income Credit
- Early Withdrawal Penalty
- Mortgage Interest
- CTR Transactions Amount
- Form 8596

5.19.2.5 (01-16-2015) Return Delinquency Procedures

1. This section provides guidance in resolving taxpayer inquiries and responses to accounts in the Return Delinquency (RD) Program.

5.19.2.5.1 (01-16-2015) IMF Cases Referred

1. Delinquency requests may be received from other areas within the Service on the following forms:

- Form 4442, *Inquiry Referral* - Request for actions unable to be completed by originator.
- Form 9948, *Referrals To* - Referral/Routing to other areas within the Service.
- Form 3499, *Information Transmittal*- Referral/Routing to other areas within the Service
- Form 3210, *Document Transmittal*- Document transmittal to other areas within the Service.
- Form 2209, *Courtesy Investigation* - Request for Collection to secure a return when a return has previously posted and has been removed (e.g. Transaction Code (TC) 291, etc.).

Note:

We no longer accept Form 2209 for account modules where returns have been removed and a TC 150 for zero remains. If you receive this form for this type of request, please return to sender with a statement explaining we no longer accept these

5.19.2.5.1.1 (11-06-2015) Accelerate and/or Delay To TDI Status 03

1. During normal processing, a RD module goes into Notice Status 02 when the first RD notice (CP 59) is issued. There are exceptions which will be discussed later.

Note:

If a CP 59 is returned Undelivered with a new forwarding address, the CP 59 will be reissued and generate a CP 515. See IRM 5.19.16.1.2, *Undelivered (UD) Mail Procedures*, for more information.

2. For Individual Master File (IMF) Non Primary Code (PC)-B modules, a final RD notice (CP 518) is issued 8 cycles later and 6 cycles after that, (14 cycles after the first RD notice) the module goes to TDI Status 03.

Note:

For UD mail received follow IRM 5.19.16.1, *Undeliverable (UD) Mail, Bad Address and Address research (ADR) Processing*.

3. You may accelerate and/or delay a Non PC-B RD module to TDI Status 03. Case goes to ACS or ASFR, by using command code (CC) ASGNI or CC ASGNB, see IRM 2.4.27-3, *ASIGN/ASGNB Input Display - Definers*, for using a delay Cnn.

Note:

A delay of 8 cycles "C08" is the longest delay allowed without leaving an IDRS control base open on the account for monitoring.

4. When working a RD response (correspondence or online) and you cannot resolve the RD module, the module may be accelerated to TDI Status 03 for further investigation.

Note:

For more detailed examples, see *Exhibit 5.19.2-7, Accelerate and/or Delay to TDI Status 03 Examples*.

5.19.2.5.1.2 (11-06-2015) Accelerate to Compliance Territory Office (Revenue Officer)

1. In certain situations when all attempts to resolve the RD module have failed, and the taxpayer requests a face to face meeting, you should advise the taxpayer to contact the nearest field assistance office. Provide the taxpayer with the address of the nearest Taxpayer Assistance Center (TAC), from SERP Who/Where tabLocal Tac Office Finder by Zip, and proceed to accelerate the module to TDI Status 03.

Note:

Make sure the taxpayer is aware that the TAC office will not prepare the return for them. If they need assistance with preparing a return, you should refer them to the appropriate toll free number or IRS.gov.

2. If the taxpayer requests face to face meeting at their place of business or residence because:

- They can't get to a field assistance office
- Or has lost records due to circumstances beyond their control (fire, flood, seizure, etc.) and we can't re-construct their records, suggest the taxpayer estimate expenses. If they cannot estimate expenses, then refer case to a Compliance Territory Office.

Send Letter 86C or other appropriate transfer letter to the taxpayer, following the procedures stated below:

If	And	Then
RD module is in Notice Status 02 or TDI Status 03,	You have supporting documentation,	A. Using CC ASGNI or CC ASGNB. . B. Assign the account to 6466 for assignment to Territory Office (indicating supporting documentation). C. For Notice Status 02 only, input a delay C01 to accelerate to TDI Status 03. D. Route the case to the appropriate territory office (Revenue Officer).
RD module is in Notice Status 02 or TDI Status 03,	You do not have supporting documentation,	A. Using CC ASGNI or CC ASGNB. . B. Assign the account to 6401. C. For Notice Status 02 only, input a delay C01 to accelerate to TDI Status 03. D. Destroy the notice.
RD module is a satisfied (Status 06 closed with a TC 59X) and the taxpayer has another module in Compliance Territory Office (Revenue Officer) status,	You have supporting documentation,	A. Using CC ASGNI or CC ASGNB, assign the account to 6466. B. Input a TC 592 to reverse the previous TC 59X, using FRM49. C. Route the case to the appropriate territory office (Revenue Officer).
RD module is a satisfied (Status 06 closed with a TC 59X) and the taxpayer has another module in Compliance Territory Office (Revenue Officer) status,	You do not have supporting documentation,	A. Using CC ASGNI or CC ASGNB, assign the account to 6401. B. Input a TC 592 to reverse the previous TC 59X, using FRM49. C. Destroy the notice.
RD module is satisfied (Status 06 closed with a TC 59X) and there are no other modules assigned to the Compliance Territory Office (Revenue Officer).	You have supporting documentation.	A. The module must be on TDINQ. If not, you must establish the entity using CC TDIRQ. B. Using CC ASGNI or CC ASGNB, assign the account to 6466. C. Input a TC 592 to reverse the previous TC 59X, using FRM49.

5.19.2.5.2 (11-06-2015)

IRS Employee (Select Code 02) Return Delinquency Program

1. Return delinquencies for IRS employees are identified by Select Code (SC) 02.
2. Refer Select Code 02 case(s) to the designated Compliance Services Collection Operations (CSCO) employee.
3. Select Code "02" , RD first Master file notice (CP 59/759) "Request for Your Tax Return" , are usually issued by the second cycle (week) of the IMF first notice issuances for each tax year.
 - The notice will be printed and mailed at the two Correspondence Production Services (CPS) sites- Ogden and Fresno.
 - An IRS Employee List will show the IRS employee that will be receiving the notice.
 - The IRS Employee List will be provided by Headquarters (HQ) via secure E-mail to each appropriate campus to the designated CSCO employee.
4. IRS employees receive only one RD Notice (CP 59, CP 759). Five cycles later, a TDI issues unless the tax examiner delays or accelerates the issuance or the case has been closed.

Note:

Select Code 02 TDI's bypass ACS.

5.19.2.5.2.1 (11-06-2015)

IRS Employee Return Delinquency List Processing

1. The IRS employee RD list will be forwarded by secure E-mail to the designated CSCO employee in Austin and Fresno one cycle before the first cycle of the IMF CP 59/ CP 759 issuance.
 - The listing is E-mailed twice a year, normally in November and the following February.
2. When the list is received determine if the taxpayer is on the list in error:
 - Is the individual an IRS employee.

- Does the income for the delinquent tax year include IRS income.
- Check for obvious incorrect name control.
- Determine if the prior year case has information that can be used to close this year.
- Research IDRS for a cross-reference TIN. If joint return is filed, input appropriate transaction codes.
- Compare and verify the amount and source of income versus filing requirements, and **close** as Not Liable if the income is below filing requirements (i.e. use TC 590 cc 076).

3. Prepare a case history sheet for each IRS employee case still open to be used for monthly case monitoring. The history sheet must be documented each month of all account actions (i.e., date of CP 59 sent, Revenue Officer (RO) assignment, return filed or not, and any other pertinent information). Maintain list and history sheets in a locked file cabinet, see *IRM 5.19.2.5.2.5, IRS Employee File*.

5.19.2.5.2.2 (11-06-2015)
Select Code 02 Responses

1. These responses are worked as any other return delinquency responses in *IRM 5.19.2.5.4, IMF Return Delinquency Responses and Inquiries*, with the following exceptions:

- Cannot be closed as Little or No Tax Due.
- The tax module is systemically blocked from closure under the provisions of Policy Statement P-5-133.

Follow the guidelines below on working responses:

If	And	Then
Response is insufficient,	Necessary to contact employee or obtain other information through research,	A. Contact employee by telephone number (if applicable) and then send Letter 2269C to obtain necessary information. B. Input a delay "C08" using CC ASGNI or CC ASGNB,.
Notice TIN incorrect,	Intentionally Left Blank	A. Advise employee by telephone or correspondence to contact personnel office. B. Input TC 041 using CC ENREQ to correct TIN.
Response meets see <i>IRM 5.19.2.5.4.2, IMF Special Handling</i> .	Account is in Notice Status 02,	A. Input D01 to accelerate to the area ICS for systemic assignment. Note: Do NOT assign to TIGTA or Examination, case will be systemically assigned to the Area ICS/Entity Quality Analyst (QA) via ICS. B. Monitor for TDI assignment. C. Prepare Form 3210 and transfer the case (Case History Sheet, correspondence, any supporting documents) to the assigned Area Office. Put all information in a Confidential Information envelope labeling it "IRS Employee RD Case" and then place inside a mailer envelope. D. Retain a copy of the case in the IRS Employee File and associate the acknowledged copy of Form 3210 when it is received.
	Account is in TDI Status 03.	A. Prepare Form 3210 and transfer the case (Case History Sheet, correspondence, any supporting documents) to the assigned Area Office. Put all information in a Confidential Information envelope labeling it "IRS Employee RD Case" and then place inside a mailer envelope. B. Retain a copy of the case in the IRS Employee File and associate the acknowledged copy of the Form 3210 when it is received. C. Document AMS comments appropriately.
Response indicates not an IRS employee, no longer works for IRS or the primary's ex-spouse is an IRS Employee.	Account is in Notice Status 02,	A. Research on IRS web under Discovery Directory or using https://persinfo.web.irs.gov/hrcemploct.htm to verify if the taxpayer is currently an IRS employee. B. If research indicates the taxpayer is a current IRS employee, continue as insufficient response as shown above. REMINDER: Seasonal employees are considered current IRS employees. C. If research indicates the taxpayer is not an IRS employee or the taxpayer is the ex-spouse and there are no outstanding joint liabilities with the IRS employee, input TC 972 AC 191 on CC FRM77, and include in remarks section "Reversing IRS Employee Indicator" . Input another TC 972 AC 51 to remove Federal Employee Indicator. Note: IRS employees have both IRS Employee indicator and Federal Employee indicator and both need to be removed if they are no longer an IRS employee, a Federal Employee or Retiree. D. Document AMS comments appropriately.
	Account is in TDI Status 03.	A. Prepare Form 3210 and transfer the case (Case History Sheet, correspondence, any supporting documents) to the assigned Area Office. Put all information in a Confidential Information envelope labeling it "IRS Employee RD Case" and then place inside a mailer envelope. B. Retain a copy of the case in the IRS Employee File and associate the acknowledged copy of Form 3210 when it is received.

2. When receiving Undeliverable (UD) notices for Select Code 02 cases:

- If there is a United States Postal Service (USPS) yellow label with a forwarding address and verification shows the same taxpayer, follow procedures in paragraph 3 below.
- If the Undeliverable notice has no USPS yellow label or the yellow label is not the same taxpayer, see IRM 5.19.16.1.2, *Undelivered (UD) Mail Procedures*.

Note:

If case is in TDI Status 03 and is assigned to an area office, contact area office first before address change input or continue the address research (ADR) process.

3. If the UD mail shows an updated address on a yellow USPS label:

- Input address change on IDRS.
- Send a Letter 2269C and select the appropriate paragraphs from the IRP information by checking CC SUPOL or IRPTR.
- Annotate AMS comments, and the case history sheet, of the address change and date the letter was sent.

4. If a delinquent return is secured, see *IRM 5.19.2.5.4.6.12, IMF Response with Original Return*. Annotate the following on the employees case history sheet:

- Date the return was secured.
- Amount of tax, penalty and interest due.
- Amount paid and date paid.
- Amount of refund due.
- Employee deceased, when applicable.

5. File closed notice responses and any related documents in the IRS employee file.

6. Once a month, using IRS employee list and case history Sheet, research each TIN for each case still open and annotate any subsequent activity. If there is any change from the previous research, attach an appropriate IDRS print of changes (i.e. ENMOD for Entity, TXMOD for account changes).

5.19.2.5.2.3 (01-16-2015)**Select Code 02 TDI Issuances**

1. When a case is in TDI Status 03 and currently assigned to the area office, associate any related documents and prepare Form 3210 to transfer the case (Case History Sheet, correspondence, any supporting documents) to the assigned Area Office. Place all pertinent information in a Confidential Information envelope labeling it "IRS Employee RD Case" and then place this inside a mailer envelope.
2. If the module is in TDI Status 03, currently assigned to the area office and you receive related or pertinent information that needs to be referred, contact the ICS/Quality Analyst (IQA) as they are responsible for receipt, control and assignment of the IRS Employment cases. Refer to IRM 5.1.11.4.7, *IRS Employee Return Delinquency*, for additional guidance. To locate the IQA assigned, refer to SERP-Who/Where from SERP Homepage: QA Contact List for CF & AI, click on ICS/Entity Quality Analysts tab.

5.19.2.5.2.4 (01-16-2015)**Select Code 02 – Area Office Closures**

1. Record the disposition of each case on the list. Retain a copy of the closed TDI in the employee file.
2. If it is identified that a case was closed in error, or not appropriate (i.e. closed other than "below FR" or reassigned to 7000 or 8000) contact the appropriate IQA to have the case assigned back to the RO, and to secure a return. See *IRM 5.19.2.5.2.3, Select 02 TDI Issuances*, to locate the appropriate IQA.

5.19.2.5.2.5 (01-16-2015)**IRS Employee File**

1. All documents must be locked in a secured file cabinet.
2. Maintain the file by tax year. Divide yearly files into sub files:
 - Sort open cases in Taxpayer Identification Number (TIN) order by copy of notice list, and employee case files.
 - Sort closed cases in TIN order by copy of notice list, and employee case files.
 - TC 594/599 source documents.
 - Closed TC 594/599 transcripts.

Note:

Keep one year in active status and the prior year as inactive. Retain inactive files for one year, then destroy the oldest year when the next year is received. Dispose of prior year files in accordance with established procedures for "secure shredding " .

5.19.2.5.3 (11-06-2015)**Taxpayer Advocate Service Referrals**

1. This section provides procedures and guidance for working referrals to the Taxpayer Advocate Service (TAS). Our goal is to address and resolve the taxpayer's issue on initial contact whenever possible and avoid unnecessary referrals to TAS. Make every attempt to assist the taxpayer prior to referring to TAS.
2. Refer taxpayers to the Taxpayer Advocate Service (TAS) (see IRM 13.1.7.2, *TAS Case Criteria*) when you can't resolve the taxpayer's issue the same day.

Exception:

See IRM 13.1.7.3, *Exceptions to Taxpayer Advocate Case Criteria*, for information on cases that TAS will no longer accept.

- The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue.

- Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same-Day Resolution by Operations*.
- When you refer cases to TAS, use Form 911, *Request for Taxpayer Advocate Services Assistance (and Application for Taxpayer Assistance Order)*, and forward to TAS. See (3) below for special procedures for identity theft issues.

3. As part of the Identity Theft Victim Assistance (IDTVA) Program, the Accounts Management (AM) Identity Protection Specialized Units (IPSU) will generally assist taxpayers whose situations meet IRM 13.1.7.2, *TAS criteria 5 -7, Systemic Burden*, **AND** involve identity theft. Applicable cases will now be considered IPSU criteria.

A. If a case meets IPSU criteria, refer the case to AM IPSU using Form 4442, *Inquiry Referral*.

- The referral can be sent via secure E-mail to *W&I-TAR when available, or by fax to the ID Theft fax line (855) 807-5720 by COB the day the criteria was identified.
- The referral **MUST** contain all taxpayer's correspondence with any attachments/documentation received with the case.
- A Letter 86C or other applicable letter to the taxpayer is required. Inform the taxpayer he/she can expect contact within 7 business days from the date of receipt.
- See IRM 21.9.2.9, *Identity Theft Assistance Request (ITAR) -General Information*, for more information and IRM 5.19.1.2.1 (9)(g), *For All Employees*.

Note:

If using AMS for referrals, select ITAR from the drop down menu, select Andover for English and Fresno for Spanish cases.

Note:

If not using AMS, annotate "ITAR" on the top of the Form 4442 prior to forwarding to AM IPSU.

4. Follow the table below if referring the account to the Taxpayer Advocate Service:

If	Then
Case is in Notice Status 02.	<ul style="list-style-type: none"> • Input a delay C08 using CC ASGNI or CC ASGNB. • Document AMS of actions taken including case referral to TAS.
Case is in TDI Status 03.	<ul style="list-style-type: none"> • Document AMS of actions taken including case referral to TAS. • If the account is on ACS input history item as follows: For ACS Support employees: TOS7,45,TAS For ACS Call Sites employees: TOR2,45,TAS

5. Use Form 911, *Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance order)*, and forward to the Taxpayer Advocate Office in accordance with your local procedures.

5.19.2.5.4 (11-06-2015)

IMF Return Delinquency Responses and Inquiries

1. See Document 6209 Section 11, for IRP Select Code Criteria Codes to determine the taxpayer's income and requirement to file.
2. When responding to a taxpayer inquiry and there is a discrepancy requiring disclosure, see IRM 11.3.2, *for Disclosure guidance*. for Disclosure guidance.

5.19.2.5.4.1 (01-16-2015)

First Read on Responses with Returns

1. All incoming returns should go through a first read screening process prior to being batched.
2. Scan the Notices and Returns for the following:
 - Correspondence attached to a return
 - The primary TIN on the return does not match TIN on the notice
 - The address on the return does not match the address on the notice
3. If any of the above conditions are present, batch and follow normal processing procedures.
4. If none of the conditions are present:
 - Input TC 599 CC 094 for a taxable return
 - Input TC 599 CC 096 for a non-taxable return
 - Write "TC 599" on left margin of the return
 - Detach CP notice and destroy, classified waste
 - Forward return to Submission Processing (SP). See IRM 3.10.72–12, *Submission Processing Contacts (Batching Function)*.
5. If the return does not have the required signatures:

If ...	Then ...
If a CP 59 is attached and signed on the appropriate Jurat Line	<ul style="list-style-type: none"> • Mark on signature line of the return "Attached" . • Attach the notice behind the return. • Notate on the notice "original signature attached" . • Follow procedures in 4 above.
	<ul style="list-style-type: none"> • Attach Form 3531 to the front of the return. • Check the appropriate boxes on the form requesting a signature.

<p>If there is no appropriate Jurat signature present</p>	<ul style="list-style-type: none"> Return to the taxpayer in an envelope. Leave comments on AMS that say "unsigned return" <p>Note:</p> <p>Make sure you are returning any IA requests or Financial statements back with the return so the taxpayer can return them once they sign the return.</p>
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6. Report time and volume under required OFP code

5.19.2.5.4.2 (11-06-2015)
IMF Special Handling

1. Review for the following conditions and take the required actions:

If	And	Then
<p>Taxpayer response is threatening or indicates a potentially dangerous situation (online or in correspondence),</p>	<p>Account is in Notice Status 02 or Taxpayer Delinquency Investigation (TDI) Status 03,</p>	<p>A. Assign to 8150 using command code (CC) ASGNI, see IRM 2.4.27-5 , <i>ASGNI/ASGNB Input Display—Single and Batch</i> .</p> <p>B. Refer to IRM 5.1.3, <i>Safety, Security and Control</i>, (i.e. "Potentially Dangerous Taxpayer (PDT)" .</p> <p>C. Report all incidents to Treasury Inspector General for Tax Administration (TIGTA), by telephone. TIGTA can be reached at 1-800-366-4484. TIGTA will inform you of where to send the case.</p> <p>Note:</p> <p>Form 4652 <i>Assault, Threat of Assault, or Harassment Report</i> is now obsolete.</p> <p>D. For cases in Notice Status 02, input delay C01 using CC ASGNI, see IRM 2.4.27-5, <i>ASGNI/ASGNB Input Display—Single and Batch</i>. To accelerate to Automated Collection System (ACS), see IRM 5.19.2.5.1.2, <i>Accelerate to Compliance Territory Office (Revenue Officer)</i>.</p> <p>E. For cases in TDI Status 03, enter a history item on Integrated Data Retrieval System (IDRS) or Account Management Services (AMS) indicating the case was sent to TIGTA.</p> <p>F. If the account is on ACS, input history code, TOR1,60,TIGTA.</p> <p>G. Once TIGTA's investigation is completed a determination will be made, and the employee through their Director will be informed of the disposition of the case in a memo.</p> <p>H. If TIGTA states this isn't a threat, then continue working the case appropriately.</p>
<p>The taxpayer indicates in correspondence they refuse to file a return or provides information based on claims of a frivolous return,</p> <p>Note:</p> <p>Refer to IRM 4.10.12.1.1, <i>Frivolous Arguments</i>, for definitions of frivolous arguments.</p>	<p>Account is in Notice Status 02 or TDI Status 03,</p>	<p>A. Input Transaction Code (TC) 595 cc 082 for Compliance Services Collection Operation (CSCO) and Accounts management (AM) or TC 595 cc 032 for ACS/ACSS and, refer to: Ogden Compliance Services ATTN: FRP, m/s 4450 1973 N. Rulon White Blvd. Ogden, UT 84404</p> <p>B. Document AMS of all pertinent information.</p> <p>C. If account is on ACS, enter history code "TOR1,30,CMNTS" .</p> <p>D. Notate on correspondence "Previously seen by Collections (CSCO or ACSS)" before routing.</p>
<p>Taxpayer is on the telephone and refuses to file a return or gives information based on frivolous claims.</p>	<p>Account is in Notice Status 02 or TDI Status 03,</p>	<p>A. Inform the taxpayer they need to file a return or provide the information in writing.</p> <p>B. For cases in Notice Status 02, input delay C08 using CC ASGNI see IRM 2.4.27-5 , <i>ASGNI/ASGNB Input Display—Single and Batch</i> To accelerate to ACS, see IRM 5.19.2.5.1.2, <i>Accelerate to Compliance Territory Office (Revenue Officer)</i>.</p> <p>C. Document AMS with all pertinent information.</p> <p>D. If the account is on ACS, enter history code "TOI7,30,CMNTS" .</p>
<p>Select Code (SC) 02 or 92.</p>	<p>Intentionally left blank</p>	<p>See IRM 5.19.2.5.2.2, <i>Select Code 02 Responses</i>.</p>
<p>Open CI control or TC 914.</p>	<p>Account is in Notice Status 02.</p>	<p>A. Input delay "C08" using CC ASGNI .</p> <p>B. Route notice to Criminal Investigation (CI) Branch.</p> <p>C. Document AMS indicating the case was sent to CI.</p> <p>D. If CI returns the case, resolve through correspondence.</p> <p>Note:</p> <p>DO NOT call the taxpayer.</p>
	<p>Account is in TDI Status 03.</p>	<p>A. Document AMS indicating the case was sent to CI.</p> <p>B. If the account is on ACS, enter history code "TOR3,60,CI or TC 914" .</p>

		<p>C. Route to CI Branch.</p> <p>D. If CI returns the case, resolve through correspondence.</p> <p>Note:</p> <p>DO NOT telephone the taxpayer.</p>
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2. If the taxpayer is liable and there is an indication of fraud, determine the extent of the delinquency (periods and amounts). Refer the case to CI, See IRM 25.1.3.2, *Preparation of Form 2797*.

Caution:

Do **NOT** give advice about what to do, and do **NOT** solicit the return. If on the telephone, terminate the conversation. Document on AMS history all information pertinent to the processing of the case.

3. For indicators identifying potential fraud cases, see IRM 25.1.7.2, *Pre-screening Non-filers* and/or IRM 25.1.2.3, *Indicators of Fraud*.

- See IRM 25.1, *Fraud Handbook*, for referral procedures.
- When the case is returned from CI, process per CI instructions.

4. When taxpayer sends a Balance Due (BD) Notice as proof a return has been filed, see IRM 5.19.2.5.4.6.10, *IMF Response Taxpayer Previously Filed Return*.

5. Route Power of Attorney (POA) Form 2848 or other tax authorization to the Centralized Authorization File (CAF) Team. See IRM 21.3.7.1.3, *CAF Processing Sites (CAF Function)*.

Note:

A non-deployed spouse can represent as a POA for their deployed spouse in the military as long as she/he completes a Form 2848.

6. When the taxpayer requests a visit from an IRS representative, attempt to resolve the case. If you are unable to resolve the case, see IRM 5.19.2.5.1.2, *Accelerate to Compliance Territory Office (Revenue Officer)*.

7. A bankruptcy stay does not prohibit securing information from the taxpayer or sending the taxpayer information for the sole purpose of securing a return. If a return is secured, send a photocopy to the appropriate Insolvency/Bankruptcy area. http://serp.enterprise.irs.gov/databases/who-where.dr/inslvncy-bnkprcty/national_insolvency_field.htm, input and edit return with a TC 599 closing code (cc) 92/42 and continue with processing per IRM 5.19.2.6.4.5.12, *IMF Response with Original Return*.

Note:

If other pertinent information is received without a return, send it to the appropriate Insolvency/Bankruptcy area.

**5.19.2.5.4.2.1 (11-06-2015)
Combat Zone IMF Procedures**

1. **Section 7508** postpones the time for performing time-sensitive acts, such as filing tax returns or paying tax for the period of time that Section 7508 applies, plus 180 days. The IRS generally will not assess income tax or charge any penalty/interest during the postponement period. The IRS generally will cease all enforcement activities during the postponement period. Section 7508 applies to individuals in the following circumstances:

- Individuals serving in the Armed Forces in an area designated by the President of the United States as a combat zone for purposes of Section 112, or serving in support of such forces.
- Individuals serving in support of the Armed Forces in an area designated by the Secretary of Defense as a contingency operation.
- Individuals serving in the Armed Forces in a qualified hazardous duty area.

Note:

See IRM 5.19.1.4.9, *Military Deferment*, IRM 5.19.10.6, *Combat Zone Accounts*, and Pub 3, *Armed Forces Tax Guide*, for procedural guidance. Also, refer to IRS.gov for additional information regarding Combat Zone issues (search item: Combat Zone).

2. Transmission of combat zone data from the Department of Defense is posted to the taxpayer's account(s). These transactions will have a unique DLN of "28277-999-99999-X" and are shown on CC IMFOLE. Combat Zone accounts are also identified during processing of a tax return where the taxpayer has identified by documenting with: Serving Desert Storm/Shield, Bosnia, former Yugoslavia, Allied Force, Afghanistan, or Enduring Freedom. On these self-identified cases, a TC 500 will post to CC IMFOLE and not on a tax module. There will be a computer Condition Code "K" or "Z".

Note:

See IRM 3.12.3-4, *Computer Condition Codes*, for additional guidance regarding the Condition Codes and processing.

3. The account modules will have a -C freeze showing and will have the following transaction and closing codes on the module that provide the entry and exit dates within the combat zone:

- TC 500 with closing code 052 (entry date) or closing code 053 (exit date) = Desert Storm
- TC 500 with closing code 054 (entry date) or closing code 055 (exit date) = Bosnia
- TC 500 with closing code 056 (entry date) or closing code 057 (exit date) = Enduring Iraqi Freedom

Note:

If the taxpayer contacts us, assist them with their issues. Inform them with Letter 2761C they are not required to file a return while in the combat zone and will be given at least an additional 180 days after they exit the combat zone to file their current year and any delinquent returns.

4. As of January 2008, TC 598 cc 070 will systemically be input on the module upon the input of TC 500 with the above closing codes. The TC 598 cc 070 closes the account during the administrative relief period. The module will be identified on IDRS with a -C freeze code, and will not be indicated on Integrated Collection System (ICS), ACS, Automated Substitute for Return (ASFR) systems or inventory.

Note:

If a -C freeze is present on the account and Combat indicator on CC IMFOLE is "1", no "new" RD notices will generate, so the input of a delay is not required.

5. For taxpayer's who have self identified, see IRM 5.19.10.6.5.1, *Combat Zone IMF Procedures*, for more information. Do not input TC 598 cc 070 on the module as a systemic TC 598 cc 070 will post to master file after the TC 500 posts. Once the TC 598 cc 070 posts, it will remove the account from system or inventory.

Note:

Use REQ 77 on CC TXMOD to input.

6. When a taxpayer is no longer in the combat zone or -C freeze was set in error, the freeze can be resolved using procedures per IRM 5.19.10.6.5.1, *Combat Zone IMF Procedures*.

5.19.2.5.4.2.2 (01-16-2015)

IMF Procedures for Field Assistance Employees

1. For all Field Assistance (FA) employees working Return Delinquency IMF cases with a taxpayer in a field assistance office, you will follow the procedures below:

- If you are an Individual Taxpayer Advisory Specialist (ITAS) with an 809 book assigned to you, and any criteria throughout the IRM for 5.19.2 is met to enter any transaction codes and history items, you will prepare a Form 4442, *Inquiry Referral*, with the required information for all modules in Notice Status 02 or TDI Status 03. You must secure managerial approval and send the Form 4442 to the appropriate employee within your site for the actual inputs.
- If you are an ITAS that is not assigned an 809 book, and criteria throughout this IRM is met, enter transaction codes and history items when applicable.
- No ITAS employees will issue any of the RD letters required throughout the IRM for all modules in Notice Status 02 or TDI Status 03.
- For all modules in Notice Status 02, if you are assigned an 809 book, you would include this information on the Document 4442 you have prepared.
- For all modules in TDI Status 03, all ITAS employees will document any required comments or history codes on ACS, AMS, as appropriate. If you are assigned an 809 book, you would include this information on the Form 4442 you have prepared.
- ITAS employees will document Levy Sources on IDRS per stated in IRM, as appropriate. If you are assigned an 809 book, you would include this information on the Form 4442 you have prepared.
- If you are answering the taxpayer with a written or telephone response – Field Assistance employees working collection cases in Notice Status 02 or TDI Status 03 will set deadlines that are reasonable and appropriate for filing returns.

2. When securing a return or resolving an open RD account, FA employees will use the following codes to close the module:

TC 599 cc 024	Non taxable return
TC 599 cc 024	Unassessible (Bankruptcy)
TC 599 cc 024	Return Compliance Program
TC 594 cc 022	Return previously filed
TC 594 cc 023	Filed as spouse on joint return
TC 590 cc 021	Income below FR
TC 591 cc 020	All other cases no longer liable

5.19.2.5.4.3 (11-06-2015)

IMF Examination Referrals

1. Research Audit Information Management System (AIMS) using CC AMDIS.

- If no data is available, see *IRM 5.19.2.5.4.6.11, IMF Response Insufficient*.
- If IDRS indicates an open examination case (TC 420 on notice or related module, -L freeze, or AIMS shows an open case) and AIMS status is 09 or more, route case to Examination, Classification Section. If sending a tax return, use overnight express to send to the appropriate Exam office, see note below. Input TC 595 cc 032/082 using CC FRM49 and input AMS comments as appropriate.

Note:

To find the correct Examination office, check AIMS for the 3-digit Primary Business Code (PBC), then check SERP under Who/Where, click on Exam Employee Group Code (EGC) Contacts and find the appropriate PBC office and address of that office.

- If open TC 420 and AIMS status is 08 or less, work the response or return as appropriate per procedures throughout the IRM.
- If AMDISA indicates a Status 90, which means the case is closed, do not send to Exam even if a -minus L freeze or open TC 420 exists. Work the response or return as appropriate per procedures throughout the IRM.

2. If the case is returned by Exam with the TC 420 reversed with a TC 421, see *IRM 5.19.2.5.4.6, IMF - Determining Liability*.

Note:

For Notice Status 02 cases that are not closed as taxpayer not liable, accelerate to TDI Status 03 by inputting a delay "C01".

3. When working a transcript created by a TC 595 without a posted return, and the TC 595 was input in error, continue processing in *IRM 5.19.2.5.8.2, Resolving TDI Research (TC 594/599) Transcripts*.

5.19.2.5.4.4 (11-06-2015)

IMF Automated Substitute for Return Program (ASFR) Referrals

1. The ASFR program was developed to systemically promote compliance with taxpayers who have not filed tax returns voluntarily and for whom income information is available to substantiate a significant income tax liability without costly field investigation. The purpose of this program is to assess the tax liability and promote compliance by either:

- Securing a valid voluntary income tax return from the taxpayer.
- Computing tax, interest and penalties based upon Information Return Program (IRP) documents submitted by payers, or other internally available information.

2. The RD notices (CP 59/516/518) inform the taxpayer the IRS can prepare a substitute return, if a return is not filed. Cases selected with ASFR select codes receive a CP 59 and CP 518 (or 759/618) notice and then are automatically assigned to ASFR.

Note:

For account modules in Notice Status 02 or TDI Status 03 (Combo cases), if correspondence from the taxpayer states to go ahead and prepare their return per the substitute for return warning in an IRS notice, when answering the taxpayer with written correspondence advise as follows: "This program uses the highest tax rates with no deductions allowed. Interest and penalties accrue from the original due date of the return until the substitute for return is processed and the account is paid in full. So it is in

their best interest to prepare and file a return on their own, and pay any balance due as soon as possible". For elderly taxpayers who need help in preparing a return, recommend they visit IRS.gov , AARP or TCE (Tax Counseling for the Elderly).

3. Return delinquency modules that do not meet ASFR criteria include accounts listed below:

- Beginning January 2013, ACS will block TFRO, AOTO8000 for International accounts.
- =====
- No IRPTRJ data is present
- Any module has a freeze code of -Z, -V, -W, -L and Z-.
- The select code is CI (01) or IRS Employee (02).
- Any combo case with a balance due module regardless of status, including Status 53 and Status 60.
- The only tax year is older than six years from the current calendar year .

Note:

For additional information regarding creating a module see *IRM 5.19.2.3, Manual Creation of a Return Delinquency Module (IMF Only)*. Current processing year modules will not be manually created, for example; Do not create an RD module for tax year 2011 before November 15th of calendar year 2012.

- Cases with 60 or more documents, assign the case to the Queue.

Note:

If one module has 61 or more documents and another module is below 61 documents, still assign the account to the Queue.

4. Once IDRS/CFOL research has been completed, for stand alone Status 03 TDI(s) with IRPTR data available and there are less than 60 documents, use CC ASGNI 8000 to assign to ASFR.

If the account is on ACS, enter history code "TFRO,,AOTO8000" .

Note:

Area assignment (AOTO) can be located on ACSWeb.

5. If working a return delinquency response and research indicates ASFR criteria as listed below refer to ASFR. .

- TC 150 for .00 with literal SFR next to it (initial return assessment), with tax-class 2 and Doc Code 10 in the DLN (Refer to Document 6209).

Note:

The DLN Julian date will be 887. If the DLN Julian date is 888, the module is an Exam SFR.

- Blocking series 000-299. (Refer to Doc 6209.)
- No AGI listed.
- TC 599 with cc 088, indicates no response to the previous ASFR notifications.

Note:

Send the case to your Consolidated ASFR Recon Site if **all** the following transaction codes (TC 150 for .00, TC 494, TC 495, TC 290 and TC 599 cc 088 are present. You can find routing information for ASFR Reconsideration returns on SERP Who/Where ASFR - Reconsideration Returns - Centralized Processing Sites.

- TC 599 with cc 089 indicates taxpayer filed original return.

Note:

If the response is a return or amended return and the module was closed with a TC 29X and/or TC 599 with a cc 089, and the tax on the return does not match the tax posted to IDRS, route the return to the local AM only if the Assessment Statute Expiration Date (ASED) is **not** expired. If ASED is expired, **send a disallowance Letter 916C** , *Claim Incomplete for Processing; No Consideration*, and document AMS comments appropriately.

- TC 599 with cc 013 indicates taxpayer agreed to the proposed assessment.

Note:

If the response is a return or amended return and the module was closed: Send the case to your Consolidated ASFR Recon Site if **all** the following transaction codes (TC 150 for .00, TC 494, TC 495, TC 290 and TC 599 cc 013 are present. You can find routing information for ASFR Reconsideration returns on SERP Who/Where ASFR - Reconsideration Returns - Centralized Processing Sites.

**5.19.2.5.4.5 (01-16-2015)
Backup Withholding - C (BWH-C) Inquiries**

1. Use this section to resolve BWH-C inquiries only. Refer to other IRM sections to resolve all other issues prior to referral.
2. If the Backup Withholding Indicator (BWI) is on the module (TXMOD), refer to IRM 5.19.3.4.2.11, "*C" BWH Procedures*. If the BWI is shown as "2" and any of the following conditions exist, forward the information via Form 4442 to the appropriate BWH unit for your BOD per the information in paragraphs #3, #4 & #5 below:

- Taxpayer is deceased.
- Account is closed "Not Liable" , "Refund Due" , or "Little or No Tax Due" .
- The return has been previously filed, but posted to another module (e.g. filed joint with spouse, filed on an incorrect TIN, filed with an incorrect name [entity problem]).

Note:

Only send the information to the BWH unit to make a determination to close BWH-C or not. You must work all the RD issues.

3. For W&I campuses send the Form 4442 or Correspondence to:
Internal Revenue Service
Stop 5000 P-4

4. For SB/SE campuses send the Form 4442 or Correspondence to:

Internal Revenue Service
 Mail Stop 4-N-31.142
 2970 Market St.
 Philadelphia, PA 19104

5. For International SBSE Backup Withholding issues, send the Form 4442 or Correspondence to :

Internal Revenue Service
 Mail Stop 4-N-31.143
 2970 Market St.
 Philadelphia, PA 19104

5.19.2.5.4.6 (11-06-2015)
IMF - Determining Liability

1. This section will provide guidance on determining if the taxpayer is liable to file a delinquent return, with the goal to resolve contact issues (correspondence or telephone calls) timely and accurately to prevent subsequent notices and/or TDI issuances. Refer taxpayers to their local office for assistance. (e.g. Taxpayer Assistance Centers (TACs), Volunteer Income Tax Assistance (VITA), Tax Counseling for the Elderly (TCE), American Association of Retired Person's (AARP)). See IRM 21.3.4.2, *Standard Services and Taxpayer Assistance*, for guidance. If necessary, send blank forms to the taxpayer to file the delinquent return(s), or refer the taxpayer to the IRS web-site, <http://www.irs.gov>. When responding to taxpayer via correspondence, refer to IRM 21.3.3.1.1, *Policy Statement P-21-3 (formerly P-6-12)*, for guidance.
2. When the taxpayer provides a telephone number on a response to a CP notice, tax return or RD correspondence, update the taxpayer's account with the new telephone number . If the area code is not available research for area code on SERP under the Who/Where tab, click on Time Zone & Area Code by Zip, State or City .
3. To research RD filing requirements by specific Select code refer to Document 6209.
4. To identify modules meeting High Income Non Filers criteria see *IRM 5.19.2.7, High Income Non Filer Process (HINF)* for additional guidance.

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Note:

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Exception:

"AM " employees should create a Form 4442 referral to RD function when a case creation is required to be done.

7. If a potential RD module exists based on the information above, continue to follow procedures below to determine liability. Annotate AMS of actions taken, as appropriate.

8. Conduct complete research to resolve all RD issues on contact, including research of all cross reference TIN's .

Note:

When corresponding with the taxpayer, send one letter to address multiple years.

If ...	And ...	Then ...
Module is in Status 06 (closed with a TC 593, 597, or 598)	taxpayer is liable to file	Input a TC 592 to reverse the TC 593, 597 or 598 to place the module back in Notice SC 02 or TDI Status 03. Exception: If the RD module was closed with TC 598 cc 032/082, then refer to procedures in <i>IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable</i> Note: Work these types of cases based on the status the module was in when the TC 593, 597 or 598 was entered (i.e. Notice 02 or TDI 03).
Taxpayer has an open Refund Hold (RH) module (i.e. TC 570, 999 in the Julian Date field in the document locator number digits 6, 7 and 8 and an RF reason code and -R freeze)	Refund hold notice CP 63 (CSCO) or CP 88 (Exam) or Letter 2825C has been issued	Inform the taxpayer the refund is being held because there are delinquent return(s) that need to be filed.
		Refer the taxpayer to the RH toll-free number at 1-866-897-3315, see <i>IRM 25.12.1.6, Taxpayer Notification of</i>

Taxpayer has an open Refund Hold (RH) module.	Taxpayer is inquiring about the held refund	<i>Refund Hold</i> Note: Letter 2825C is only used to reissue notification for undeliverable CP notices.
Necessary	Left blank intentionally	Send Income information (via IDRS CC IRPTRW or TDS) to the taxpayer to file the delinquent return(s).

9. Whether the taxpayer should file a return depends on:

- Gross income (Gross income includes all income received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside of the United States, even if you exclude part or all of it.)
- Age
- Filing Status

10. IDRS CC "IRPTR" screen indicates the type and total income reported to the IRS for the taxpayer. See *IRM 5.19.2.4.1, IRP Income*, for definitions of IRP income to help determine what income is taxable.

Note:

If the final page of IRPTR shows deferred compensation under other income, subtract from taxable income.

Note:

You can accept the total expenses or cost basis from the taxpayer via the telephone or in correspondence (without a return) to compute the total tax and determine if the tolerance amount was met for minimal tax due. *IRM 5.19.2.5.4.6.3.2, IMF Little or No Tax Due*. If the income is Non Employee compensation, they should file a tax return.

11. Use IDRS Command Code IRPTRJ to determine the taxpayer's potential liability or if they meet "Little or No Tax Due" , "Income Below Filing Requirements" , "Refund Due" or "Not Liable" .

12. If filing information is not provided by the taxpayer, use the last return filed, if within the last six years. Use FS 1 "single" or FS 3 "married filing separate" , if the taxpayer was married on their last return filed, and one exemption,.

Note:

For all HINF select codes, if unable to verify income, see *IRM 5.19.2.7.5, HINF - Taxpayer Claims Not Liable, Refund Due or Little or No Tax Due*.

13. When you are on the telephone with the taxpayers and you are asking them for income and expenses for the delinquent tax year, to determine if the taxpayer is liable to file, remember to:

- Ask about all income received for the year: wages (including taxable fringe benefits), interest, dividends, stock sales, and self-employment income (for both the taxpayer and spouse if married filing joint return).
- Ask for filing status, number of exemptions and approximate withholding or credits.
- For reported IRP income from non-employee compensation over \$400, we will always ask the taxpayer for the return, **even if you are closing the module under***IRM 5.19.2.5.4.6.3., Delinquent Returns - Enforcement of Filing Requirements*, (e.g. Little or No Tax).
- For reported IRP income from stock sales that put the taxpayer's total income above filing requirements, we will always ask the taxpayer for a return to show the costs associated with the stocks, **even if you close the module under***IRM 5.19.2.5.4.6.3., Delinquent Returns - Enforcement of Filing Requirements*, (e.g. Little or No Tax).

14. Follow procedures in the paragraphs below as guidance when talking to a taxpayer:

If ...	Then ...
You determine the taxpayer is required to file a tax return	<ul style="list-style-type: none"> • Instruct them to complete the required return. Ask them to <ul style="list-style-type: none"> A. Sign B. Date C. And include current address • Provide them with the appropriate IRS CSCO (SC 02) or ACSS (SC 03) return address to mail the return. For W&I Compliance Services or SB/SE Compliance Services or CSCO's mailing addresses, <i>Exhibit 5.19.2-3, CSCO Non-Filer Campus Addresses</i>. These addresses can also be found through SERP, Who/Where, campus program locator guide. • Document AMS comments appropriately.
Taxpayer states they had expenses (i.e. against business income) or a cost basis (i.e. against stock sales) that lowers their total income	<ul style="list-style-type: none"> • you can accept this information via the telephone or in correspondence (without a return) "ONLY" to compute the potential total tax liability and determine if there is a Refund Due or the tolerance amount was met for "Minimal" or "No" tax due per Policy Statement P-5-133. • Inform the taxpayer they are still required to file a return if determination shows a refund due, see <i>IRM 5.19.2.5.4.6.2, IMF Refund Due</i>, or Minimum or Little or No Tax Due , see <i>IRM 5.19.2.5.4.6.3.2 , IMF Little or No Tax Due</i> <p>Note:</p> <p>If a taxpayer does not file a return to show losses or gains from business income, we could be affecting their benefits when they retire.</p>
	<p>Research the reported IRP income as follows:</p> <ul style="list-style-type: none"> • Research prior year returns to see if the income has been previously claimed, • Check if any wages were possibly earned in another city or state as someone else could be using the taxpayer's SSN,

Taxpayer states the income wasn't theirs	<p>Note:</p> <p>If it is determined the income is not the taxpayer's, See <i>IRM 5.19.2.6, Identity Theft Procedures</i>.</p> <ul style="list-style-type: none"> Research other account modules if they state the income was earned by a spouse or other family member (parent, children), or claimed on a business return, to see if the income was claimed.
Research indicates you cannot verify income was reported on another return	Ask the taxpayer to provide a copy of the return where the income was reported.
Cannot find any information through research to show income is definitely the taxpayer's	<p>Subtract the income when determining the taxpayer's liability.</p> <p>Note:</p> <p>For all HINF Select Codes if unable to verify income, see <i>IRM 5.19.2.7.2, HINF- IRP Incorrect</i>.</p>
Taxpayer inquiry is dealing with Mortgage Interest (Sel 88 or 89)	See <i>IRM 5.19.2.5.4.6.15, IMF Response Select Code 88 or 89 Mortgage Interest</i> , for appropriate procedures.

15. Follow procedures in the paragraphs below as guidance when working taxpayer responses:

If ...	Then ...
Taxpayer is liable and has not filed,	Taxpayer is Liable to file, See <i>IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable</i>
	Taxpayer's response indicates they "will file" (Correspondence Only) See <i>IRM 5.19.2.5.4.6.9, IMF Response Taxpayer Will File (Correspondence Only)</i>
	Taxpayer's response indicates they are "unable to file" See <i>IRM 5.19.2.5.4.6.14, IMF Response Taxpayer Unable to File</i>
Taxpayer is not liable: Income is below filing requirements (FR) or previously filed,	Taxpayer's response indicates not liable to file and research shows they are not liable See <i>IRM 5.19.2.5.4.6.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)</i>
	Taxpayer states they have previously filed this return See <i>IRM 5.19.2.5.4.6.10, IMF Response Taxpayer Previously Filed Return</i>
Taxpayer may receive a refund if a return is filed, Little or no tax due.	See <i>IRM 5.19.2.5.4.6.2, IMF Refund Due.</i>
	See <i>IRM 5.19.2.5.4.6.3.2, IMF Little or No Tax Due.</i>
If a correspondence is received informing us the income belongs to a "minor" child and was claimed on a parent's return	<p>Verify the filing of the parent's return and verify the minor's income was included. If income is included whether the income (earned or unearned) exceeds the minor to file under their own SSN</p> <p>A. Close the minor's module with TC 594 cc 033/083</p> <p>B. Input AMS comments</p> <p>C. Send a closing letter or appropriate letter indicating that, in future years, the minor's income (unearned or earned) exceeds the amount to be claimed on the parent's return, the minor must file their own return.</p> <p>D. Refer them to Pub 929, <i>Tax Rules for Children and Dependents</i>, for additional information.</p>
Taxpayer is indicating why they don't have to file on Mortgage Interest (Sel 88 or 89)	See <i>IRM 5.19.2.5.4.6.15, IMF Response Select Code 88 or 89 Mortgage Interest</i> , for appropriate procedures.

Note:

The above references is not inclusive to working all responses, as there are many IMF subsections within this IRM that could apply .

Reminder:

Address modules not in an open RD status by annotating AMS comments only, as appropriate.

16. **ACSS** employees, if there is "**no reply**" from Letter 2269C :

And	Then
Taxpayer's income meets ASFR criteria,	See <i>IRM 5.19.2.5.4.4, IMF Substitute for Return Program (ASFR) referrals</i> .
Taxpayer's income meets Little or No Tax due criteria,	See <i>IRM 5.19.2.5.4.6.3.2, IMF Little or No Tax Due.</i>
Module does not meet ASFR criteria,	Close the account as Unable to Locate or Unable to Contact. See <i>IRM 5.19.2.5.6, Unable to Locate</i> , or see <i>IRM 5.19.2.5.6.1, Unable to Contact</i> .
Account does not meet any of the above criteria.	Assign the account to the Queue.

**5.19.2.5.4.6.1 (11-06-2015)
IMF Response Taxpayer Not Liable (Income Below Filing Requirements)**

1. If the taxpayer's income is below Filing Requirements (FR) or a Refund Due return that the statute of limitation has expired, follow the guidelines below.

Note:

For HINF select codes, see *IRM 5.19.2.7.5, HINF - Taxpayer Claims Not Liable, Refund, or Little or No Tax Due*.

If	Then
For CSCO and AM Employees	<p>A. Input TC 590 cc 076 using CC FRM49.</p> <p>B. Send a closing Letter 2358C or other appropriate letter indicating not liable to file for the tax year in question.</p> <p>Exception:</p> <p>If you are talking to the taxpayer on the phone, you do not have to send a letter unless the taxpayer requests one is sent.</p> <p>C. Document AMS of action(s) taken.</p> <p>D. If the taxpayer states they are a victim of Identity theft, see <i>IRM 5.19.2.6, Identity Theft procedures</i>, for guidance.</p>

	<p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591, or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
For ACS and ACSS Employees,	<p>A. Input TC 590 cc 026 using CC FRM49.</p> <p>B. Send a closing Letter 2358C or other appropriate letter indicating not liable to file for the tax year in question.</p> <p>Exception:</p> <p>If you are talking to the taxpayer on the phone, you do not have to send a letter unless the taxpayer requests one is sent.</p> <p>C. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . "When closing a combo UTC account per <i>IRM 5.19.2.5.6.1, Unable to Contact</i>, and the account has already been reassigned to TOC0 or TOS0, then use "OADT,30,RDPND" ."</p> <p>D. Document AMS of action(s) taken.</p> <p>E. If the taxpayer states they are a victim of Identity Theft, see <i>IRM 5.19.2.6, Identity Theft Procedures</i> for guidance.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591, or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
For FA Employees.	<p>A. Input TC 590 cc 021 using CC FRM49.</p> <p>B. Send a closing Letter 2358C or other appropriate letter indicating not liable to file for the tax year in question.</p> <p>Exception:</p> <p>If you are talking to the taxpayer on the phone, you do not have to send a letter unless the taxpayer requests one is sent.</p> <p>C. If the account is on ACS, enter History Code "TOC0,21,RDPND" or "TOS0,21,RDPND" .</p> <p>D. Document AMS of action(s) taken.</p> <p>E. If the taxpayer states they are a victim of Identity Theft, see <i>IRM 5.19.2.6, Identity Theft Procedures</i>, for guidance.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures prior to closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>

Note:

If the RD account(s) is Not Liable and the taxpayer is asking for an installment agreement (IA) or CNC to resolve their outstanding liability, follow directions in *IRM 5.19.1, Balance Due*

**5.19.2.5.4.6.2 (11-06-2015)
IMF Refund Due**

1. Once an account has been determined to be a "refund due" as described in *IRM 5.19.2.5.4.6, IMF Determining Liability* , then use this section to resolve the account.

Note:

If the statute of limitation has expired to receive a refund, follow procedures in *IRM 5.19.2.5.4.6.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)*.

Note:

For HINF select codes, see *IRM 5.19.2.7.5, HINF - Taxpayer Claims Not Liable, Refund, or Little or No Tax Due*.

If	Then
For CSCO and AM Employees,	<p>A. Advise the taxpayer to file the return. Advise taxpayer of the statute of limitations for receiving a refund. See <i>IRM 25.6.1.8, Original Delinquent Return</i>, for additional guidance on refund.</p> <p>B. Input TC 590 cc 078 using CC FRM49.</p> <p>C. Document AMS and to support action(s) taken and provide:</p> <ul style="list-style-type: none"> • Filing Status • Number of exemptions • Taxable income or refund due <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
For ACS and ACSS Employees,	<p>A. Advise the taxpayer to file the return. Advise taxpayer of the statute of limitations for receiving a refund <i>IRM 25.6.1.8, Original Delinquent Return</i>, for additional guidance.</p> <p>B. Input TC 590 cc 028 using CC FRM49.</p> <p>C. Advise taxpayer of the statute of limitations for receiving a refund.</p> <p>D. Document AMS and to support action(s) taken and provide:</p>

	<ul style="list-style-type: none"> • Filing status • Number of exemptions • Taxable income or refund <p>E. If account is on ACS, enter history code "TOC0,30,RDPND " , or "TOS0,30,RDPND" .</p> <p>F. If you are an ACS employee, advise the taxpayer to:</p> <ul style="list-style-type: none"> • "sign and date" the return(s), • use current address on the return, • include all required schedules and documents, • provide a valid fax number and/or mailing address to the appropriate ACSS Function (regardless of module status). <p>See the link below for appropriate SBSE ACSS site: http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/SBSE_Consolidated_State_Mapping_for_ACS_Support_and_Collection_Due_Process.htm See the link below for appropriate W&I ACSS site:http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/WI_Consolidated_State_Mapping_for_ACS_Support_and_Collection_Due_Process.htm.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
For FA Employees.	<p>A. Advise the taxpayer to file the return. See <i>IRM 25.6.1.8, Original Delinquent Return</i>, for additional guidance on refund.</p> <p>B. Input TC 590 cc 020 using CC FRM49.</p> <p>C. Advise taxpayer of the statute of limitations for receiving a refund.</p> <p>D. Document AMS to support action(s) taken and provide:</p> <ul style="list-style-type: none"> • Filing status • Number of exemptions • Taxable income or refund. <p>E. If account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>

Note:

If the RD is a Refund Due and the taxpayer is asking for an installment agreement (IA) or CNC to resolve their outstanding liability. Once the closing action has been taken to close the refund module, follow directions in *IRM 5.19.1, Balance Due*.

2. If the taxpayer states they have a refund but our calculations do not indicate refund due, see *IRM 5.19.2.5.4.6.3.2, IMF Little or No Tax Due* or see *IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable*.

**5.19.2.5.4.6.3 (11-06-2015)
Delinquent Returns - Enforcement of Filing Requirements**

1. Policy Statement **P-5-133** of *IRM 1.2.14, Policy Statements for Collection Process*, allows closing delinquent modules without enforcement action.

2. Factors to be taken into account include, but are not limited to:

- Prior history of non-compliance
- Existence of income from illegal sources
- Effect upon voluntary compliance
- Anticipated revenue and collectability in relation to the time and effort required to determine tax due
- Consideration will also be given any special circumstances existing in the case of a particular taxpayer, class of taxpayer, or industry, or which may be peculiar to the class of tax involved.

3. Normally, application of the above criteria will result in enforcement of delinquency procedures for not more than six (6) years.

**5.19.2.5.4.6.3.1 (03-19-2015)
Six (6) Year Rule**

1. Normally application of P-5-133 criteria will result in enforcement of delinquency procedures for not more than six (6) years.

Note:

The beginning of the calendar year sets the 6 year rule.

Example:

January 1, 2015 sets the 6 year rule for 2008 and January 1, 2016 will set the 6 year rule for 2009 . In this example, tax years 2008 and 2009 are older than 6 years from the current calendar year and meet P-5-133 criteria.

2. If an account meets the 6 year rule, take the following action:

If ...	Then ...
CSCO/AM Employees	<ul style="list-style-type: none"> Input TC 590 CC 077 using CC FRM49 Document AMS <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
ACS/ACSS	<ul style="list-style-type: none"> Input RD90,27 or input TC590 cc 027 using FRM49, and enter a history code "TOC0,30,RDPND" or "TOS0,30,RDPND". <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
FA Employees	<ul style="list-style-type: none"> Input TC 590 cc 020 Document AMS If on ACS, enter appropriate history code <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>

3. Closures over 6 years old do not require managerial approval, or AMS documentation of tax computation.

5.19.2.5.4.6.3.2 (03-19-2015)
IMF Little or No Tax Due

1. For little or no tax due follow instructions see below.

2. When determining "anticipated revenue and collectability" there are specific criteria to take into consideration:

A. There is minimal tax due. =====
=====

Note:

Aggregate Net Tax Due does not apply, as each module is considered separately and does not take into consideration any other Balance Due or Return Delinquency module(s).

B. There is no tax due on the delinquent return(s).

3. Use IRPTRJ (if IRPTRJ is not present, then use available tools), for the tax year in question, to help determine if the taxpayer's reported income is taxable and to help compute the amount of tax due. See *IRM 5.19.2.4.1, IRP Income*, for definition of IRP income documents.

Note:

Always close cases meeting criteria for Not Liable (Income Below Filing Requirements) or Refund Due before closing as "Little or No Tax Due".

4. Research is necessary to determine if the taxpayer is considered a "Stop Filer" prior to closing under criteria "minimum tax due". Do not consider closing a "Stop Filer" as a "minimal tax due" closure unless the taxpayer has provided information stating their only income is what is reported via IRP documentation. The IRP documents alone cannot be used as the basis for this type of filer.

Note:

Stop Filers are taxpayers who filed in the year immediately preceding the year of the Return Delinquency module. To identify these taxpayers use IDRS cc TDINQ or cc IRPTRJ to research the Copy Score. This is a four digit field on page 1 of the TDINQ page shown as "COPYS - ####". If the first digit is 2, or 4, or 6, or 8 (no matter what the select code is), this is a Stop Filer. Some Stop Filers may have income from Business, Rental, Farm Income, or other non reported IRP income.

Note:

For all Non "Stop Filers" modules, check CC TRDBV or RTVUE to view the last return filed (not more than six years from the current tax year) to see if the taxpayer reported any Non-IRP income (i.e. business income above any IRP reported income, rental income, farm income, etc.). It is only necessary to verify the last return filed and if the income above is present do not close as "Little or No Tax Due" or "Minimal Tax Due".

5. If determined the module meets the criteria to close per paragraph 2 above, follow the table below for guidance:

Note:

The below procedures are not necessary if closing the module over 6 years old.

Exception:

Select Code 02- IRS Employees can't be closed "Little or No Tax Due".

Note:

Managerial approval is **not required** if "Little or No Tax Due" is determined using IRPTRJ or appropriate tools when IRPTRJ is not available, =====
===== . Document the tool used and the results in AMS comments.

If	And	Then
Account meets criteria in paragraph	For CSCO, and AM Employees	<p>A. Send Letter 2269C or other appropriate letter. Request return be filed within 30 days.</p> <p>Exception:</p>

2,

If you are talking to the taxpayer on the phone, you do not have to send a letter unless the taxpayer requests one is sent.

Note:

Do not inform the taxpayer the account module is being closed as Little or No Tax Due.

B. After managerial approval (unless approved tool is used), input TC 590 cc 77 using CC FRM49.

C. Document AMS to support actions(s) taken and provide:

- Filing status
- Number of exemptions
- Taxable income
- Tax or refund due

Note:

Documentation not required if closing modules over 6 years old.

Note:

If a credit balance remains on the account, **you must** follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See *IRM 5.19.2.5.7, Credit Balance Overview*.

For ACS and ACSS Employees

A. Instruct the taxpayer to file within 30 days then set a 45 day deadline and send a Letter 2269C or other appropriate letter. If the module in question is on ACS, send an LT26 letter, which requests the taxpayer to file the return within 10 days from the date of receipt, unless case is being closed UTC per *IRM 5.19.2.5.6.1, Unable to Contact*.

Exception:

If you are talking to the taxpayer on the phone, you do not have to send a letter unless the taxpayer requests one is sent.

Note:

Do not inform the taxpayer the account module is being closed as Little or No Tax Due.

B. If a credit balance remains on the account, **you must** follow all credit balance research procedures. before closing the module with a TC 590, 591 or 593. See *IRM 5.19.2.5.7 Credit Balance Overview*.

Note:

If on the telephone with the taxpayer, address the credit balance during the call. For more information, see *IRM 5.19.2.5.7.2, Credit Offset or Refund Procedures*.

C. Document AMS to support action(s) taken and provide:

- Filing Status
- Number of exemptions
- Taxable income
- Tax or refund due

Note:

Documentation not required if closing modules over 6 years old.

D. Verify via IRPTRJ or the appropriate tools, input RD90,27 or input TC590 cc 027 using FRM49, and enter a history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . "When closing a combo UTC account per *IRM 5.19.2.5.6.1, Unable to Contact*, and the account has already been reassigned to TOC0 or TOS0, then use "OADT,30,RDPND" "

E. If managerial approval required, enter history code to assign to Manager inventory requesting closing actions, "TOC0,05,590027" or "TOS0,05,590027 " .

F. After managerial approval (unless approved tool is used), input TC 590 cc 27 using CC FRM49 on IDRS or enter history code on ACS, "OADT,30,590027 " .

Note:

Managers in ACS or ACS Support will approve by entering ACS history code OADT,30,5133APP, but also have the option to approve by entering history code RD90,27 or to send the case back to their employee to input the transaction on IDRS per above. On the ACSWeb history code screen, select the grey button next to the history code entry field to enable entering a history code not in the drop down menu.

G. If you are an ACS employee, advise the taxpayer to:

- "sign and date" the return(s),
- use current address on the return,
- include all required schedules and documents,
- provide a valid fax number and/or mailing address to the appropriate ACSS Function (regardless of module status).

See the link below for appropriate SBSE ACSS site: http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/SBSE_Consolidated_State_Mapping_for_ACS_Support_and_Collection_Due_Process.htm
See the link below for appropriate W&I ACSS site: http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/WI_Consolidated_State_Mapping_for_ACS_Support_and_Collection_Due_Process.htm.

For FA Employees.

A. Contact the taxpayer via correspondence (Letter 2269C), by telephone, or in a face to face meeting and request return(s) for all delinquency tax year(s).

		<p>Exception:</p> <p>If you are talking to the taxpayer on the phone, you do not have to send a letter unless the taxpayer requests one is sent.</p> <p>B. Set a deadline of 30 days from the day you close the case.</p> <p>C. Input TC 590 cc 020.</p> <p>Note:</p> <p>Do not tell the taxpayer the account module is being closed as Little or No Tax Due.</p> <p>D. If a credit balance remains on the account, you must follow all credit balance research procedures. before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.4.6, IMF - Determining Liability</i>.</p> <p>E. Document AMS with filing status, number of exemptions, taxable income, tax or refund due to support action(s) taken, including the deadline date.</p> <p>Note:</p> <p>Not required if closing modules over 6 years old.</p> <p>F. If on ACS, enter history code "TOC0,05,590020" .</p>
Account does not meet criteria.	Intentionally left blank	See <i>IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable</i> .

6. All cases closed with **Little or No Tax Due** must be approved by a manager or lead, only if IRPTRJ or approved tools were not used, refer to Note in paragraph 5 above.

- For Non-ACS AMS users, a narrative must be added stating this was approved. The narrative can be entered by the employee or management.
- For ACS employees you must enter all case actions in a narrative on AMS, including the case was sent for management approval and enter appropriate ACS History Codes. A checklist on AMS may be used to generate the narrative. ACS SBSE management must use appropriate ACS History Codes and are not required to enter an additional narrative. W&I management must use appropriate ACS History Codes and **are** required to enter an additional narrative in AMS stating they approved or disapproved the closure.

7. If you are an ACS employee, advise the taxpayer to:

- "sign and date" the return(s),
- use current address on the return,
- include all required schedules and documents,
- provide a valid fax number and/or mailing address to the appropriate ACSS Function (regardless of module status).

See the link below for appropriate SBSE ACSS site: http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/SBSE_Consolidated_State_Mapping_for_ACS_Support_and_Collection_Due_Process.htm
 See the link below for appropriate W&I ACSS site: http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/WI_Consolidated_State_Mapping_for_ACS_Support_and_Collection_Due_Process.htm.

8. For all identified HINF Select Code modules, see *IRM 5.19.2.7.5, HINF - Taxpayer Claims Not Liable, Refund, or Little or No Tax Due*.

Note:

If the RD is a Refund Due and the taxpayer is asking for an installment agreement (IA) or CNC to resolve an outstanding liability, follow directions in *IRM 5.19.1, Balance Due*

**5.19.2.5.4.6.4 (11-06-2015)
IMF Taxpayer Liable**

1. This section provides general guidance for determining actions needed when tax module(s) are identified as "liable to file".
2. For all HINF cases, see *IRM 5.19.2.7.4, HINF - Taxpayer Contact*.
3. If it is determined a taxpayer may be a victim of identity theft, see *IRM 5.19.2.6, Identity Theft Procedures* for additional guidance.
4. If the taxpayer is liable, determine the period(s) of delinquency. If the RD module can be closed Little or No Tax Due see *IRM 5.19.2.5.4.6.3.2, Little or No Tax Due* or taxpayer is due a refund see *IRM 5.19.2.5.4.6.2, IMF Refund Due*.

Note:

FA employees only: When working collection cases set deadlines that are reasonable and appropriate see *IRM 5.19.2.5.1.2, Accelerate to Compliance Territory Office (Revenue Officer)*. When working ICS collection cases, refer those accounts meeting ASFR criteria from ICS. If the case meets ASFR criteria, but cannot be systemically assigned to ASFR on ICS, FA will utilize CC ASGNI 8000 using IDRS. See *IRM 5.19.2.5.4.4, IMF Automated Substitute for Return Program (ASFR) Referrals*.

5. If working the RD module and research indicates an associated module(s) is being closed ST 53 cc 24-32 or is already in ST 53 cc 24-32 follow guidance below:

if...	And...	Then...
RD module(s) has an associated balance due that is being closed under hardship (ST 53 cc 24-32),	Taxpayer is liable for the unfiled return(s),	<p>A. Request the return (Letter 2269C or appropriate letter).</p> <p>B. Input TC 598 cc 032/082 to shelve the RD module while the balance due account is in CNC (ST 53).</p>
New RD module(s) appears,	Previous balance due module was closed with ST 53 under hardship (cc 24-32) and it has been within 2 years from the date of the CNC,	<p>A. Request the return (Letter 2269C or appropriate letter).</p> <p>B. Input TC 598 cc 032/082 to shelve the RD module while the balance due account is in CNC (ST 53).</p>

New RD module(s) appears,	It has been more than 2 years from the date of the hardship CNC,	<p>A. Check the ST 53 cc 24-32 closing code threshold amount against the Taxpayer's Positive Income (TPI) on CC IRPTR and if the TPI is above the closing code threshold amount.</p> <p>A. Reverse the balance due module with TC 531, and, using TC 592, reverse any TC 598s input on previous RD modules.</p> <p>B. Accelerate the RD module(s) to ACS if still in notice SC 02, per <i>IRM 5.19.2.5.1.1, Accelerate and/or Delay to TDI Status 03</i>.</p>
New RD module(s) appears.	It has been more than 2 years from the date of the hardship CNC.	<p>A. Check the ST 53 cc 24-32 closing code threshold amount against the TPI on CC IRPTR and if the TPI is below the closing code threshold amount.</p> <p>A. Request the return (Letter 2269C or appropriate letter).</p> <p>B. Input TC 598 cc 032/082 to shelve the RD module while the balance due account is in CNC (ST 53).</p>

6. If correspondence from the taxpayer requests we prepare the return per the "Substitute for Return" :

- Send taxpayer a Letter 2269C or appropriate letter
- Or call taxpayer to inform the ASFR program uses the highest tax rates with no deductions allowed
- In addition, inform the taxpayer interest and penalties will accrue from the original due date of the return until the substitute for return is processed and the account is paid in full
- Advise the taxpayer it is in their best interest to prepare and file a return on their own, and to pay any balance due as soon as possible

Note:

See *IRM 5.19.2.5.4.4, IMF Substitute for Return Program (ASFR) Referrals*, for additional guidance.

7. If you are responding to a taxpayer notice response and the correspondence provided a telephone number, attempt to call the taxpayer before sending a letter to the taxpayer. Document on AMS if a phone attempt was made.

8. If telephone contact is made, provide the taxpayer with return and mailing instructions . If you are responding via correspondence, follow the guidelines below:

If ...	Then ...
Account is in Notice Status 02,	<p>A. Instruct the taxpayer to file within 30 days and set a deadline of 45 days from the day you are closing the case.</p> <p>B. Send a Letter 2269C or applicable letter using the appropriate paragraphs to advise the taxpayer that failure to file by the specified date could subject the taxpayer to a fine and/or criminal penalties or a possible "Substitute for Return" processing.</p> <p>Note:</p> <p>Remind the taxpayer to put their correct and current address on the return, whether it is a copy or an original return.</p> <p>C. Document AMS with target date given to taxpayer to file their return.</p> <p>D. Input delay "C08" using CC ASGNI. If accelerating the account to ACS, see <i>IRM 5.19.2.5.1.1, Accelerate or Delay to TDI Status 03</i>.</p> <p>Note:</p> <p>If working a combo case issue, ensure both CC Staup and delay time frames are equal in length.</p>
Account is in TDI Status 03.	<p>A. Instruct the taxpayer to file within 30 days and set a deadline of 45 days from the day you are closing the case. If the case is on ACS, send a LT26 letter, which will automatically set a 25 day deadline.</p> <p>B. Send a Letter 2269C (use LT26 if the account in question is on ACS) or other appropriate letter using the appropriate paragraphs to advise the taxpayer that failure to file by the specified date could subject the taxpayer to a fine and/or criminal penalties and of a possible "Substitute for Return" processing.</p> <p>Note:</p> <p>Remind the taxpayer to put their correct and current address on the return, whether it is a copy or original return.</p> <p>C. Input a history item on IDRS (using CC ACTON "TP2Fmdd" with mmdd indicating the target date) or enter history on AMS explaining the target date provided to the taxpayer to file their return.</p> <p>D. Document AMS of information secured, including the deadline date for filing and warning of enforcement actions.</p> <p>E. If the case meets criteria for ASFR, see <i>IRM 5.19.2.5.4.4, IMF Automated Substitute for Return Program (ASFR) Referrals</i>. If the account is on ACS, input "TOI7,XX,ASFR" (XX stands for the deadline plus 30 days). <i>IRM 5.19.2.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p> <p>F. If the case doesn't meet ASFR criteria, see <i>IRM 5.19.2.5.4.4, IMF - Automated Substitute for Return Program (ASFR) Referrals</i>. If the account is on ACS, input "TOI7,XX,TFQU" (XX stands for the deadline plus 30 days). <i>IRM 5.19.2.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p>

Note:

When sending correspondence, only provide the taxpayer with missing income information from IRS internal sources as needed or requested.

9. If you are answering the taxpayer by telephone (Non-ACS or Non - FA Employee), follow the chart below. Provide the taxpayer with return and mailing instructions..

If	And	Then
----	-----	------

Account is in Notice Status 02 or TDI Status 03.	Intentionally left blank	<p>A. Determine if the taxpayer has the necessary data and forms to file the delinquent return(s) and provide the information, as needed.</p> <ul style="list-style-type: none"> Instruct the taxpayer to file within 30 days (allow additional time, if necessary taking into consideration the complexity of the delinquent return(s) and other pertinent circumstances, but no more than 60 days.) <p>Note:</p> <p>If the taxpayer has the return already prepared, encourage the taxpayer to fax the return. If return is faxed, refer to 13 "note" below.</p> <ul style="list-style-type: none"> Advise the taxpayer that failure to file by the specified date could subject them to a possible substitute for return processing. Remind the taxpayer to use the correct current address on the return, whether it is a copy or original return. Input a history item on IDRS (using CC ACTON "TPPFmdd" with mmdd indicating the target date) or enter history on AMS documenting the target date provided to the taxpayer to file their return. If in Notice Status Code (SC) 02, input a delay C08 using CC ASGNI If in TDI Status 03, do not input delay. Document AMS of filing status, number of exemptions, taxable income, tax or refund due to support actions taken that the taxpayer is liable to file, as appropriate.
	The taxpayer states "go ahead and prepare the return" and the module meets ASFR criteria, see <i>IRM 5.19.2.5.4.4, IMF Automated Substitute for Return Program (ASFR) Referrals</i>	<ul style="list-style-type: none"> First, advise the taxpayer the following: "We will use the highest tax rates with no deductions, allowing only your personal exemption. Interest and penalties will accrue from the original due date of the return until the substitute for return (ASFR) is processed and the account is paid in full. It is in your best interest to prepare and file your own return and pay any balance due as soon as possible." If in SC 02 and the taxpayer still says go ahead and file their return, then input a delay "C01" to accelerate to TDI status 03, hold the case for one cycle for the module to update, then use CC ASGNI 8000 to assign the case to ASFR. If in TDI Status 03, use CC ASGNI 8000 to assign the case to ASFR. Document AMS of filing status, number of exemptions, taxable income, tax or refund due to support actions taken that the taxpayer is liable to file, as appropriately.
	The taxpayer states to go ahead and prepare their return and does not meet ASFR criteria, see <i>IRM 5.19.2.5.4.4, IMF Automated Substitute for Return Program (ASFR) Referrals</i>	<ul style="list-style-type: none"> Advise the taxpayer, the ASFR program is not a voluntary option. Instruct the taxpayer to file within 30 days (allow additional time, if necessary taking into consideration the complexity of the delinquent return(s) and other pertinent circumstances, but no more than 60 days). Input a history item on IDRS (using CC ACTON "TPPFmdd" with mmdd indicating the target date) or enter history on AMS documenting the target date provided to the taxpayer to file their return. If in SC 02, input a delay C08 using CC ASGNI . If in TDI Status 03, do not input delay.

Note:

If also working a balance due issue for the taxpayer, make sure any time frames for STAUP's and delays are equal.

10. You are answering the taxpayer by telephone or in person at a Taxpayer Assistance Center (TAC) (ACS or FA Employee), and the taxpayer has no Balance Due (BD) modules:

If	And	Then
Account is in Notice Status 02 or TDI Status 03.	Intentionally left blank	<p>Ask the taxpayer for reasons that the return was not filed (e.g. the taxpayer owed money and could not pay, so they did not file; taxpayer could not find tax records, health/family issues, etc.).</p> <p>A. Determine if the taxpayer has the necessary data and forms to file the return(s) and provide data as needed.</p> <ul style="list-style-type: none"> Instruct the taxpayer to file the return and set a deadline (see table in paragraph 11 below) taking into consideration the complexity of the delinquent return(s) and other pertinent circumstances, but generally not more than 30 days. Enter history code "TOI7,XX,ASFR" (XX stands for the deadline plus 30 days). <i>IRM 5.19.2.1.1, Return Delinquency Overview</i> for information on determining follow-up dates. Advise the taxpayer that failure to file by the specified date could subject them to a possible substitute for return processing. Remind the taxpayer to ensure the correct current address is on the return, whether it is a copy or original return. If in SC 02, input a delay C08 (or C01 if another module is in ACS), using CC ASGNI If in TDI Status 03, do not input delay. Provide warning of enforcement actions, see <i>IRM 5.19.1.6, Warning of Enforcement Action and Enforced Collection</i>. Document AMS of target date to file "TPPFmdd" (with mmdd indicating the target date), filing status, number of exemptions, taxable income, tax or refund due to support actions taken that the taxpayer is liable to file, as appropriately.

	<p>Note:</p> <p>If the taxpayer has the return already prepared, encourage the taxpayer to fax directly to you while on the telephone. If return is faxed, refer to 13 "note" below.</p>
<p>The taxpayer states "go ahead and prepare their return" and the module meets ASFR criteria, see <i>IRM 5.19.2.5.4.4, IMF Automated Substitute for Return (ASFR) Referrals</i> .</p>	<ul style="list-style-type: none"> • First, advise the taxpayer the following: "We will use the highest tax rates with no deductions, allowing only your personal exemption. Interest and penalties will accrue from the original due date of the return until the substitute for return (ASFR) is processed and the account is paid in full. It is to their best interest to prepare and file a return on their own and pay any balance due as soon as possible" . • If in SC 02 and the taxpayer still says to go ahead and file their return, then input delay "C01" to accelerate to TDI Status 03, hold the case for one cycle for the module to update, then enter ACS history code "TFRO,,AOTO8000" to assign the case to ASFR. • If in TDI Status 03, enter ACS history code "TFRO,,AOTO8000" to assign the case to ASFR. • Provide warning of enforcement actions, see <i>IRM 5.19.1.6, Warning of Enforcement Action and Enforced Collection</i>. • Document AMS of filing status, number of exemptions, taxable income, tax or refund due to support actions taken that the taxpayer is liable to file, as appropriately.
<p>The taxpayer states to go ahead and prepare their return and does not meet ASFR criteria, see <i>IRM 5.19.2.5.4.4, IMF Automated Substitute for Return (ASFR) Referrals</i></p>	<ul style="list-style-type: none"> • Advise the taxpayer, the ASFR program is not a voluntary option. • Instruct the taxpayer to file the return and set a deadline (see table in paragraph 11 below) taking into consideration the complexity of the delinquent return(s) and other pertinent circumstances, but generally not more than 30 days. • If the taxpayer has been given a previous deadline that has passed, allow only a 10 day extension. They should be allowed a total of 40 days (any further extensions must be approved by a manager). Advise the taxpayer that no further extensions will be granted. Document the additional justification for the second extension. • Remind the taxpayer to ensure the correct current address is on the return, whether it is a copy or original return. • Input a history item on IDRS (using CC ACTON "TPPFmddd" with mmdd indicating the target date) or document on AMS the target date provided to the taxpayer to file their return and warning of enforcement actions. • Enter ACS history code "TOI7,XX,TFQU" (XX stands for the deadline plus 30 days). <i>IRM 5.19.2.1.1, Return Delinquency Overview</i> for information on determining follow-up dates. • Provide warning of enforcement actions, see <i>IRM 5.19.1.6, Warning of Enforcement Action and Enforced Collection</i>. • Document AMS of target date to file "TPPFmddd" (with mmdd indicating the target date), filing status, number of exemptions, taxable income, tax or refund due to support actions taken that the taxpayer is liable to file, as appropriately.

11. If assisting the taxpayer by telephone or in person at a Taxpayer Assistance Center (TAC) (ACS or FA Employee), and the taxpayer has another module in TDA Status 22, then refer to chart below.

If	Then
<p>Account is in Notice Status 02 or TDI Status 03.</p>	<p>A. Ask the taxpayer for a reason the return was not filed (e.g. the taxpayer owed money and could not pay, so they did not file; taxpayer could not find tax records, health/ family issues, etc.), and determine if the taxpayer has the necessary data and forms to file the return(s). If necessary, provide data for taxpayer to file. Instruct the taxpayer to file the return and set a deadline (see table in paragraph 12 below) taking into consideration the complexity of the delinquent return(s) and other pertinent circumstances, but generally not more than 30 days.</p> <p>Note:</p> <p>If the taxpayer has the return already prepared, encourage the taxpayer to fax the return. If return is faxed, refer to 13 "Note" below.</p> <p>B. If an Installment Agreement is being considered, refer to <i>IRM 5.19.1.5, Methods of Payments</i> to determine and advise the taxpayer if any returns need to be filed prior to granting an IA.</p> <p>C. If the taxpayer has been given a previous deadline, allow only a 10 day extension (any further extensions must be approved by a manager). Document the additional justification for the second extension and advise the taxpayer that no further extensions will be granted.</p> <p>Note:</p> <p>Once 40 days have elapsed (30 days plus 10 day extension), do not grant further extensions without managerial approval. Advise taxpayer to file return as soon as possible.</p> <p>D. Advise the taxpayer that failure to file by the specified date could subject them to a possible substitute for return processing. If the taxpayer states "go ahead and prepare their return" , inform the taxpayer the ASFR program is not a voluntary option. The taxpayer is required to file a return by the deadline set in steps 1 or 3 above.</p> <p>Note:</p> <p>If taxpayer is unable to pay refer to <i>IRM 5.19.1.7.1.5, CNC Unable to Pay - Hardship</i>, to further analyze and verify for CNC criteria, otherwise follow items 5 through 8 below.</p> <p>E. Warn the taxpayer of potential enforcement action (lien/levy/ASFR) see <i>IRM 5.19.1.6, Warning of Enforcement Action and Enforced Collection</i>.</p> <p>F. Verify and document existing levy sources and add new levy sources.</p> <p>G. Document AMS to support actions taken:</p> <ul style="list-style-type: none"> • With target date to file "TPPFmddd" (with mmdd indicating the target date)

- Filing status
- Number of exemptions
- Taxable income
- Tax or refund due
- provide warning of enforcement actions, see IRM 5.19.1.6, *Warning of Enforcement Action and Enforced Collection*

H. Enter next case actions:

If there are available levy sources: Enter ACS history code:

- TOE4,XX,CKCMTS (if levy sources available) -or-
- TOI7,XX,CKCMTS (if no levy sources available) -or-
- OADT,XX,CKCMTS (if levy already issued, but not released in full).
- Enter ACS history TOI7,XX,TFQU (No levy sources and does not meet ASFR criteria)

Note:

(XX stands for the deadline plus 30 days.) *IRM 5.19.2.1.1, Return Delinquency Overview* for information on determining follow-up dates.

Note:

If you are not trained to work balance due issues, transfer the call or ask the taxpayer if you can have someone return their call. Complete Form 4442 for the TDA issue, and forward to the appropriate area.

12. If you are an ACS/ACSS employee, use the following table as a guide to determine the amount of days to allow the taxpayer to file a return:

<u>Circumstance/Complexity</u>	<u>Establish Deadline</u>
Taxpayer has tax forms completed but has not mailed	10 days
Taxpayer has not completed tax forms but has all necessary information for easy filing (no schedules)	10 days
Taxpayer has most tax forms and must file a return with schedules	30 days
Taxpayer is in need of all necessary tax forms	30 days
Taxpayer has multiple returns that should be filed	30 days
Taxpayer has multiple returns to be filed and has no forms or wage information	30 days
Taxpayer has medical hindrance, POA issues, catastrophic event, or needs to reconstruct records	30 days Note: allow more time if the information gathered above shows it is needed, taking into consideration the complexity of the delinquent return(s), and other pertinent circumstances

Note:

Allow 60 days for International Accounts.

13. If you are an ACS employee, advise the taxpayer to:

- "sign and date" the return(s),
- use current address on the return,
- include all required schedules and documents,
- provide a valid fax number and/or mailing address to the appropriate ACSS Function.

See the link below for appropriate SBSE ACSS site: http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/SBSE_Consolidated_State_Mapping_for_ACS_Support_and_Collection_Due_Process.htm

See the link below for appropriate W&I ACSS site: http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/WI_Consolidated_State_Mapping_for_ACS_Support_and_Collection_Due_Process.htm

Note:

Employees can accept tax return(s) through fax while on the telephone with the taxpayer. When the return is received, ensure address is correct and use the faxed received date as the IRS received date. See *IRM 5.19.2.5.4.6.12, IMF Response with Original Return*. Input the appropriate TC 599 and closing code actions prior to routing the return to the appropriate Submission processing site. If the taxpayer does not have the documents necessary during the telephone contact, follow the mailing procedures above.

14. Only when requested/needed, provide the taxpayer with missing income information from IRS internal sources, such as:

- TDI Supplement
- Information Reporting Program (IRP) Transcripts (Case Minors Only)
- Corporate Files On-Line (CFOL) on IMF cases
- Transcript Delivery System (TDS)

15. If necessary, provide the required tax forms or request them through SERP. If the taxpayer has Internet access, provide him/her with the IRS website address: <http://www.irs.gov/>. You can also provide the Toll-Free number to order forms 1-800-TAX FORM (1-800-829-3676).

Note:

On AMS "ELITE" can be used to mail forms directly to the taxpayer's address on entity.

5.19.2.5.4.6.5 (02-02-2016)

IMF Response Taxpayer Resides Outside U.S. or in the U.S. Territory

1. This section gives general guidelines on working notice responses for taxpayers residing outside of the U.S. (foreign address) or who are bona fide residents of a territory [i.e., Commonwealth of Puerto Rico (PR), U.S. Virgin Islands (USVI), Guam (GU), American Samoa (AS), Commonwealth of the Northern Mariana Islands (CNMI)].

Note:

Throughout this section, Document AMS or ACS accordingly on all actions taken.

2. For taxpayers who work outside of the U.S. during the delinquency year, RD responses are handled in the same normal processing manner, even if taxpayer lived overseas during the delinquency period. Use normal processing procedures to code and prepare secured tax returns for processing. See *IRM 5.19.2.5.4.6.12, IMF Response with Original Return.*

3. For taxpayers who are bona fide residents of a U.S. territory, special rules apply. Bona fide residents of GU, CNMI, or USVI generally file a single income tax return with the territory tax authority, IRS, or both, depending on their residency and income, see *IRM 21.8.1.4, Territories of the United States*, for additional information and see Pub 570, *Tax Guide for Individuals with Income from U.S. Possessions.*

Note:

Individuals born in U.S. a territory are U.S. citizens, except in the case of American Samoa, where such individuals are U.S. nationals who are treated as U.S. citizens for tax purposes. Many individuals residing in a territory are permanent residents of the U.S. because they have a "green card" and for tax purposes they are treated the same as U.S. citizens.

4. Taxpayers who are bona fide residents of PR or AS may need to file separate returns with both the territory tax authority and the IRS, see *IRM 21.8.1.5, Puerto Rico* or *IRM 21.8.1.9, American Samoa*, and see Pub 570, *Tax Guide for Individuals with Income from U.S. Possessions*, for additional information.

5. For all cases showing a foreign address, even if they live in a U.S. territory, make any entity changes to reflect the foreign address and location code. Input a TC 030 with Document Code 63 on CC ENREQ to identify the taxpayer as living outside the U.S.

6. If response indicates a foreign address and the Last Return Amount (LRA) meets criteria for "Little or No Tax Due", see *IRM 5.19.2.5.4.6.3.2, IMF Little or No Tax Due*. Do not send the response to A/C International.

7. If response indicates a foreign address and the LRA exceeds criteria for "Little or No Tax Due", and they do not live in a U.S. territory, send the case to A/C International. Internal Revenue Service, Mail Stop 4-N-31.143, 2970 Market St., Philadelphia, PA 19104 using Form 3499. Input appropriate delays using cc ASGNI. Send an Letter 86C to advise the taxpayer of the transfer. See paragraphs 9 and 10 below for residents of a U.S. territory.

8. If taxpayer is a bona fide resident of GU, CNMI or NMI, or USVI or VI, process as follows:

Note:

See specific procedures for each U.S. territory stated above; see *IRM 21.8.1.6, U.S. Virgin Islands*, *IRM 21.8.1.7, Guam*, and *IRM 21.8.1.8, Commonwealth of the Northern Mariana Islands*.

If	And	Then
Bona Fide Resident of a specified U.S. territory during delinquent year,	Self-employed	A. Change filing requirement to 1040SS (MFT 30, FR 06). B. Send a Letter 2269C to request a Form 1040-SS return. C. Do not forward the case to A/C International.
	Not self-employed	A. Input TC 590 cc 076/026/021. Note: If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i> , for guidance. B. Do not forward the case to A/C International.
Taxpayer not liable for U.S. Form 1040 if taxpayer is a bona fide resident and filed return with Guam or CNMI,	Credit is present on the account	Follow procedures in <i>IRM 5.19.2.5.7, Credit Balance Overview</i> .
Taxpayer NOT liable for U.S. Form 1040 if taxpayer is a bona fide resident and filed return with VI.		A. Route the case to A/C International at PSC (address shown in paragraph 7 above), using Form 3499. B. Send an Letter 86C to advise the taxpayer of the transfer.
Taxpayer IS liable for U.S. Form 1040 (i.e. taxpayer was a resident of the U.S. and not a bona fide resident of the U.S. territory).	Original return is secured	A. Input TC 599 cc 094/096 (CSCO/AM), 0440/046 (ACS/ACSS), 20/21 (FA) and forward return to Austin Submission Processing. Note: Do not forward to A/C International area. B. Send a Letter 86C to advise taxpayer the return was forwarded to another area for processing.
	Taxpayer states the return has already been filed	A. Verify if return was filed as stated, if no return has been previously processed, see <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i> . B. For cases in Notice Status 02, input "C08" using CC ASGNI.

Note:

Tax forms used by some territories may be identical or similar to IRS forms. Taxpayers may be using a U.S. Form 1040 to file a territorial income tax return, with the U.S. territory. Do **not** process the return as a U.S. return if taxpayer is not liable (this includes a copy of a return filed in a territory).

9. If taxpayer sends in an original tax return for a year that he or she is not liable, and the return was intended to be filed with the tax office of the U.S. Territory, send the return to the appropriate address:

Department of Revenue and Taxation
 Government of Guam
 PO Box 23607
 GMF, GU 96921

Division of Revenue and Taxation
 Commonwealth of the Northern Mariana Islands
 PO Box 5234, CHRB
 Saipan, MP 96950

Virgin Islands Bureau of Internal Revenue
 6115 Estate Smith Bay
 Suite 225
 St. Thomas, USVI. 00802

10. Residents of PR or AS may or may not have a U.S. filing requirement. If a return is due, advise taxpayer of transfer to SBSE International Operations. Process RD response if it indicates the following:

If	And	Then
NOT self-employed and NOT employed by U.S. Government	No income from sources outside PR or AS	<p>A. Input TC 590 with appropriate closing code.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>, for guidance.</p> <p>Do not forward the case to A/C International.</p>
NOT self-employed and NOT employed by U.S. Government	Income from sources outside PR or AS	<p>A. Send a Letter 2269C or other appropriate letter to request a return.</p> <p>B. For cases in Notice Status 02, input "C08" using CC ASGNI..</p> <p>C. Do not forward the case to A/C International.</p>
Self-employed bona fide resident of PR with \$400 or more of net self employment earnings	Intentionally left blank	<p>A. Liable for 1040PR or 1040SS. Change FR to 07.</p> <p>B. Send a Letter 2269C or other appropriate letter to request a return.</p> <p>C. For cases in Notice Status 02, input "C08" using CC ASGNI. .</p> <p>D. Do not forward the case to A/C International.</p>
Self-employed bona fide resident of AS with \$400 or more of net self employment earnings	Intentionally left blank	<p>A. Liable for 1040SS. Change FR to 0.</p> <p>B. Send a Letter 2269C or other appropriate letter to request a return.</p> <p>C. For cases in Notice Status 02, input "C08" using CC ASGNI.</p> <p>D. Do not forward the case to A/C International.</p>
Income from U.S. Government source	Whether it is earned on or off the island	<p>A. Send a Letter 2269C or other appropriate letter to request a return.</p> <p>B. For cases in Notice Status 02, input "C08" using CC ASGNI. .</p> <p>C. Do not forward the case to A/C International.</p>

5.19.2.5.4.6.6 (11-06-2015)
IMF Response Taxpayer Deceased

- This section provides general guidance for handling decedent RD modules. All procedures apply to contacts via telephone, correspondence or in person, unless otherwise noted. All information secured and/or actions taken must be documented in AMS. If original documents are received, make copies and return the originals to the provider.
- Refer to IRM 11.3.2.4.11, *Deceased Individuals*, Disclosure of Official Information, for additional guidance.
- The fiduciary must file the decedent's final income tax return for the year of death and any returns not filed for preceding years. The decedent's income up to date of death is includable on a Form 1040. The fiduciary is the person who is legally entrusted with the assets or powers of another; in the case of a decedent, this person may be a survivor, executor or administrator.
- If a decedent case has previously been identified, the account should contain one or more of the following:
 - DECD in the name line
 - Date of Death on CC INOLES
 - TC 540 on CC TXMOD or CC IMFOLT for the year of death
 - Mail File Requirements (MFR 08) on CC ENMOD

Note:

Research the account for a Criminal Investigation (CI) Z freeze. If present, route the death certificate attached to Form 4442 to the campus indicated on the DLN of the TC 914, 916, or 918. If you are speaking to a third party on the telephone, secure the information listed in proceeding paragraph below and send this to CI.

If ...	And ...	Then ...
If you contacted the third party by phone or a telephone call is received from a third party	The delinquent return will result in a potential balance due, or there is an associated balance due module on the account	<p>A. Determine if there is an Estate and/or fiduciary for the decedent taxpayer.</p> <p>B. Research CC INOLE with definer S or G for an established estate.</p> <p>C. If no information is located through research, attempt to secure the following information:</p> <p>Note:</p> <p>AM phone employees need to ask if this information can be faxed while the taxpayer is on the line. Employees should ask for the information below and enter the information on AMS or IDRS history. A fax should be sent to substantiate the information is complete and correct. If not, the taxpayer will need to submit the information in writing along with a letter explaining the situation or call back when the information can be faxed.</p> <ul style="list-style-type: none"> • Date of death. <p>Note:</p> <p>If a date of death is not present on CC INOLE , attempt to secure a copy of the death certificate.</p> <ul style="list-style-type: none"> • County in which the taxpayer died. • County in which the taxpayer resided at the time of death. • Ask if an Estate has been established , secure the EIN if applicable and whether Form 1041 is required. • Name, address, telephone number of the fiduciary (executor or administrator). • Name and telephone number of the third party providing the information if different from the fiduciary for documentation purpose. • If the case is a combo account (balance due & return delinquency), refer to IRM 5.19.1.4.3, <i>Deceased Taxpayers</i> for guidance. <div style="border: 1px solid black; padding: 5px; margin: 10px 0;">All information secured and/or actions taken must be documented on AMS.</div> <p>Note:</p> <p>If it is determined based on IRPTRJ the TDI module(s) meet Little or No Tax Due and there is no associated balance due module, close that module appropriately including updating date of death, if secured. It is not necessary to request the additional documentation listed above.</p> <p>Note:</p> <p>For HINF cases, see <i>IRM 5.19.2.7.6, HINF - Deceased Taxpayers</i>.</p>
Correspondence is received indicating the taxpayer is deceased	Internal research does not verify date of death	Attempt to call the responder (if a number is available) to secure the above information or documentation
	no telephone number is available or the phone contact was unsuccessful	<p>A. Send the taxpayer a Letter 2268C or appropriate letter requesting the above documentation</p> <p>B. For modules in Notice Status 02, input a C08 using CC ASGNI.</p>
Correspondence is received indicating there is no estate, the estate is closed	In Notice Status Code 02 and/or there is no executor,	Document AMS comments and input CC ASGNI(A)
death certificate is received either by fax or correspondence	There is no (Z) freeze for CI	<p>A. There is no (Z) freeze for CI input a TC 540 using CC REQ77 for the year of the taxpayer's death, (for example: If the taxpayer died in 2012, the TC 540 would be input on the 2012 module, closing filing requirements after that year.) if there is no TC 540 input, unless it is the current year and there is a filing requirement.</p> <p>Note:</p> <p>If an original death certificate is secured, Document entity with the information and return the original to the sender. Tell taxpayer's to send copies only so we don't have to send back originals. Faxed and copies can be destroyed.</p> <p>B. Ensure the name line is updated in the year of death or the TC 540 will cause an Unpostable condition. Ensure the first name line is addressed to the deceased taxpayer, and the second name line to the surviving spouse or representative. Refer to IRM 5.19.1.4.3.2, <i>Deceased Taxpayers- Entity Changes</i>, for procedural guidance on entity changes/updates.</p>
If there is an indication of an Estate	Intentionally Left Blank	Request the EIN for the estate and or a copy of the Form 1041, if applicable.
HINF Select Code	Intentionally left Blank	<p>See <i>IRM 5.19.2.7.6, HINF- Deceased Taxpayers</i>.</p> <p>Note:</p> <p>Under no circumstances should a HINF deceased taxpayer case be closed with a TC 59X, until verification has been secured that the income reported for the year of death or prior, has been reported on another return (i.e. spouse, estate income tax return Form 1041, etc.).</p>

5. For Decedent Stand Alone TDI case processing only, the following scenarios may be encountered;

- Income may be distributed to a decedent in the year of death or the year(s) after death. The surviving spouse may choose to include the decedent's income on a joint return in the year of death. The decedent's income up to date of death is includible on a Form 1040 . After the taxpayer's death they are required to file Form 1041 . For subsequent years the decedent's income must be reported on Form 1041 .
- If there is no surviving spouse or the surviving spouse chooses to file separately, they must file the decedent's final income tax return for the year of death. The decedent's income up to date of death is includible on a Form 1040. After the taxpayer's death they are required to file Form 1041, to report gross income of \$600 or more.

Note:

The date of death determines the end of the decedent's tax year and the beginning of the estate's tax year.

- With respect to income earned on assets that were already distributed to beneficiaries, those income amounts would be reported on the individual returns of the beneficiaries receiving the income.
- If the income is received by the estate and later distributed through the estate to heirs, generally it would be reported on the Form 1041 of the estate. If the income is taxable distributable net income the estate will receive an income tax deduction for distributions of this income to the heirs. The heir will report the income on their Form 1040 and pay the tax on the distributed income. Estate income will be reported under the EIN and reflected on IRPTR.

Note:

For more information see IRM 5.5.1.8, *Filing Compliance* or Pub 559, *Survivors, Executors, and Administrators*

6. If the taxpayer died **during or after** the delinquent year, take the following actions:

If	And	Then
Based on IRPTRJ, the tax liability meets the requirement for "IMF Little or No Tax Due" . See IRM 5.19.2.5.4.6.3IRM 5.19.2.5.4.6.3	For CSCO and AM Employees,	<p>A. After receipt of a death certificate or per CC INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input TC 590 cc 077 using CC FRM49 only on the delinquent years that meet the requirement for little or no tax due.</p> <p>C. Input TC 591 cc 075 using CC FRM49 on year following the taxpayer's death.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p> <p>D. Document AMS of closing actions including date of death and tax computation from IRPTRJ.</p>
	For ACS and ACSS Employees,	<p>A. After receipt of a death certificate or per CC INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input TC 590 cc 027 using CC FRM49 only on the delinquent year(s) that meet the requirement for little or no tax due.</p> <p>Note:</p> <p>ACS/ACSS Managers have the option to enter history code RD90,27 or return to employee to input on IDRS.</p> <p>C. Input TC 591 cc 025 using CC FRM49 on the year following taxpayer's death.</p> <p>Note:</p> <p>Reminder, if a credit balance remains on the account, you must follow all credit research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p> <p>D. Document AMS of closing actions including date of death and tax computation from IRPTRJ.</p> <p>E. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p>
	For FA Employees,	<p>A. After receipt of a death certificate or per CC INOLES a date of death is obtained, input TC 540 using CC REQ77 on year of death.</p> <p>B. Input TC 590 cc 020 using CC FRM49 only on the delinquent year(s) that meet the requirement for little or no tax due.</p> <p>C. Input TC 591 cc 020 using CC FRM49 on the year following taxpayer's death.</p> <p>Note:</p> <p>Reminder, if a credit balance remains on the account, you must follow all credit research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p> <p>D. Document AMS of closing actions including date of death and tax computation from IRPTRJ.</p> <p>E. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" .</p>
Based on IRPTRJ, the tax liability meets the requirement for "IMF Refund Due" . Per IRM 5.19.2.5.4.6.2	For CSCO and AM Employees,	<p>A. After receipt of a death certificate or per CC INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input TC 590 cc 078 using CC FRM49 on the delinquent years.</p> <p>C. Input TC 591 cc 075 using CC FRM49 on year following the taxpayer's death.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>

		D. Document AMS of closing actions including date of death and tax computation.
	For ACS and ACSS Employees,	<p>A. After receipt of a death certificate or per CC INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input TC 590 cc 028 using CC FRM49 on the delinquent year(s).</p> <p>Note:</p> <p>ACS/ACSS Managers have the option to enter history code RD90,28 or return to employee to input on IDRS.</p> <p>C. Input TC 591 cc 025 using CC FRM49 on year following taxpayer's death.</p> <p>Note:</p> <p>Reminder, if a credit balance remains on the account, you must follow all credit research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p> <p>D. Document AMS of closing actions including date of death and tax computation.</p> <p>E. . If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p>
	For FA Employees	<p>A. 1. After receipt of a death certificate or per CC INOLES a date of death is obtained, input TC 540 using CC REQ77 on year of death.</p> <p>B. Input TC 590 cc 020 using CC FRM49 on the delinquent year(s).</p> <p>C. Input TC 591 cc 020 using CC FRM49 on year following taxpayer's death.</p> <p>Note:</p> <p>Reminder, if a credit balance remains on the account, you must follow all credit research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p> <p>D. Document AMS of closing actions including date of death and tax computation.</p> <p>E. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND"</p>
Based on IRPTRJ, the tax liability exceeds the requirement for "IMF Little or No Tax Due" refer to <i>IRM 5.19.2.5.4.6.3.2</i>	For CSCO, and AM Employees,	<p>A. After receipt of a death certificate or per CC INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.</p> <p>B. If the TIN or EIN is not provided on the death certificate or by the fiduciary, then research IDRS CC NAMEE or NAMES to secure a possible TIN/EIN.</p> <p>C. If an EIN is found, research CC BMFOL to verify a Form 1041 return has been filed. If the return is filed for the period after death, input a TC 591 cc 075 on the deceased taxpayer's delinquent module. Notate the cross reference TIN on AMS. A return is required to be filed for the year of death, after death the 1041 is filed.</p> <p>D. If a cross reference SSN is found, research CC IMFOL to verify a return has been filed. If the return is filed, input a TC 591 cc 075 on the deceased taxpayer's delinquent module on the year after death.</p> <p>Note:</p> <p>Reminder, if a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p> <p>E. If no return was filed and a telephone number is provided, attempt to call the responder before sending a Letter 2268C.</p> <p>Note:</p> <p>AMS must be annotated that telephone contact has been attempted before sending a letter.</p> <p>F. If you reach the survivor/executor, follow the procedures above in paragraph 4 (above the If And Then chart).</p> <p>G. If you contact by telephone and based on IRPTRJ you determine the taxpayer is not liable for a return, see <i>IRM 5.19.2.5.4.6.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)</i>.</p> <p>H. Input TC 591 cc 075 on the year following the taxpayer's death.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p> <p>I. If you contact by telephone and determine the taxpayer is liable for a return, request survivor/executor to file all delinquent tax returns and a copy of the death certificate if it was not previously obtained or CC INOLES does not show a date of death.</p> <p>J. In addition, provide the fiduciary with return and mailing instructions per <i>IRM 5.19.2.5.4.6, IMF - Determining Liability</i>. Provide IRP income if necessary send individual IRP documents.</p> <p>K. If unable to contact by telephone, send Letter 2268C , requesting all delinquent returns be filed. Input a delay "C08" using CC ASGNI, if appropriate.</p> <p>L. Input a delay "C08" using CC ASGNI. See <i>IRM 5.19.2.5.1.1, Accelerate and/or Delay To TDI Status 03</i>, for guidance on inputting delay.</p>
	For ACS and ACSS	

Employees.

- A. After receipt of a death certificate or per CC INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.
- B. If the TIN or EIN is not provided on the death certificate or by the fiduciary , then research IDRS CC NAMEE or NAMES to secure a possible TIN/EIN.
- C. If an EIN is found, research CC BMFOL to verify a return has been filed. If the Form 1041 return is filed for the period after death, input a TC 591 cc 025 on the deceased taxpayer's delinquent module and notate the cross reference TIN on AMS. Notate the cross reference TIN on AMS. A return is required to be filed for the year of death, after death the 1041 is filed.
- D. If a cross reference TIN is found, research CC IMFOL to verify the return has been filed . If the return is filed, input a TC 591 cc 025 on the deceased taxpayer's delinquent module on the year after death. and notate the cross reference TIN on AMS.
- E. If no return was filed and a telephone number is provided, attempt to call the responder. If you reach the survivor/executor, follow the procedures above in paragraph 4 (above the If And Then chart).

Exception:

ACS employees continue to 11 below to complete case.

Note:

AMS must be annotated that telephone contact has been attempted before sending a letter.

- F. If you contact the Fiduciary by telephone and determine the taxpayer is not liable for a return, see *IRM 5.19.2.5.4.6.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)*.
- G. If you contact the Fiduciary/Executor/Administrator by telephone and based on IRPTRJ you determine the taxpayer is liable for a return, request all delinquent tax returns be filed. Provide IRP income if necessary send individual IRP documents (Case Minor records) only. See *IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable* for any additional procedures.
- H. If unable to contact the Fiduciary by telephone, send Letter 2268C , requesting **all** delinquent returns be filed and a copy of the death certificate if it was not previously obtained or CC INOLES does not show a date of death. .
- I. If a fiduciary exists, input name, address and telephone number. If an estate exists, input type of assets, court location, and docket number of the proceeding in a narrative on AMS. If the account is on ACS, input history code "TOR4,45,DECD " . **For all HINF select codes, if the account is on ACS, input history code "TOR4,45,CMMTS " .**
- J. Document AMS of all pertinent information, including any applicable information listed below:
Cross reference TIN if Form 1041 filed,
Name and contact information of the fiduciary, including:
date of death,
county in which the taxpayer died,
and county in which the taxpayer resided,
request if taxpayer owned property at time of death, and county of property and estimated value of property.
- K. If after the expired follow up date has passed and the taxpayer's income was not reported by the fiduciary, spouse, or benefactor, determine if the case meets ASFR referral criteria, see *IRM 5.19.2.5.4.4, IMF Automated Substitute for Return (ASFR) Referrals*.
- L. If the account is on ACS, enter history code "TFRO,AOTO8000 " .
- M. If the case does not meet ASFR criteria, see *IRM 5.19.5.6.6, 17 - Transfers Actions*, for procedures to transfer to the queue.

Note:

If a credit balance remains on the account, **you must** follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See *IRM 5.19.2.5.7, Credit Balance Overview*.

For FA Employees.

- A. After receipt of a death certificate or per INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.
- B. If the TIN or EIN is not provided on the death certificate or by the executor/administrator, then research IDRS CC NAMEE or NAMES to secure a possible TIN/EIN.
- C. If an EIN is found, research CC BMFOL to verify a return has been filed. If the Form 1041 return is filed for the period after death, input a TC 591 cc 040 on the deceased taxpayer's IMF delinquent module. Notate the cross reference TIN on AMS. A return is required to be filed for the year of death, after death the 1041 is filed.
- D. If a cross reference TIN is found, research CC IMFOL to verify a return has been filed. If the return is filed, input a TC 591 cc 040 on the deceased taxpayer's delinquent module on the year after death and notate the cross reference TIN on AMS.
- E. If no return was filed and a telephone number is provided, attempt to call the responder. If you reach the Fiduciary follow the procedures above in paragraph 4 (above the If And Then chart).

Note:

AMS must be annotated that telephone contact has been attempted before sending a letter.

- F. If you contact the Fiduciary by telephone and determine based on IRPTRJ the taxpayer is not liable for a return, see *IRM 5.19.2.5.4.6.1, IMF Taxpayer Not Liable (Income Below Filing Requirements)*.
- G. Input TC 591 cc 020 on **the year following the taxpayer's death**.
- H. If you contact the Fiduciary by telephone and determine the taxpayer is liable for a return, request fiduciary or spouse to file **all** delinquent tax returns and a copy of the death certificate if it was not previously obtained or CC INOLES does not show a date of death. Provide IRP income, if necessary.

		<p>Note:</p> <p>Send individual IRP documents (Case Minor records) only.</p> <p>I. If unable to contact the Fiduciary by telephone, send a Letter 2268C. Requesting all delinquent return(s) to be filed.</p> <p>J. Document AMS of all pertinent information, including date of death, county in which the taxpayer died, and the county in which the taxpayer resided.</p> <p>K. If a fiduciary exists, input name, address and telephone number.</p> <p>L. If an estate exists, document AMS with type of assets/property, estimated value of asset/ proper, court location, and docket number of the proceeding. If the account is on ACS, enter history code "TOR4,45,DECD" . For all HINF select codes, if on ACS input history code "TOR4,45,CMMTS" .</p> <p>M. If after the expired follow up has passed and the taxpayer's income was not reported by the fiduciary or spouse, determine if the case meets ASFR referral criteria, see <i>IRM 5.19.2.5.4.4, IMF Automated Substitute for Return (ASFR) Referrals</i>. If the account is on ACS, enter history code "TFR0,AOTO8000" .</p> <p>N. If the case does not meet ASFR criteria refer to <i>IRM 5.19.5-9 , Field Queue Bypass Criteria (Reference IRM 5.19.5.3.1)</i> for guidance on transferring to the Queue.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
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7. If the taxpayer died **before** the delinquent year, take the following actions:

If	And	Then
For CSCO and AM Employees,	A return has been filed in the year of death under the spouse's SSN,	<p>A. After receipt of a death certificate or per INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.</p> <p>B. If there is an open RD module in the year of death, input a TC 594 CC 084 on the deceased taxpayer's module, notate the cross reference TIN on AMS.</p> <p>C. Input TC 591 cc 075 using CC FRM49 on the delinquent year.</p> <p>D. Document AMS of findings and actions taken.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
	A Form 1041 return has been filed in the year of death,	<p>A. After receipt of a death certificate or per INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input TC 591 cc 075 using CC FRM49 on the delinquent year, notate the cross reference EIN on the Form 1041.</p> <p>C. Document AMS with findings and action taken.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow credit balance research before closing the module with a TC 590, 591 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
	A return has not been filed in the year of death under the deceased or spouse's SSN or a Form 1041 ,	<p>A. After receipt of a death certificate or per INOLES a date of death is obtained, input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input a TC 591 cc 075 on the delinquent year.</p> <p>C. Advise that income reported on deceased taxpayer's TIN should be reported under the TIN of the person or entity receiving the income.</p> <p>D. If telephone number is available, attempt to call the third party before sending a Letter 2268C to the Estate using the address of record, include the IRP supplement. Request all delinquent returns be filed, and a copy of the death certificate if it was not previously obtained or CC INOLES does not show a date of death.</p> <p>E. Document AMS with findings and action taken. annotate the telephone attempt made before sending the letter.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
For ACS and ACSS Employees,	A return has been filed in the year of death under the spouses SSN,	<p>A. Input TC 540 using CC REQ77 on the year of death.</p> <p>B. If there is an open RD module in the year of death, input a TC 594 cc 034 on the deceased taxpayer's module and indicate the cross reference TIN/EIN in a narrative on AMS.</p> <p>C. Input TC 591 cc 025 using CC FRM49 on the delinquent year.</p> <p>D. Document comments with closing actions including taxpayer's date of death in a narrative on AMS. If the account is on ACS, input history code "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p>

		<p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
A Form 1041 return has been filed in the year of death,		<p>A. Input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input TC 591 cc 025 using CC FRM49 on the delinquent year.</p> <p>C. Document AMS with closing actions including taxpayer's date of death. If the account is on ACS, input history code, "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
A return has not been filed in the year of death under the deceased or spouse's SSN or a Form 1041,		<p>A. Input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input a TC 591 cc 025 using CC FRM49 on the delinquent year. Document comments with closing actions including taxpayer's date of death. If account is on ACS, input history "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p> <p>C. Advise that income reported on deceased taxpayer's TIN should be reported under the TIN of the person or entity receiving the income.</p> <p>Note:</p> <p>Step 4 thru 9 are for ACSS employees working correspondence or R4 inventory.</p> <p>D. If telephone number is available, attempt to contact the third party before sending a Letter 2268C to the Estate using the address of record, include the IRP supplement, requesting all delinquent returns to be filed.</p> <p>E. Document AMS of all pertinent information, including date of death, county in which the taxpayer died, and county in which the taxpayer resided. Annotate the telephone attempt made before sending the letter. Document the following information, if applicable: If a fiduciary exists, document their input name, address and telephone number. If an estate exists, input type of assets/property, estimated value of property/assets, court location, and docket number of the proceeding in a narrative on AMS. If the account is on ACS, enter history code "TOR4,45,DECD" or "OADT,45,DECD (if working R4)" .</p> <p>F. If the follow-up date has expired and the taxpayer's income was not reported by the fiduciary or , spouse, or benefactor, and the net tax exceeds (\$2,500 for a W&I employee's case) or (\$1,500 for an SBSE employee's case), refer the case to Exam. Refer to Exam using a Form 3449 attaching IRP Documents and any other pertinent information.</p> <p>G. Input a TC 595 cc 032.</p> <p>H. Document AMS of actions taken. If the account is on ACS, enter history code "TOR4,30,CMNTS" or "OADT,30,CMNTS (if working R4)" .</p> <p>I. If unable to close the account per step 5 above, and the account is on ACS, transfer the case to the QUEUE via "TFQU,AOTO7000" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
For FA Employees.	A return has been filed in the year of death under the spouse's SSN,	<p>A. Input TC 540 using CC REQ77 on the year of death.</p> <p>B. If there is an open RD module in the year of death, input a TC 594 cc 023 on the deceased taxpayer's module including the cross reference SSN.</p> <p>C. Input TC 591 cc 020 using CC FRM49 on the delinquent year.</p> <p>D. Document AMS of closing actions including taxpayer's date of death. If the account is on ACS, enter history code, "TOC0,21,RDPND" or "TOS0,21,PDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
	A Form 1041 return has been filed in the year of death,	<p>A. Input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input TC 591 cc 020 using CC FRM49 on the delinquent year.</p> <p>C. Document AMS of actions taken including taxpayer's date of death in a narrative on AMS. If the account is on ACS, input ACS history code, "TOC0,21,RDPND" or "TOS0,21,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i></p>
	A return has not been filed in the year of death under the deceased or spouse's SSN or a Form 1041.	<p>A. Input TC 540 using CC REQ77 on the year of death.</p> <p>B. Input a TC 591 cc 020 on the delinquent year.</p> <p>C. Advise that income reported on deceased taxpayer's TIN should be reported under the TIN of the person or entity receiving the income.</p>

		<p>D. If telephone number is available, attempt to call the third party before sending a Letter 2268C to the Estate using the address of record, include the IRP supplement, ask that all delinquent returns be filed.</p> <p>E. Document comments all pertinent information, including date of death, county in which the taxpayer died, and county in which the taxpayer resided in a narrative on AMS. Annotate the telephone attempt made before sending the letter.</p> <p>F. If a fiduciary exists, input name, address and telephone number. If an estate exists, input type of assets/property, estimated value of property, court location, and docket number of the proceeding in a narrative on AMS. If the account is on ACS, enter history code "TOR4,45,DECD" .</p> <p>G. If the follow-up date has expired and the taxpayer's income was not reported by the fiduciary or spouse and the net tax exceeds (\$2,500 for a W&I employee's case) or (\$5,000 for an SBSE employee's case) refer the case to Exam via Form 3449 and attach IRP Documents and include any other pertinent information. Input a TC 595 cc 032, document in a narrative on AMS. If the account is on ACS, enter history code TOR4,21,CMNTS.</p> <p>H. If unable to close the account per step 5 above. If the account is on ACS, transfer the case to the QUEUE "TFQU,AOTO7000 " .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
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8. For TDI Status 03 cases that have an associated module with a balance due module(s), refer to *IRM 5.19.1.4.3, Deceased Taxpayers*.

5.19.2.5.4.6.7 (01-16-2015)
IMF Response Taxpayer Incarcerated

1. Use this section to determine actions needed on Incarcerated Taxpayer accounts.

If	Then
Taxpayer provides prison address,	<p>A. Document address on IDRS using CC ENREQ including prison identification number.</p> <p>B. See <i>IRM 5.19.2.5.4.6, IMF Determining Liability</i>, for additional guidance.</p>
Prison Address is provided by a third party,	<p>A. If a third party (e.g. practitioner, new occupant, former spouse) provides a new address, DO NOT document Master File until address can be verified by taxpayer or Power of Attorney.</p> <p>B. Send Letter 3064C or other appropriate letter to the Prison Address and include Form 8822, <i>Change of Address</i>.</p> <p>Note:</p> <p>Do not send tax returns or Wage & Income documents to prison addresses.</p>
No new address is provided.	Follow procedures in <i>IRM 5.19.2.5.6.2, Third Party Contact and Responses</i> .

5.19.2.5.4.6.8 (11-06-2015)
IMF Response Federal Employee/Retiree Delinquent Investigation (FERDI)

1. Verify the taxpayer's claim that he or she is not liable to file a tax return by researching CC IRPTR or SUPOL.
2. Advise the taxpayer of the results of your research.
3. Calculate tax based on the filing status and number of exemptions the taxpayer states he or she has, or if you don't have this information, based on one exemption (single or married filing separate).
4. Use the table below to determine FERDI liability.

If	Then
Taxpayer is NOT liable to file a tax return (i.e. not enough income to file).	Follow procedures in <i>IRM 5.19.2.5.4.6.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)</i> .
Taxpayer will receive a refund.	Follow procedures in <i>IRM 5.19.2.5.4.6.2, IMF Refund Due</i> .
Return was previously filed under a spouse's TIN.	See <i>IRM 5.19.2.5.4.6.10, IMF Response Taxpayer Previously Filed</i> .
Taxpayer needs help determining income received.	Follow procedures in <i>IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable</i> .
There is a net tax due. Reminder: Always attempt to secure full payment with the return.	Follow procedures in <i>IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable</i> .
The taxpayer indicates they cannot pay the balance due in full.	Follow procedures in <i>IRM 5.19.1, Balance Due</i> .
The income meets the requirements for Little or No Tax Due.	Follow procedures in <i>IRM 5.19.2.5.4.6.3.2, IMF Little or No Tax Due</i> .

5.19.2.5.4.6.9 (11-06-2015)
IMF Response Taxpayer Will File (Correspondence Only)

1. This section provides guidance for working accounts when taxpayer indicates return will be filed (i.e. records in hands of accountant, waiting for additional information, etc.):

Note:

If telephone number is available, attempt to contact the taxpayer before sending a letter as stated below. Document the telephone attempt on AMS. If telephone contact is made, provide the taxpayer with return and mailing instructions per *IRM 5.19.2.5.4.6, IMF - Determining Liability*, and provide target dates as stated below. If no telephone contact is made, continue to follow procedures shown below:

If	Then
Account is in Notice Status 02,	<p>A. Send a Letter 2267C or other appropriate letter. Advise the taxpayer that failure to file by the specified date could subject the taxpayer to a fine and/or criminal penalties and a possible Substitute for Return.</p> <p>B. If the taxpayer provided a date, do not allow more than 60 days. Enter a history item on AMS documenting the target date.</p>

	<p>C. If the taxpayer did not provide a date, request they file within 30 days.</p> <p>Note:</p> <p>If the correspondence does not specify a date, do not input mmdd.</p> <p>D. Input a "C08" using CC ASGNI. To accelerate to ACS, see <i>IRM 5.19.2.5.1.1, Accelerate or Delay To TDI Status 03</i> for guidance.</p> <p>Note:</p> <p>If the account has a subsequent balance due issue, ensure all STAUPs and delays are consistent.</p>
Account is TDI Status 03.	<p>A. Send a Letter 2267C or other appropriate letter. Advise the taxpayer that failure to file by the specified date could subject the taxpayer to a fine and/or criminal penalties and of a possible Substitute for Return processing.</p> <p>B. If the taxpayer provided a date, do not allow more than 60 days. Enter history on AMS documenting the target date.</p> <p>C. If the taxpayer did not provide a date, request they file within 30 days. For ACS Support employees see <i>IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable</i>, follow the chart in paragraph 5.</p> <p>Note:</p> <p>If the correspondence does not specify a date, do not input mmdd.</p> <p>D. For "ACS-Support" employees only, document AMS comments with information, including the date the taxpayer specified to file. If the account is on ACS, enter history code, "TOI7,XX,TFQU" (XX stands for the deadline plus 30 days). If the account meets ASFR criteria, enter history code "TOI7,XX,ASFR" (XX stands for the deadline plus 30 days). <i>IRM 5.19.2.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p>

2. When needed or requested provide taxpayer with missing income information from our internal sources. Use CC IRPTR/SUPOL with the appropriate definer, the TDS system to request income supplements.

Note:

Do not edit taxpayer information per Delegation Order 11-2.

3. When needed or requested, provide the required tax forms if available. Tax form requests are available through SERP or Intranet. If the taxpayer has access to the Internet, inform him/her forms can be found at: <http://www.irs.gov/formspubs/>. You can provide the Toll Free number for forms 1-800-829-3676.

Note:

On AMS, "ELITE" can be used to mail forms directly to the taxpayer's address on entity.

**5.19.2.5.4.6.10 (11-06-2015)
IMF Response Taxpayer Previously Filed Return**

1. The purpose of this section is to assist in locating previously filed returns.
2. If the taxpayer indicates he/she was the secondary spouse on a joint return, see *IRM 5.19.2.5.5.1, TIN and Entity Problem, Taxpayer Filed as Spouse on Joint Return*.
3. If the response indicates a return was filed less than ten weeks ago, and your initial research does not indicate a TC 150 has posted, refer to the table below for guidance:

If	Then
Account is in Notice Status 02,	<p>A. Allow time for the return to post by inputting a delay of 8 weeks, using a "C08" on CC ASGNI. Input of the delay will prevent the module from proceeding to TDI status or delays a subsequent notice.</p> <p>B. Document AMS of actions taken.</p>
Account is in TDI Status 03.	<p>A. For CSCO/AM employees only, enter AMS comments stating the date specified by the taxpayer.</p> <p>B. For ACS Support employees only, document information provided on AMS comments. If the account is on ACS, enter history code "OADT,45,CMNTS " .</p> <p>C. For ACS Call-site or FA employees only, ask the taxpayer for the following information and document on AMS:</p> <ul style="list-style-type: none"> • Date return was filed • Total tax • Amount of tax/refund due (if known by the taxpayer) <p>If the account is on ACS, enter history code "OADT,45,CMNTS " .</p>

4. If the response indicates a return was filed more than ten weeks ago, research IDRS and follow guidelines below.

If	Then
Return has posted to module (TC 150),	Take no action.
AP150 or PN150 has posted to the account,	Take no action.
RJ 150 or UNP 150 has posted to the account,	Take no action.
TC 976 or TC 977 posted but no TC 150 present	Route to appropriate AM area for resolution. For more information on TC976/977 with no TC 150 see <i>IRM 21.5.6.4.9, E-Freeze</i> .
Return posted under another TIN or name,	<ul style="list-style-type: none"> • See <i>IRM 5.19.2.5.5.1, TIN and Entity Problems</i>, or • See <i>IRM 5.19.2.5.5.2, Return Delinquencies Due to Posting Errors</i>.
Return posted to different tax period (same TIN),	<ul style="list-style-type: none"> • Transfer to the appropriate Accounts Management Unit and notate on the routing slip "Return posted to incorrect tax period" .

	<ul style="list-style-type: none"> Input a TC 594 cc 083/033/022.
Taxpayer submitted payment with return or cancelled check was submitted and encoder information matches the notice,	<p>A. If the payment is not on the module, follow the procedures in IRM 21.5.7, <i>Payment Tracers</i>.</p> <p>B. If the procedures for Payment Tracers lead you to an account module with the return posted, then follow the procedures above for a return posted under another TIN, Name or Tax Period.</p> <p>C. If the payment is on the module, follow the procedures in paragraph 5 below and request a copy of the return from the taxpayer.</p>
Taxpayer submitted payment with return or cancelled check was submitted and encoder information does not match the notice,	<p>A. Research the account module listed on the encoder information (TIN, MFT and Tax Period) to see if the return posted here.</p> <p>B. If the return did post here, then follow the procedures above for a return posted under another TIN, Name or Tax Period, and follow the procedures in IRM 21.5.7, <i>Payment Tracers</i>.</p> <p>C. If the procedures for Payment Tracers lead you to an account module with the return posted, then follow the procedures above for a return posted under another TIN, Name or Tax Period.</p> <p>D. If the procedures for Payment Tracers does not lead you to an account module with the return posted, follow the procedures in paragraph 5 below and ask the taxpayer for a copy of the return.</p>
Return or copy of return.	Process return, see <i>IRM 5.19.2.5.4.6.12, IMF Response With Original Return</i> .

5. If the response indicates a return was filed more than ten weeks ago and none of the conditions in paragraph 4 are met, request a copy of the tax return. For more information see IRM 21.4.1.3.1.2, *Return Found/Not Processed*.

- If a telephone number is available, attempt to contact the taxpayer before sending a letter as stated below.
- Document the telephone attempt on AMS. If telephone contact is made, provide the taxpayer with return and mailing instructions in *IRM 5.19.2.5.4.6, IMF - Determining Liability*.
- Advise the taxpayer to re-sign and date the return with the current date. In addition, remind the taxpayer to ensure the correct current address is on the return, whether it is a copy or original return.

Proceed with the procedures below.

If	Then
Account is in Notice Status 02,	<p>A. Instruct the taxpayer to send a copy of the return and set a deadline of 30 days from the day you are closing the case.</p> <p>B. If unable to contact by phone or taxpayer requests information be sent in a letter, send a Letter 2269C or other appropriate letter to advise the taxpayer we could not find their return and please send us a copy.</p> <p>Exception:</p> <p>If you are talking to the taxpayer on the phone, you do not have to send a letter unless the taxpayer requests one is sent.</p> <p>C. Enter history on AMS explaining the target date provided to the taxpayer to file their copy.</p> <p>D. Input delay "C08" using CC ASGNI, see <i>IRM 5.19.2.5.1.1, Accelerate or Delay to TDI Status 03</i>. Note: If also working a balance due issue, make sure any STAUPs and delays are equal.</p>
Account is in TDI Status 03.	<p>A. Instruct the taxpayer to send a copy of the return and set a deadline of 30 days from the day you are closing the case.</p> <p>B. If unable to contact by phone or taxpayer requests information be sent in a letter, send a Letter 2269C (use LT26 if account in question is on ACS) or other appropriate letter to advise the taxpayer we could not find their return and please send us a copy.</p> <p>Exception:</p> <p>If you are talking to the taxpayer on the phone, you do not have to send a letter unless the taxpayer requests one is sent.</p> <p>Note:</p> <p>If you send an LT26 letter, it automatically sets a 10 day deadline.</p> <p>C. Enter history on AMS documenting the deadline date provided to the taxpayer to file their copy.</p> <p>D. For "ACS/FA/ACSS" employees only, document the information secured along with the deadline date for filing on AMS comments. See steps 5 & 6 for appropriate ACS closing code.</p> <p>E. If the case meets ASFR criteria, see <i>IRM 5.19.2.5.4.4, IMF Automated Substitute for Return (ASFR) Referrals</i>. If account is on ACS, enter history code, "TOI7,XX,ASFR" (XX stands for the deadline plus 30 days). <i>IRM 5.19.2.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p> <p>F. If the case does not meet criteria for ASFR, see <i>IRM 5.19.2.5.4.4, IMF automated Substitute for Return Program (ASFR) Referrals</i>. If the account is on ACS, enter ACS history code- "TOI7,XX,TFQU" (XX stands for the deadline plus 30 days). <i>IRM 5.19.2.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p>

5.19.2.5.4.6.11 (01-16-2015) IMF Response Insufficient

- This section pertains to written responses that are insufficient to resolve.
- When additional information is needed to resolve the case, determine if the taxpayer is liable or not, see *IRM 5.19.2.5.4.6.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)* or see *IRM 5.19.2.5.4.6.4, IMF Taxpayer Liable*.
- If the notice response is blank or has only a signature, follow the direction below.

If	Then
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Account is in Notice Status 02,	<p>A. Input a delay "C08" using CC ASGNI. To accelerate account to ACS or to delay to next status, see <i>IRM 5.19.2.5.1.1, Accelerate or Delay To TDI Status 03</i>, for guidance. (Do not delay PC-B notices.)</p> <p>Note:</p> <p>This delay code will allow any detached information to post before the next notice cycle.</p> <p>B. Destroy the notice.</p>
Account is in TDI Status 03.	Destroy the Notice.

4. If taxpayer is in bankruptcy, see *IRM 5.19.2.5.4.2, IMF Special Handling*, for processing procedures.

**5.19.2.5.4.6.12 (11-06-2015)
IMF Response with Original Return**

1. This section provides the instructions to process original delinquent taxpayer returns. CSCO employees may receive a tax return requested from a RD CP notice correspondex letter, or requested from telephone contact. These are all batched as "IMF TDI Returns". If return is a statute year see note below.

Note:

Per *IRM 3.11.154.3.6, Statute Returns*, and *IRM 25.6.1.8, Original Delinquent Returns*, it is not necessary to send delinquent **original** returns to the Statute Control Unit prior to being sent for processing if the return is the "initial" original return secured and we have coded the return with a TC 59X or we secured return(s) prepared under the authority of IRC 6020(b).

Exception:

The following types of tax returns need to be routed to the Statute Control Unit:

- tax return being **reprocessed** with an "Original IRS Received Date"
- **reprocessed** a tax return for a different tax period
- a previous TC 610 payment on a statute year module and no indication a return was previously processed
- **credits/payments previously moved to Excess Collection (XSF)**, see *IRM 25.6.1.8.4 (6), Processing Original Delinquent Returns*
- previous unpostable condition on the module (DC/DU 150, DC 976, etc.) and the original return has not been processed and is more than 33 months from its original received date. Forward to Statute Unit requesting a quick assessment.

2. See *IRM 5.19.2.5.4.2, IMF Special Handling* for special situations such as bankruptcy, criminal investigation, etc. before continuing to paragraph 3.

3. Review original returns for any of the following conditions, and take the appropriate actions:

Note:

A faxed return is considered an original filed return.

If	Then
<p>A. The taxpayer files a potential frivolous (lacking a legal basis or legal merit, not serious, not reasonably purposeful) return, see <i>IRM 3.11.3.7.1.4, Frivolous Filer/Non Filer Returns</i>, for referral criteria. If the case meets "frivolous filer" criteria,</p>	<p>A. Input TC 595 cc 082/032 and route to: Ogden Compliance Services ATTN: FRP, MS 4450 1973 N. Rulon White Blvd. Ogden, UT 84404</p> <p>B. Document AMS comments with pertinent information.</p> <p>C. For "ACS/Field Assistance/ACS-Support" employees only, if account is on ACS, enter history code "TOR3,30,CMNTS".</p> <p>D. Notate on correspondence or return, "Already seen by Collections (CSCO or ACSS)" before routing.</p>
The taxpayer sends in a return that just states they had no income, no tax due, or not liable,	Prepare the return for processing per guidelines in paragraph 4 below.
A TC 150 is already on the account.	See <i>IRM 5.19.2.5.4.6.13, IMF Response with Copy of Return(s)</i> .
ASFR (ASGNI 8000) or "-L" Freeze (TC 140) present	Follow <i>IRM 5.19.2.5.4.6.12.1, IMF Response with Original Return ASFR or -L Freeze Present</i> .
TIN, name, tax period and/or MFT on the return do not match the attached CP notice or open TDI.	Follow <i>IRM 5.19.2.5.4.6.12.2, IMF Response with Original Return Does not Match CP Notice</i> .
<p>Example:</p> <p>Joint return being filed under primary SSN, but open TDI is for secondary SSN.</p>	
If return is Unsigned	Follow <i>IRM 5.19.2.5.4.6.12.3, IMF Response with Original Return Unsigned</i> .
The taxpayer requests an Installment Agreement (IA) or CNC, either attached to the return or as documented in AMS history	Process per <i>IRM 5.19.1, Balance Due</i> . If you do not have the training required to do an IA request, route to the appropriate area for resolution.
None of the conditions above apply	Proceed with directions in following paragraphs

4. If none of the above conditions are present and the return is signed appropriately, **code and prepare all** secured return(s) for processing per the table below.

Note:

Use CC FRM49 with a block indicator of "BB" to generate block series 74 for **all TC 594 and 599** transactions.

If	And	Then
Taxable return (return shows a tax liability before prepaid credits)	For CSCO and AM Employees,	<p>A. Input a TC 599 cc 094.</p> <p>B. Document AMS with:</p>

		<ul style="list-style-type: none"> • Date the return was filed • Balance due or refund amount • Full paid or IA request. Make sure you notate what they are asking for in the IA request on AMS.
	For ACS and ACSS Employees,	<p>A. Input a TC 599 cc 044.</p> <p>B. Document AMS with:</p> <ul style="list-style-type: none"> • Date the return was filed • Balance due or refund amount • Full paid or IA request. Make sure you notate what they are asking for in the IA request on AMS. <p>C. If the account is on ACS, enter history code "OADT,30,599044 " .</p>
	For FA Employees,	<p>A. Input a TC 599 cc 024 .</p> <p>B. Document AMS with:</p> <ul style="list-style-type: none"> • Date the return was filed • Balance due or refund amount • Full paid or IA request. Make sure you notate what they are asking for in the IA request on AMS. <p>C. If the tax module is on ACS, enter history code "OADT,21,599024 " .</p>
Non-taxable return (Return shows no tax liability before prepaid credits)	For CSCO and AM Employees,	<p>A. Input a TC 599 cc 096 .</p> <p>B. Document all closing actions including amount of refund on AMS.</p>
	For ACS and ACSS Employees,	<p>A. Input a TC 599 cc 046.</p> <p>B. Document closing actions including amount of refund on AMS.</p> <p>C. If the account is on ACS, enter history code "OADT,30,599046 " .</p>
	For FA Employees.	<p>A. Input a TC 599 cc 021.</p> <p>B. Document AMS of actions taken, including amount of refund.</p> <p>C. If the tax module is on ACS, enter history code "OADT,21,599021 " .</p>

Reminder:

If the return is unsigned and the taxpayer's signature is on the RD notice CP 59 /CP 759 (see note below) or Letter 143C (only), attach it to the back of the return and forward for processing. Annotate "TDI complete, Notice/Correspondence attached for signature only" on the signature line of the Form 1040.

5. Code the appropriate TC 59X code in the left margin of the return. Include "Process as Original" at the top center margin of all "SIGNED" returns.

Reminder:

If you received a faxed return, use the date on the fax for the IRS received date. Notate on the return, "Process as Original Faxed Return" . Code the date on the fax in red ink on the front page of the return.

6. All editing must be done in "Red" pen/pencil only. If the signature is not on the jurat signature line(s) and is shown in the "Third Party Designee or Preparer's" signature area, this does not constitute a valid signature, therefore process as an unsigned return as stated in *IRM 5.19.2.5.4.6.12.3, IMF Response with Original Return Unsigned*.

Note:

If utilizing "Process as Original" labels ensure they are placed in the top center margin and **do not** cover any part of the dollar sign (on left side) or DLN (on right side).

7. Other coding and editing you should address before sending to process:

If ...	Then ...
<p>If the taxpayer requests relief from</p> <ul style="list-style-type: none"> • Failure to File, • Failure to Pay, • Failure to Deposit penalties due to reasonable cause or • Deceased 	<ul style="list-style-type: none"> • Put this information on a note and attach to the front of the return, to inform "Code and Edit" this type of request from the taxpayer is attached to the return. • Do not input any Computer Condition Codes (CCC) on the return. Document AMS regarding request for adjustment due to Reasonable Cause.
	<ul style="list-style-type: none"> • Verify an acceptable IRS received date is present. See <i>IRM 3.11.3.5.2.1, Types of Received Dates</i>. Acceptable received dates include IRS Campus date stamps with the word "received" to include Accounts Management, Collections, or other valid IRS organizations. If any of these dates are present there is no need to edit the received date in red ink on the front page of the tax return. If there is no IRS received date, see <i>IRM 3.11.3.5.2, Determining the Received Date</i>, to help determine the date to code in red ink on the front page of the tax return.

Perfecting the Entity (correct and complete the SSN, name, address, or tax period) if necessary, in **Red** pen/pencil for additional editing procedures, see IRM 3.11.3.9, *Taxpayer Identification Information*.

- If the secured return is an original return (not a signed copy) and the address on the return does not match what is on the Master File, Document Master File using CC ENREQ, if it is determined that the return has the most current address.

Example:

Many times a taxpayer will use their address at the time of the return period, which might not be their current address, especially when sending copies of a return that you are processing as an original. Research the Master File to see if the address matches.

- If the Master File shows a different address, determine which address is more current by checking for a return address on the envelope or correspondence.
- Perfect the Entity on the return per the most current address.
- If the return is a **copy of the original** and Master File shows a more current address, edit the return to match Master file.

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Exception:

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8. If the taxpayer provides a telephone number on a response to a CP 59 / CP 516 /CP 518 notice, tax return, or RD correspondence, update ENMOD with the new telephone number.
9. If the taxpayer indicates "**copy**" on the return and you are sending the return to processing as the original, circle out the word "**copy**" on the return.

Note:

If any type of return is forwarded to another Service Center for processing, all return delinquency issues and coding, along with the preparation of the return for processing must be completed at the receiving site, and only the "Return" is sent to the Submission Processing center for processing.

10. If more than one return is secured, such as a balance due and refund return, **attach** a Form 13133 to the "balance due" return to ensure the balance due tax return is processed and/or expedited prior to the refund due return.

Note:

The intent of this requirement is for the balance due return to post prior to allow the refund return(s) to offset to the balance due return. Refer to IRM 5.1.11.5, *Secured Returns* for additional guidance.

11. If the taxpayer requests an installment agreement (IA) or CNC, refer to IRM 5.19.1, *Balance Due*. If you do not have the training required to do an IA or CNC request, route to the appropriate area for resolution.
12. If the taxpayer response is for backup withholding, see *IRM 5.19.2.5.4.5, Backup Withholding - C (BWH-C) Inquiries*.

Note:

Refer the backup withholding issue "**only**" to the appropriate W&I or SBSE site per *IRM 5.19.2.5.4.5, Backup Withholding - C (BWH-C) Inquiries*.

13. Once all necessary actions are completed, send the return for processing.

**5.19.2.5.4.6.12.1 (11-06-2015)
IMF Response with Original Return ASFR or -L Freeze Present**

1. Refer all ASFR (ASGNI 8000) or "-L" Freeze (TC 420) responses with:
 - A. TC 150 for \$.00 with the literal "SFR" , Tax Class 2/ Doc code 10, and Julian date 887 in the DLN or the tax return shows "ASFR" on top of the tax return, , whether or not a TC 290 has posted to the account. To find the appropriate ASFR or ASFR Recon site, see *IRM 5.19.2.5.4.4, IMF Automated Substitute for Return Program (ASFR) Referrals*.
 - B. The Julian date is 888, or it may have become an Exam case if it has Julian date 887 with an -L freeze, open TC 420 and TC 150 for \$.00 with the literal "SFR" , with Tax Class 2/ Doc Code 10 in the DLN to **Exam function**. See *IRM 5.19.2.5.4.3, IMF Examination Referrals*, for additional guidance.

Note:

If a joint return is received and the primary TIN has no ASFR (ASGNI 8000) or -L (TC 420) SFR, however there is ASFR (ASGNI 8000) or -L freeze on the **secondary TIN**, continue perfecting the return for processing, shown below. Make a photocopy of the return to send to ASFR or Exam function (see appropriate IRM sections on referrals as stated above). You must indicate on the referral that the original return was sent for processing and a photocopy of the return is being provided for further action for the **open ASFR (ASGNI 8000) or -L (TC 420) SFR on the secondary TIN**.

- C. If a TC 150 for .00 with a Tax class and Document code of 210 in the DLN 887 in the Julian date, and the literal "SFR" to the right of the TC 150, posted to MF and/or IDRS, do not route the return to SP for processing. Route the return as follows:

Note:

You can also find routing information for ASFR Reconsideration returns on SERP Who/Where ASFR - Reconsideration Returns - Centralized Processing Sites.

If ...	Then ...
There is no TC 290 and no TC 420 posted to the tax module and the TC 150 DLN begins with 19210 and does not contain 888 in the Julian date	Route all returns to the Brookhaven Campus, PO Box 9013, Stop 654, Holtsville, NY 11742-9013.
There is no TC 290 and no TC 420 posted to the tax module and the TC 150 DLN begins with 18210 and does not contain 888 in the Julian date	Route to the Austin Compliance Services, PO Box 149338, Stop 5501, Austin, TX 78714-9338.

There is no TC 290 and no TC 420 posted to the tax module and the TC 150 DLN begins with 89210 and does not contain 888 in the julian date	Route to the Fresno Campus M/S 81304 PO Box 24015 Fresno, CA 93779
There is a TC 290 posted and the TC 150 DLN begins with 19210 or the return is an International return	Route to the Brookhaven Campus, ASFR Unit Stop 654 PO Box 9013, Holtsville, NY 11742- 9013.
There is a TC 290 posted and the TC150 DLN begins with 89210 and the return is not an International return	Route to the Fresno Campus M/S 81304 PO Box 24015 Fresno, CA 93779
There is a TC 290 posted and the TC 150 begins with DLN 18210 and the return is not an International return.	Route to the Austin Compliance Services, PO Box 149338, Stop 5501, Austin, TX 78714-9338.
There is an open TC 420 and AIMS Status 08 or below or closed TC 421 and AIMS Status 90 with any Non-Examined Disposal Code 20–99	Route to appropriate Account Management site per IRM 21.5.3.4.10.1, <i>Non-Filer Reject Returns</i> .
There is no TC 290 and no TC 420 posted to the tax module and the TC 150 DLN begins with XX210 and contains 888 in the julian date	Route to the appropriate Exam Campus based on XX in TC150 DLN
There is an open TC 420 AIMS Status above 08	Route to the appropriate Exam Campus based on the TC 420 DLN or the AIMS organizational code found on Command Code AMDISA.
There is a TC 300 posted to the tax module	<ul style="list-style-type: none"> Route to the BOD that assessed the tax. SBSE cases should be routed to the Brookhaven Campus Exam Operation, PO Box 9005, Stop 614, Holtsville, NY 11742–9005. Atlanta, Andover, and Kansas City campuses should route all returns to Fresno ASFR, P.O. Box 24015, Stop 81304, Fresno, CA 93779–4015 OR Austin ASFR, P.O. Box 149338, Stop 5501, Austin, TX 78714–9338

Note:

When processing ASFR International Returns with Form 2555, see IRM 4.13.7–1, *ASFR Reconsideration Returns- Centralized Processing Site*, for information on where to route these cases.

5.19.2.5.4.6.12.2 (11-06-2015)

IMF Response with Original Return Does not Match CP Notice or Open TDI

1. Compare the TIN, name, tax period and MFT on the return with the notice or inquiry on various posting errors:

Note:

For AM Call Site CSR's only, if you identify a TIN & Entity problem or Return Delinquency posting error and you are unable to resolve the case, see *IRM 5.19.2.5.5.2, Return Delinquencies Due to Posting Errors*.

If	And	Then
The taxpayer's return posted to the correct TIN, but the RD Notice TIN is incorrect and no returns have posted to the RD Notice Module.	For CSCO and AM Employees,	<p>A. Input a TC 591 cc 075 using CC FRM49.</p> <p>B. Destroy the Return.</p> <p>C. Document AMS of actions taken.</p> <p>Note: If a credit balance remains on the account, you must address prior to closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.2.5.7, Credit Balance Overview</i>.</p>
	For ACS and ACSS Employees,	<p>A. Input a TC 591 cc 025 using CC FRM49.</p> <p>B. Destroy the Return.</p> <p>C. Document AMS of actions taken.</p> <p>D. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p> <p>Note: If a credit balance remains on the account, you must see <i>IRM 5.19.2.5.7, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
	For FA Employees,	<p>A. Input a TC 591 cc 020 using CC FRM49.</p> <p>B. Destroy the Return.</p>

		<p>C. Document AMS with actions taken, if appropriate.</p> <p>D. If the account is on ACS, enter history code "TOC0,30,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must see <i>IRM 5.19.2.5.7, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
The Taxpayer's return has not posted to the correct TIN, but the RD Notice TIN is incorrect and no returns have posted to the RD Notice Module.	For CSCO and AM Employees,	<p>A. Input a TC 591 cc 075 using CC FRM49.</p> <p>B. Go to <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i>, and prepare the return for processing.</p> <p>C. Document AMS of actions taken.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must see <i>IRM 5.19.2.5.7, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
	For ACS and ACSS Employees,	<p>A. Input a TC 591 cc 025 using CC FRM49.</p> <p>B. Go to <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i>, and prepare the return for processing.</p> <p>C. Document AMS of actions taken.</p> <p>D. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must see <i>IRM 5.19.2.5.7, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
	For FA Employees,	<p>A. Input a TC 591 cc 020 using CC FRM49.</p> <p>B. Go to <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i>, and prepare the return for processing.</p> <p>C. Document AMS of actions taken, if appropriate.</p> <p>D. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must see <i>IRM 5.19.2.5.7, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
The Taxpayer's return indicates a correct TIN, and the RD Notice TIN is incorrect.	A return has posted under the incorrect RD notice module TIN,	<p>A. Transfer to the appropriate Accounts Management Unit. Document AMS of actions taken.</p> <p>B. Notate on the routing slip "TIN Related Problem" .</p>
Return was filed under an incorrect TIN or Tax Period.	For CSCO and AM employees,	<p>A. Input a TC 594 cc 083 using CC FRM49.</p> <p>B. Transfer to the appropriate Accounts Management Unit, notate on the routing slip "TIN Related Problem" or "Return posted to incorrect tax period" .</p> <p>C. Document AMS of actions taken.</p>
	For ACS and ACSS Employees,	<p>A. Input a TC 594 cc 033 using CC FRM49.</p> <p>B. Transfer to the appropriate Accounts Management Unit. Notate on the routing slip "TIN Related Problem" or "Return posted to incorrect tax period" .</p> <p>C. Document AMS of actions taken.</p> <p>D. If on ACS, enter history code "OADT,30,59433" .</p>
	For FA Employees.	<p>A. Input a TC 594 cc 020 using CC FRM49.</p> <p>B. Transfer to the appropriate Accounts Management Unit. Notate on the routing slip "TIN Related Problem" or "Return posted to incorrect tax period" .</p> <p>C. Document AMS of actions taken.</p> <p>D. If the account is on ACS, enter history code "OADT,21,59420" .</p>

2. If the return was filed jointly, research the secondary TIN on the return to determine if the module was created with a previous TC 140 or TC 474 or if a return has posted.

A. If a return has not posted to the Primary TIN, and the secondary TIN module has not been created with a previous TC 140 or TC 474 proceed to *IRM 5.19.2.5.4.6.12, IMF Response with Original Return* and prepare the return for processing.

Note:

If you receive a return on a module that has not been created with a previous TC 140 or TC 474, the taxpayer may be a "first time filer" (account is not on IDRS or Masterfile) or income was below filing requirement, do not input a TC 59X on IDRS, only annotate TC 59X on the return and forward for processing.

B. If a return has not posted to the Primary TIN, and the Secondary TIN module has also been created with a previous TC 140 or TC 474, follow the guidelines below:

If	Then
For CSCO and AM Employees,	<p>A. Verify credits and transfer to the correct TIN.</p> <p>B. Input a TC 594 cc 084 on the secondary SSN using CC FRM49 and cross reference the Primary TIN.</p> <p>Note:</p> <p>Input the cross reference TIN on CC FRM 49.</p> <p>C. Go to <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i> and prepare the return for processing.</p> <p>D. Document AMS of actions taken, as appropriate.</p>
For ACS and ACSS Employees,	<p>A. Verify credits and transfer to the correct TIN.</p> <p>B. Input a TC 594 cc 034 on the secondary SSN using CC FRM49 and cross reference the Primary TIN.</p> <p>Note:</p> <p>Input the cross reference TIN on CC FRM49.</p> <p>C. Go to <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i> and prepare the return for processing.</p> <p>D. Document AMS of actions taken, as appropriate.</p> <p>E. Enter history code "TOC0,30,594034" or "TOS0,30,594034 " .</p>
For FA Employees.	<p>A. Verify credits and transfer to the correct TIN.</p> <p>B. Input a TC 594 cc 023 on the secondary SSN using CC FRM49 and cross reference the Primary TIN.</p> <p>Note:</p> <p>Input the cross reference TIN on CC FRM 49.</p> <p>C. Go to <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i> and prepare the return for processing.</p> <p>D. Document AMS of actions taken, as appropriate.</p> <p>E. If the tax module is on ACS enter history code "TOC0,21,594021" or "TOS0,21,594021" .</p>

C. If the secondary TIN has a return posted, follow the guidelines below:

Note:

Since the return is posted on the secondary TIN and you received a joint return, the TC 594 will be input on the primary TIN.

If	And	Then
The TC150 amount matches the Total Tax on the Return,	For CSCO and AM Employees,	<p>A. Verify credits and transfer to the correct TIN.</p> <p>B. Input a TC 594 cc 084 using CC FRM49. Enter the cross reference TIN on CC FRM 49.</p> <p>C. Document AMS of actions taken.</p> <p>D. Destroy the return.</p>
	For ACS and ACSS Employees,	<p>A. Verify credits and transfer to the correct TIN.</p> <p>B. Input a TC 594 cc 034 using CC FRM49.</p> <p>Note:</p> <p>Enter the cross reference TIN on CC FRM 49.</p> <p>C. Document AMS of actions taken.</p> <p>D. Destroy the return.</p> <p>E. If the tax module is on ACS, enter history code "TOC0,30,594034" or "TOS0,30,594034 " .</p>
	For FA Employees,	<p>A. Verify credits and transfer to the correct TIN.</p> <p>B. Input a TC 594 cc 023 using CC FRM49.</p> <p>Note:</p>

		<p>Input the cross reference TIN on CC FRM 49.</p> <p>C. Document AMS of actions taken.</p> <p>D. Destroy the return.</p> <p>E. If the tax module is on ACS, enter history code "TOC0,21,594041" or "TOS0,21,594041" .</p>
	The Primary TIN on the return is not in an open RD Status,	<p>A. Verify credits and transfer to the correct TIN.</p> <p>B. Destroy the return.</p> <p>C. Document AMS of actions taken.</p>
The posted return is not Joint (FS- 2) or the TC 150 amount does not match the total tax on the return.	For CSCO and AM Employees,	<p>A. Input a TC 594 cc 084 using CC FRM49.</p> <p>Note:</p> <p>Input the cross reference TIN on CC FRM 49.</p> <p>B. Transfer to the appropriate Accounts Management Unit and notate on the routing slip "Spouse filed originally as single and now is filing as Joint" or "Total Tax does not match the TC 150" .</p> <p>C. Document AMS of actions taken.</p>
	For ACS and ACSS Employees,	<p>A. Input a TC 594 cc 034 using CC FRM49.</p> <p>Note:</p> <p>Input the cross reference TIN on CC FRM 49.</p> <p>B. Transfer to the appropriate Accounts Management Unit. Notate on the routing slip "Spouse filed originally as single and now is filing as Joint" or "Total Tax does not match the TC 150" .</p> <p>C. Document AMS of actions taken.</p> <p>D. If the tax module is on ACS, enter history code "TOC0,30,594034" or "TOS0,30,594034" .</p>
	For FA Employees,	<p>A. Input a TC 594 cc 023 using CC FRM49.</p> <p>Note:</p> <p>Input the cross reference TIN on CC FRM 49.</p> <p>B. Transfer to the appropriate Accounts Management Unit. Notate on the routing slip "Spouse filed originally as single and now is filing as Joint" or "Total Tax does not match the TC 150" .</p> <p>C. Document AMS of actions.</p> <p>D. If tax module on ACS, enter history code "TOC0,21,594021" or "TOS0,21,594021" .</p>
	The Primary TIN on the return is not in an open RD Status.	<p>A. Transfer to the appropriate Accounts Management area. Notate on the routing slip "Spouse filed originally as single and now is filing as Joint" or "Total Tax does not match the TC 150" .</p> <p>B. Document AMS of actions taken.</p>

5.19.2.5.4.6.12.3 (11-06-2015)
IMF Response with Original Return Unsigned

1. If an **unsigned** return is secured check:

If ...	Then ...
a CP 59 /CP 759, is attached for taxpayer's signature(s) below the Jurat statement.	Follow instructions <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return.</i>
<ul style="list-style-type: none"> • No CP 59 /CP 759, attached • Or CP 59 / CP 759, is not signed • Or only one signature on a Married Filing Joint (MFJ) return • Or signed but not on the signature line(s) 	Follow procedures in the If/Then chart below

Note:

A minor child's return signed by a parent is acceptable and never requires documentary evidence.

Exception:

If the return (child or taxpayer return) is signed by a guardian or other fiduciary representative, then there must be documentary evidence. For further guidance on documentary evidence, please follow IRM 3.11.3.7.1.3, *Fiduciary Relationships*, IRM 3.11.3.7.1.3.1, *Documentary Evidence Requirements*, IRM 3.11.3.7.1.3.2, *Minor Child*, or IRM 3.11.3.7.1.3.3, *Power of Attorney (POA)*. See IRM 3.11.3.10.2, *Documentary Evidence*, for requirements for descendent returns.

If ...	Then ...
<p>Callsites are on the telephone with the taxpayer. (ACS Only)</p>	<p>A. Tell the taxpayer the faxed return received cannot be accepted or processed until it is signed (both signatures for MFJ). Inform the taxpayer to fax the return (only the signature page of the Form 1040 if no other schedules are needed), immediately with the appropriate signature(s) and current date.</p> <p>B. When faxed return is received, or the signature page of the Form 1040, replace it and follow IRM 5.19.2.5.4.6.12, IMF Response with Original Return.</p> <p>C. If the taxpayer cannot immediately fax the return, tell the taxpayer to send the return to the appropriate ACSS mailing address.</p>
<p>Taxpayer's telephone number available, and there is an installment agreement request. (ACS Support and CSCO Only)</p> <p>Note: No phone call is required if the only issue is an unsigned return.</p>	<p>A. Attempt to contact the taxpayer based on procedures in IRM 5.19.1, <i>Balance Due</i>, If there is no response to the phone call attempt, proceed to the next "then" box.</p> <p>B. Document AMS comments appropriately.</p> <p>Note: If you were unable to contact the taxpayer, based on phone call attempt, send back the attached Installment Agreement request (Form 9465, Form 433-F, Form 433-D, etc.) with the unsigned return.</p>
<p>No telephone number available or only one signature for MFJ, (ACS Support Only)</p>	<p>A. Circle out the received dates on the unsigned return</p> <p>B. Send the unsigned return back to the taxpayer using a cover Letter 4905, <i>Request for Missing Signature(s) to Complete Return</i>. Make sure you mail the return back to the current address on ENMOD.</p> <p>Note: Save the Letter 4905 to your desk top and fill in the required fields. Make sure you put the IRS return address and mail stop in the upper left hand corner of the Letter 4905. Print directly from your printer and attach it to the original unsigned return. Send it to the taxpayer in an envelope you addressed.</p> <p>C. Leave notes on AMS indicating:</p> <ul style="list-style-type: none"> • Amount of the refund or balance due. • Indicate the unsigned return was sent back to the taxpayer for signature. <p>D. Input a 30 day delay, "TOS0,30,LTR4905"</p>
<p>No telephone number available or only one signature for MFJ, (CSCO Only)</p>	<p>A. Circle out the received dates on the unsigned return</p> <p>B. Send the unsigned return back to the taxpayer using Form 3531. Make sure you mail the return back to the current address on ENMOD.</p> <p>C. Leave notes on AMS indicating: "Unsigned return" .</p> <p>Note: If module is in status code (SC) 02, input a delay to prevent the next notice issuance while module is in monitor status, see IRM 5.19.2.5.1.1, <i>Accelerate and/or Delay to TDI Status 03</i>.</p>
<p>Undelivered Letter 4905, <i>Request for Missing Signature(s) to Complete Return</i> (ACS Support Only)</p>	<p>A. If USPS yellow label is attached with a forwarding address, input address change (if more current than shown on CC ENMOD), and re-send Letter 4905, <i>Request for Missing Signature(s) to Complete Return</i>, ensuring to use the new address on the envelope.</p> <p>B. If USPS yellow label shows no new forwarding address or an old forwarding address, prepare Form 3210, <i>Document Transmittal</i>, and route to Files area in SP, see <i>Exhibit 5.19.2-5, Files Address</i>.</p> <p>C. Include in the remarks area on Form 3210, the taxpayer's name(s) and SSN(s) and include "File and maintain unsigned Tax Return in the ALPHA file".</p> <p>D. Document AMS comments of the actions taken.</p> <p>Note: Make sure to notate the SP files site you sent the Form 3210 so it will be easier to locate. See <i>Exhibit 5.19.2-5, Files Address</i> for appropriate sites.</p> <p>E. If the account is open on ACS, input:</p> <ul style="list-style-type: none"> • "TOC0,30,UD4905-R" or "TOS0,30,UD4905-R" when notice is reissued • "TOC0,nn,UD4905" or "TOS0,nn,UD4905-R" when notice is not reissued. Reassign to the next appropriate function.
<p>Insufficient response returned with cover Letter 4905 (still not signed or signed in the incorrect location)</p>	<p>A. Prepare Form 3210, <i>Document Transmittal</i>, attach to the unsigned return and route to the appropriate Files area in SP; see <i>Exhibit 5.19.2-5, Files Address</i>.</p> <p>B. Include in the remarks area on Form 3210, the taxpayer's name(s) and SSN(s) and include "File and maintain unsigned Tax Return in the ALPHA file" .</p> <p>C. Document AMS comments of the actions taken. Indicate response received, but still unsigned.</p>

ACS Support Only Only)

D. Send appropriate letter to the taxpayer informing them we could not process their return and that we will proceed with next action (Levy, Lien or process a return for them) if they do not provide us with a valid return.

Note:

Make sure to notate the SP files site you sent the Form 3210 so it will be easier to locate the unsigned return in the future. See *Exhibit 5.19.2.5-5, Files Address* for appropriate Sites.

E. If case is open on ACS reassign to the next appropriate function.

5.19.2.5.4.6.13 (04-16-2015)
IMF Response with Copy of Return(s)

1. This section provides guidance for working accounts when the taxpayer sends a copy of a return. Research IDRS to determine if the original return has posted.

If	And	Then
The original return has posted to the correct period and TIN and the amount of tax, taxable income, etc. matches what is on IDRS	An open delinquency is present on the secondary taxpayer's account,	See <i>IRM 5.19.2.5.5.1, TIN and Entity Problem, taxpayer Filed as Spouse on Joint Return.</i>
	No open delinquency is present on the primary and/or secondary taxpayer's account,	Whether there is an original signature or not, destroy the copy of the return.
The original return has posted to an incorrect TIN or period or the amount of tax, taxable income, etc. does not match what is shown on IDRS	Intentionally left blank	A. Control or refer the case per <i>IRM 5.19.2.5.5, Return Delinquency TIN and Entity Research</i> . B. See <i>IRM 5.19.2.5.5.1, TIN and Entity Problems</i> , for procedural guidance.
A. The original return has not posted and was filed less than 10 weeks ago, or B. An RJ150/UP150 has posted to the module,	Intentionally left blank	A. This is a "refund" return; see <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i> . B. This is "not a refund" return, input a TC 594 cc 033 for ACS/ACSS Employees, cc 058 for CFf employees, cc 022 for FA employees or cc 083 for CSCO/AM employees using CC FRM49. Mark return for classified waste. C. Module shows RJ150/UP150, contact the appropriate area (Rejects or Unpostables) for resolution. D. Document AMS with the date of original return filed. E. If the account is on ACS, enter history code "OADT,45,CMNTS" .
A. The original return has not posted and was filed more than 10 weeks ago or, B. The taxpayer does not state when the original return was filed (consider the return filed more than 10 weeks ago.)	RJ150/UP150 has not posted to the module.	See <i>IRM 5.19.2.5.4.6.12, IMF Response with Original Return</i> .

5.19.2.5.4.6.14 (01-16-2015)
IMF Response Taxpayer Unable to File

1. If the taxpayer states he/she is unable to file, provide the necessary information (i.e. Forms, IRP Docs, etc.), if available.
2. If you are **able** to provide the information, see *IRM 5.19.2.5.4.6.9, IMF Response Taxpayer Will File (Correspondence only)* or see *IRM 5.19.2.5.4.6.4, IMF taxpayer Liable*.
3. If you are **unable** to provide the information, first attempt to close using one of the three conditions below. Otherwise, proceed to paragraph 4 below.
 - "Income below Filing Requirements" see *IRM 5.19.2.5.4.6.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)*.
 - "Refund Due" see *IRM 5.19.2.5.4.6.2, IMF Refund Due*.
 - Meets **P-5-133** criteria for "Little or No Tax Due" , see *IRM 5.19.2.5.4.6.3.2, IMF Little or No Tax Due*.
4. If you are **unable to close** the module as mentioned in paragraph 3 above, follow the table below for guidance:

If	Then
Account is in Notice Status 02,	A. See <i>IRM 5.19.2.5.1.2, Accelerate to Compliance Territory Office (Revenue Officer)</i> , for further guidance. B. Document AMS of actions taken and findings.
Account is in TDI Status 03.	A. See <i>IRM 5.19.2.5.1.2, Accelerate to Compliance Territory Office (Revenue Officer)</i> , for further guidance. B. Document AMS of actions taken.

[Next](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 3. Backup Withholding Program

5.19.3 Backup Withholding Program

- 5.19.3.1 [Backup Withholding Program \("B" and "C" Programs\) Overview](#)
- 5.19.3.2 [What Are the "B" and "C" BWH Programs?](#)
- 5.19.3.3 ["B" and "C" BWH Programs Research](#)
- 5.19.3.4 ["B" and "C" BWH Program Procedures](#)
- Exhibit 5.19.3-1 [Taxpayer Inquiries for BWH "B" Program](#)
- Exhibit 5.19.3-2 [Taxpayer Inquiries for BWH "C" Program](#)
- Exhibit 5.19.3-3 [IMF Balance Due \(BD\) Accounts](#)
- Exhibit 5.19.3-4 [IMF Return Delinquency \(RD\) Accounts](#)
- Exhibit 5.19.3-5 [TC 924 Reference Number Break Down](#)

Manual Transmittal

November 05, 2015

Purpose

(1) This transmits revised IRM 5.19.3, *Liability Collection, Backup Withholding Program*. ["B" and "C" procedures.]

Background

IRM 5.19.3 is issued to Small Business/Self Employed Collection employees for guidance on the Backup Withholding Program procedures and compliance issues.

The Backup Withholding Program includes BWH -"B" and -"C" , Incorrect/Missing TIN(s) and BWH-C Balance Due, Nonfiler/Underreporter.

Material Changes

(1) IPU 14U1651 issued 12-04-14.

- IRM 5.19.3.4.1 - (2) Tin-Related **B** BWH Notices (CP 2100 and CP 2100A) section rewritten for clarity.
- IRM 5.19.3.4.1.2 - **B** BWH Second Notification section was revised to include updated procedures.
- IRM 5.19.3.4.1.5 - **B** BWH Recreated Notification Request section was modified to include Call site phone numbers.

(2) Formatting and editorial changes throughout the document.

- Background - (1) remove reference to Wage and Investment and (2) correct spelling of "Non-filer".
- IRM 5.19.3.1 (4) - delete word "Compliance" and add Collection, add service center abbreviations and delete reference to "SB/SE and W&I"
- IRM 5.19.3.2 - (1) add IRC citation and rewrite section for clarity.
- IRM 5.19.3.4.2.2 - insert note with IRM citation.
- IRM 5.19.3.4.2.8 - delete (3) and add as note under (2d).
- IRM 5.19.3.4.2.11 - (4) delete reference to SB/SE and W&I and update IRM citation.
- IRM 5.19.3.4.2.15 - (3) update IRM citation.
- Exhibit 5.19.3-1 - update citation in answer 4, add note in answer 10, and formatting changes.
- Exhibit 5.19.3-2 - clarify questions and answers
- Exhibit 5.19.3-3 - delete reference to SB/SE and W&I.
- Exhibit 5.19.3-4 - delete reference to SB/SE and W&I and update IRM citation.

Effect on Other Documents

This IRM supersedes IRM 5.19.3 dated April 23, 2014. This IRM also incorporates IRM Procedural Update, IPU 14U1651.

Audience

SBSE Collection employees.

Effective Date

(11-05-2015)

Phyllis Brown
Director
Collection Inventory Delivery and Selection
Small Business/Self Employed

5.19.3.1 (11-05-2015)

Backup Withholding Program ("B" and "C" Programs) Overview

1. The objective of the Backup Withholding (BWH) program is to ensure payers withhold tax from certain Form 1099 income when taxpayers have underreported their income, or incorrectly reported a Taxpayer Identification Number (TIN) to the payer. Internal Revenue Code (IRC) 3406 authorizes the withholding of tax for the BWH program.
2. Backup Withholding "B" and "C" are the two programs that require payers to withhold at the backup withholding rate from recipients' (payees') payment of Form 1099 income.
3. The backup withholding rate is 28% for payments made after December 31, 2002.
4. Employees in Collection and Accounts Management functions may receive inquiries from taxpayers regarding Backup Withholding on their income. Only BWH employees in the Philadelphia (PSC) and Kansas City (KCSC) Collection functions are authorized to make changes to the Backup Withholding indicator. The IRMs below offer additional function specific guidance on the program.
 - IRM 4.5 - TE/GE Aims Manual
 - IRM 4.19 - Liability Determination
 - IRM 4.23 - Employment Tax
 - IRM 5.19 - Liability Collection
 - IRM 21.3 - Taxpayer Contacts
 - IRM 21.7 - Business Tax Returns and Non-Master File Accounts
 - IRM 21.8 - International

5.19.3.2 (11-05-2015)

What Are the "B" and "C" BWH Programs?

1. The "B" BWH program, (Regulation 31.3406(d)-5) and IRC 3406(a) provides notices to payers (a financial institution, business or person) who file certain information returns with incorrect Taxpayer Identification Numbers (TINs). The notices, CP 2100 and CP 2100A, advise payers that backup withholding could become necessary if payees (recipients of Forms 1099) fail to certify their TIN. The CP 2100 and CP 2100A Notices also list accounts with missing TIN's on which payers should have been backup withholding under section 3406 (a) (1) (A). Payers with missing TIN accounts should not wait to receive a CP 2100 or CP 2100A to begin backup withholding. The "B" program includes Forms 1099-B, DIV, INT, K, MISC, OID, PATR information returns.
2. The "C" BWH program (Regulation 31.3406 (c)-1) provides notices to payees (recipient of Forms 1099 below) who have underreported their interest or dividend income or failed to file a tax return reporting such income when required. These notices inform the payee what must be done to prevent BWH. See IRM 5.19.3.4.2.2, "C" BWH *Supplemental Notices*, for an explanation of notices sent to payees and payers for the BWH "C" program. The "C" program includes Forms 1099-DIV, INT, OID, and PATR information returns.
3. Underreporter-related BWH "C" requires payers to withhold at the backup withholding rate on interest and dividends to payees if the payee has failed to correctly report these payments on an income tax return. If a payee fails to file a return (nonfiler) it is considered unreported income and may also be subject to the underreporter related BWH "C".

5.19.3.3 (11-05-2015)

"B" and "C" BWH Programs Research

1. You will be responsible for providing the payee/payer with an explanation of BWH, the reason for the notice, and advising the payee/payer how to resolve the problem. When you receive a payee/payer contact (phone, walk-in, correspondence) you must first determine what BWH program the taxpayer is contacting you about. See IRM 5.19.3-1, *Taxpayer Inquiries for BWH "B"*, and IRM 5.19.3-2, *Taxpayer Inquiries for BWH "C"*, for reference charts of notice actions.
2. Research using IDRS command code TXMOD or CFOL command code IMFOL to determine what type of notice was received by the taxpayer. See IRM 5.19.3-3, IMF Balance Due (BD) Accounts, and IRM 5.19.3-4, *IMF Return Delinquency (RD) Accounts*, for a quick reference chart of BWH "C" Program notice actions.
 - A. The BWH notification statement appears as a "pop-up" paragraph on existing IRS notices (i.e. Balance Due, Underreporter, Return Delinquency and Exam notices) and forms if the taxpayer is potentially subject to BWH.
 - B. You can identify "C" BWH cases on IDRS when a TC 140 is present on a return delinquency case, and either a TC 922 or TC 300 appears on balance due cases. A TC 924 with the amount of IRP income, the cycles of all BWH-related (AUR, Return delinquency, Exam, Balance Due or Unique BWH) notices, and a three-digit reference number will appear on both types of cases. See IRM 5.19.3-5, *TC 924 Reference Number Break Down*, for the meaning of each of the three position reference numbers for TC 924.
 - C. A literal BWH indicator shows on CFOL CC IMFOL which reads the current Individual Master File (IMF) or IDRS CC screens. The literal shows the current IDRS BWH status and is updated periodically.

Note:

IDRS status is not always current with the MF because of systemic delays. Check IMFOL for actual status. The literal displays the letters "BWI" followed by the number 0, 1, 2, 4 or 8 (see IRM 2.3.11, *Command Codes TXMOD and SUMRY*, for TXMOD format).

3. The BWH status codes and definitions are:
 - 0 — No BWH consideration.
 - 1 — Potentially liable (BWH notices will be issued).
 - 2 — Subject to BWH (payer is withholding on reportable payments).
 - 4 — Account satisfied (BWH condition satisfied when the account module becomes compliant when in potential status, or in any status when a manual stop is input).
 - 8 — BWH suspended (BWH actions suspended for a period of time).
4. The following indicates the "B" Program (see Section 3.4):
 - First or second CP 2100 or CP 2100A and listing received by a payer.

Note:

There is no indication on IDRS of BWH on the "B" program missing or incorrect TINs.

5. The following indicates the "C" program (see Section 3.4.2):

- CP 531, CP 538, CP 539, CP 540, CP 541 received by a payee.
 - CP 543, CP 544 and CP 545 received by a payer.
6. Once you have determined which program is involved, refer to the appropriate sections of this IRM for additional information.
 7. Taxpayers with balances due or delinquent returns that are potentially subject to BWH under the "C" program must satisfy all outstanding BWH-related accounts to avoid imposition of BWH. Only account modules either in potential or subject BWH status must be compliant. Any other tax year modules that did not have underreporting of interest or dividend income do not have to be compliant.
 8. An extension of time to pay or an installment agreement does not stop BWH.

A. If an installment agreement (IA) is granted, the taxpayer should be advised that BWH will continue until the account is paid in full.

Note:

If the taxpayer has an IA in good standing, and is experiencing a specific/imminent hardship, advise the taxpayer he/she may receive relief by having the case accepted into the Taxpayer Advocate program. Refer to IRM 5.19.3.3.2, *Taxpayer Advocate Program Criteria*; and IRM 13.1.7, *Taxpayer Advocate Service (TAS) Case Criteria*, for criteria qualifying for Taxpayer Advocate Handling.

B. BWH may be imposed on the taxpayer prior to expiration of the agreement when the agreement period will exceed the time remaining in the BWH notice routine.

Note:

See IRM 5.19.3.4.2.2 for notice routine.

C. An account reported as Currently Not Collectible (CNC) will not prevent BWH.

**5.19.3.3.1 (05-31-2006)
BWH Technical Inquiries**

1. See IRS Pub 1281, *Backup Withholding for Missing and Incorrect TINs - Including Instructions for Magnetic Tape*, for common questions/answers on the "B" notice program. If you cannot answer questions from payers about the "B" BWH notice incorrect/missing TIN program, refer callers to the IRP Centralized Call Site in Martinsburg, WV, TOLL FREE (866) 455-7438 or (304) 263-8700 (Not TOLL FREE).
2. Campus employees may receive copies of taxpayer CP 2100 or CP 2100 A Notices attached to written correspondence. Provide an explanation to the taxpayer via IDRS Letter 3667C, "Respond To CP2100/2100A Notice" .
3. See IRM 5.19.3-2, *Taxpayer Inquiries for BWH C*, for common questions/answers on the "C" BWH notice program. The following questions from taxpayers/payees about the "C" underreporter/nonfiler program should be referred to the Examination function according to local procedures:
 - A. Determinations of whether transactions meet the requirements under specific IR code sections.
 - B. Issues relating to "forward contracts" or "regulated futures contracts"
 - C. Issues involving foreign currency transactions
 - D. Questions involving the determination of whether an alien is an "exempt foreign person"
 - E. Determinations of whether income is considered foreign or U.S. source income.

**5.19.3.3.1.1 (11-05-2015)
BWH Missing TINs**

1. A TIN may be a:
 - Social Security Number (SSN)
 - Employer Identification Number (EIN)
 - Adoption Taxpayer Identification Number (ATIN)
 - Individual Taxpayer Identification Number (ITIN)
2. The IRS considers a TIN missing if it was not provided. Also, a missing TIN is one that was provided BUT is obviously incorrect. Backup withholding should already be imposed on missing TIN's.
3. A TIN can ONLY have nine (9) numbers. If it has more or less than nine numbers or contains an alpha character, it is obviously incorrect and is a missing TIN.

Example:

Correct TIN: 801-45-6789

Example:

Missing TIN: 901-45-678

Example:

Missing TIN: 810-45-678Q

**5.19.3.3.2 (04-23-2014)
Taxpayer Advocate Program Criteria**

1. Taxpayers meeting Taxpayer Advocate Service (TAS) criteria will get priority handling.
2. Refer to IRM 13.1.7, *Taxpayer Advocate Service (TAS) Case Criteria*, for criteria qualifying for Taxpayer Advocate handling.
3. Refer taxpayers to TAS when the contact meets TAS criteria and you can't resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to *begin* resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS *and* the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same-Day Resolution by Operations*. When you refer cases to TAS, use Form 911, *Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order)*, and forward to TAS.

5.19.3.4 (05-08-2000)

"B" and "C" BWH Program Procedures

1. The following subsections explain the "B" and "C" BWH program procedures.

5.19.3.4.1 (11-05-2015)

TIN-Related "B" BWH Notices (CP2100 and CP 2100A)

1. The purpose of the CP 2100 and CP 2100A Notices is to tell payers they may be responsible for BWH. The CP 2100 is issued as a paper notice, CD or DVD file. . The CP 2100A Notice is only issued in a paper format. The notices are accompanied by a list(s) of missing and/or incorrect payee name/TIN combinations. Missing TIN's identified on notice/listing must have already imposed backup withholding status. The payer must not wait until a notice is received to impose backup withholding.
2. The CP 2100 Notice is sent to **large** payers (those that have 250 or more missing and/or incorrect payee name/TIN combinations on the lists) on a CD or DVD file. A paper CP 2100 Notice is sent to **Mid-size** payers (those that have less than 250, but more than 50 missing and/or incorrect payee name/TIN combinations). A paper CP 2100A Notice is sent to **small** payers (those that have less than 50 missing and/or incorrect payee name/TIN combinations, and at least one Form 1099-MISC with a dollar tolerance of $\equiv \equiv \equiv \equiv \equiv$ or with attorney fees present)..
3. A payer who receives a CP 2100 or CP 2100A Notice should compare the list(s) to his or her business records.
 - A. If a payee name/TIN combination on the list(s) DOES NOT AGREE with what is on the payer's records, this could be the result of a recent update, a payer error in submission, or an IRS processing error.
 - B. A payer should correct/update his or her records. THE PAYER DOES NOT HAVE TO DO ANYTHING ELSE. He or she is not required to write or call the campus (or the Information Reporting Program Call Site in Martinsburg, WV) to say that he or she made the correction/update.
 - C. If a payee name/TIN combination on the list(s) AGREES with the payer's records, he or she must determine whether this is the "first" or "second" time within three calendar years that he or she was notified by IRS that the name/TIN combination was incorrect (two notices received during the same year count as one notice). The actions a payer must take are different for the first and second notification.

Note:

There is no indicator on IDRS when the payer is subject to BWH for TIN-related problems.

5.19.3.4.1.1 (05-08-2000)

"B" BWH First Notification

1. A payer should send a First "B" Notice, a copy of Form W-9, *Request for Taxpayer Identification Number and Certification* (or an acceptable substitute), and an optional reply envelope to the payee within 15 business days from the date of the CP 2100 or CP 2100A Notice or the date they received it (whichever is later).

Note:

An awaiting-TIN certification WILL NOT prevent or stop BWH when a payee gives a payer an incorrect name/TIN combination.

2. A payer should include the return date on the First "B" Notice which is no later than 30 business days after the date of the CP 2100 or CP 2100A notice or the date they received it (whichever is later).
3. A payer must clearly mark the outer envelope with "IMPORTANT TAX INFORMATION ENCLOSED" or "IMPORTANT TAX RETURN DOCUMENT ENCLOSED."
4. A payer must begin BWH on payments made to payees who do not respond to the First "B" Notice by returning a signed W-9 by the return date specified on the "B" notice, which must provide a 30 business day time frame. The payer may begin BWH on payments to payees listed on the CP 2100/CP 2100A after notices are sent.
5. A payer must stop BWH within 30 calendar days after receiving the Form W-9 from the payee.
6. A payer should update his or her records with the corrected information received from the payee and include it on any future information returns (Forms 1099) he or she may file.

Reminder:

A payer SHOULD NOT send the signed Form W-9 to the IRS.

Reminder:

A payer SHOULD NOT file a correction (on Form 1099) unless he or she is making a change to the dollar amount reported.

5.19.3.4.1.2 (11-05-2015)

"B" BWH Second Notification

1. A payer should send the Second "B" Notice and an optional reply envelope to the payee within 15 business days from the date of the CP 2100 or CP 2100A Notice or the date they received it (whichever is later).

Note:

A payer SHOULD NOT send a Form W-9 with the Second "B" Notice.

2. A payer must include the return date on the Second "B" Notice which is no later than 30 business days from the date of the CP 2100 or CP 2100A Notice or the date they received it (whichever is later).
3. A payer must clearly mark the outer envelope with "IMPORTANT TAX INFORMATION ENCLOSED" or "IMPORTANT TAX RETURN DOCUMENT ENCLOSED"
4. The payee may need to contact the Social Security Administration (SSA) to validate an SSN or the IRS to validate an EIN. This validation must be provided to the payer within 30 business days from the date of the Second "B" Notice to avoid BWH.
5. If TIN is an SSN:
 - A. The payee must provide the payor with a copy of their Social Security card. The Social Security card must show their correct name/SSN combination that differs from the name and SSN combination appearing on the Second "B" notice or it must show a date of issuance that is no earlier than six months prior to the date on the notice.
 - B. If the payee does not have a card meeting the requirement in item a, above, they must obtain a new or replacement Social Security card by submitting SSA Form SS-5 to the SSA in person or by mail. That form and further information regarding application for a Social Security card is available at ssa.gov.
 - C. Once the payee receives their Social Security card, they must make a copy of the card and send the copy directly to the payor with a copy of the Second "B" notice attached.

6. If the TIN is an EIN:

A. The payee must write to the service center where he or she files his or her tax return, Attn: Entity Section, and ask for IRS Letter 147C, *EIN Previously Assigned*. He or she must enclose a copy of the Second "B" Notice with the request.

Note:

BWH regulations require that a payee request Letter 147C in writing. Acceptable written requests may be received by IRS personnel via United States Postal Service or by fax. The payee must provide the Letter 147C to the payer.

B. When the payer receives a copy of the Letter 147C, he or she should update his or her business records and use the corrected information on any future information returns (Forms 1099) he or she may file.

7. If a payer does not receive the required validation (social security card meeting the requirements above) within 30 business days, he or she must begin BWH on payments made to the payee if he is not already withholding. The payer may begin BWH on payments to the payee during the 30 business day period.

8. When the payer receives the required validation, he or she must stop BWH within 30 calendar days.

5.19.3.4.1.3 (05-31-2006)

Taxpayer Replies to CP 2100 or CP 2100A Notice

1. Campus employees may receive correspondence from taxpayers who receive a CP 2100 or CP 2100A Notice and listing.
2. Refer taxpayers to Pub 1281, *Backup Withholding for Missing and Incorrect TIN(s) (Including Instructions for reading tape cartridges)*, if necessary.
3. For replies received without original documents, i.e., copy of payee Form W-9, classify waste the reply and send the taxpayer IDRS Letter 3667C, *Respond to CP2100/2100A Notice*. This letter advises the payer that they are not required to send the information to the campus.
4. For replies received with original documents, i.e., original CP 2100 or CP 2100A Notice, listing or original payee Form W-9, return the original documents to the taxpayer using IDRS Letter 2766C, *Notice CP2100/2100A Backup Withholding Explained*.

5.19.3.4.1.4 (05-31-2006)

"B" BWH Undeliverable Notification

1. Research for a different address using IDRS. If a new address is found, mail the CP 2100 or CP 2100A Notice and listing to the new address of record.
2. **Do not change the original date on the undeliverable notice.** Filers will have 15 business days from the date of receipt to complete all "B" notice mailings.
3. If no other address is found, DO NOT file the undeliverable notice, listing, and original envelope. Classify Waste the undelivered notice, listing and original envelope.
4. Annotate the IDRS ENMOD history with the action taken as follows:
 - CP 2100 (or CP 2100A) UDnewadd mm/dd/year or,
 - CP 2100 (or CP 2100A) UDnonewadd mm/dd/year.

5.19.3.4.1.5 (11-05-2015)

"B" BWH Recreated Notification Request

1. Filers may contact the IRP Centralized Call Site to request recreated copies of CP 2100 or CP 2100A Notices. These requests may be received at any time after the initial mailing of each notice. If a call/request comes into the campus requesting a recreated notice, please refer that contact to the IRP Centralized Call Site in Martinsburg, WV, TOLL FREE, (866) 455-7438 or (304) 263-8700 (NOT TOLL FREE). The request will be entered into the Notice Recreate System (NRS) at the IRP Centralized Call Site. The individual campuses will be responsible for all paper recreated notices and mailing out of notices processed by the NRS. Each campus having recreated notices will receive a bi-weekly print tape. National Office will be responsible for older (TY-3 and TY-4) paper recreates not processed within the NRS System until such time as the NRS System inventory data is loaded inclusive thru TY-4. The IRP Centralized Call Site is responsible for all tape recreated notices.
2. For campus paper notices: Bi-weekly
 - A. When an individual campus has at least one recreated notice, an E-mail will be automatically generated by the system to the Management Support Branch Analyst responsible for BWH Program. The IRP Centralized Call Site analyst will be the sender of the E-mail message to the respective campus location.
 - B. Campus locations are required to print, manually stuff, and mail all recreated notice requests received for paper listings of missing and/or incorrect TINs throughout the calendar year as they are received. Each Management Support Branch analyst must respond to the automatic E-mail confirming the mail out of the recreated notices. The recreated notice must be sent to the customer within 7-10 business days of the automated E-mail date.
3. For tape notices: Bi-weekly
 - A. The IRP Centralized Call Site will fill all requests received for tape listings of missing and/or incorrect TINs within the four year retention period (i.e., 4 years from original CP 2100/CP 2100A Notice Date).
 - B. Request for tape recreates received by individual campuses must be routed through the Management Support Branch Analyst to the IRP Centralized Call Site.

5.19.3.4.1.6 (11-05-2015)

e-Services Taxpayer Identification Number (TIN) Matching Program

1. Payers who receive a CP 2100 or CP 2100A Notice may be assessed penalties for filing Forms 1099 with incorrect or missing TINs when filing their annual Information Returns.
2. Prior to filing annual Information Returns with the IRS, payers of reportable payments subject to backup withholding under IRC 3406 (b) may be eligible to match payee name/TIN combinations against IRS records through the TIN Matching program.
3. Payers of reportable payments reported on Forms 1099 B, DIV, INT, K, MISC, OID and PATR, are eligible if they have filed these Information Returns with the IRS in one of the two past tax years and, are listed in the Payer Authorization File (PAF).
4. The Payer Authorization File contains tax filing records on all payers filing Information Returns.

5.19.3.4.2 (11-03-2009)

Underreporter/Nonfiler "C" BWH Notices

1. Taxpayers who have under reported their interest or dividend income or failed to file a tax return reporting such income when required, are identified for BWH by:
 - Examination during routine audit processing
 - Return delinquency checks which identify taxpayers who receive interest or dividend income, but fail to file a return

- CP 2000 Underreporter Program (URP)

5.19.3.4.2.1 (04-23-2014)

Reportable Payments Subject to "C" BWH

1. Payments are generally considered made when they are credited to the taxpayer's account.
2. Reportable payments subject to the "C" program are:
 - Interest Income — reported on Form 1099–INT, *Statement for Recipients of Interest Income*
 - Dividend Income — reported on Form 1099–DIV, *Statement for Recipients of Dividend Distributions*
 - Patronage Dividends — reported on Form 1099–PATR, *Statement for Recipients of Taxable Distributions Received from Cooperatives*
 - Original Issue Discount — reported on Form 1099–OID, *Statement for Recipients of Original Issue Discount*

5.19.3.4.2.2 (04-23-2014)

"C" BWH Supplemental Notices

1. The (CP 531) "C" BWH notice and other separate (CP 538/CP 539/CP 540/CP 541/CP 542/CP 543/CP 544/CP 545) "C" BWH notices include a notification statement, but do not include account or balance due information. Only Balance Due, AUR, and Exam notices with a BWH paragraph explaining the underreported or missing interest/dividend income, will show the balance due information if previously assessed. The Return Delinquency notices (CP 516 and CP 518) will only contain a "pop-up" BWH paragraph explaining the need to file the tax return(s) to report interest/dividend income.
2. The taxpayer will receive at least two notices from either Return Delinquency, Balance Due, AUR or Exam and two additional BWH notices within a period of at least 120 days to attempt to resolve the underreporter or non-filer issue. A taxpayer who does not resolve the problem is issued a final "C" BWH Notice (CP 539 or CP 541) with notification that BWH is now in effect. This final (fifth) notice is generated by the "C" BWH system. It does not contain balance due information, nor does it affect the regular IDRS notice routine.
3. Simultaneously with the final notification to the taxpayer, the payers are sent a "C" BWH Notice (CP 543) advising them to begin backup withholding within 30 business days on all reportable payments made to the taxpayer. No further action needs to be taken on taxpayers that are no longer on the payer's files. See Pub 1335, *Underreporter Backup Withholding Questions and Answers*, for this information.
4. A listing of the supplemental "C" BWH notices can be found in Document 6209, Section 9, *IDRS Notices and Notice Codes*. Also listed in Document 6209 is CP 546, Special Backup Withholding Listing. CP 546 is generated when a payer requests a listing of all payees under their TIN that should be on BWH. This generally happens when one payer takes over another.

5.19.3.4.2.3 (04-23-2014)

"C" BWH Status Indicators and Module Conditions

1. The list below provides the module conditions that cause a taxpayer to become potentially liable for "C" BWH or "subject" to BWH. This list also provides the literal BWH status indicators that will appear on IDRS.
 - A. The literal indicator BWI–1 will be displayed when either a TC 300 with a Reference Number 890 exists in the module or a TC 140 or a TC 922 with an income field meeting the criteria, *IRM 5.19.3.4.2.1, Reportable Payment Subject to "C" BWH*.
 - B. The literal BWI–2 will be displayed after a minimum of four notices have been issued to the taxpayer over a period of at least 120 days that indicate the underreporting condition has not been satisfied or suspended. A final BWH "Start" notice will be issued to the payer to begin BWH.
 - C. The literal BWI–4 will be displayed when the taxpayer resolves the BWH condition prior to receipt of a final notice (in potential status) or when the BWH is previously imposed and a manual stop is input.
2. If the BWH indicator is in subject status (BWI-2), the BWH status indicator will change to "blank" when the conditions below indicate that BWH has been satisfied and is removed from BWH during the annual MCC cleanup analysis after October 15th. If the module was in potential status, (BWI-1), the BWH indicator will change to satisfied (BWI-4).
 - A. The collection statute for the balance due module has expired per IRC 6502, See *IRM 25.6.1.12, Collection Statue Expiration Date (CSED)*.
 - B. Module goes into Status 12 for a reason other than the posting of a tax return (e.g., full payment, abatement, etc.).
 - C. Full paid return posts causing the module to go into Status 12 and the interest/dividend income is equal to or greater than the IRP data.
 - D. TC 590, TC 591, or TC 596 posts.
 - E. Unreversed TC 540 for a deceased taxpayer posts.
 - F. TC 922 with process codes for TY 198812 and subsequent periods are 69, 70, 71, 73, 74, 89, 91, and 93, posts.
 - G. Manual stop (Action Codes 1, 2, 3, or 7) posts from the input of a TC 971 AC 190, refer to *IRM 5.19.3.4.2.12, TC 971 AC 190 Input Action for Entry on the "C" BWH File - CSCO KCSC and PSC only*.
 - H. TC 290 or TC 300 for zero posts to a module containing a dummy TC 150.
3. The literal BWI–8 suspends BWH until further action is taken. These transactions below will suspend the module until the account is resolved. The BWI-8 will only occur if the taxpayer was previously in a potential "C" BWH status (BWI = 1). These transactions will have no effect on the case where the taxpayer has already been subject to "C" BWH (BWI = 2).
 - A. Unreversed or unexpired TC 460 posts.
 - B. TC 520 (cc 81 or 85–89) is present in any module.
 - C. TC 610, TC 594, or TC 599 (exception closing code 88 or 89 for Automated Substitute for Return).
 - D. Unreversed TC 910, TC 914, TC 916, or TC 918 posts.
 - E. Unreversed TC 470 posts.
 - F. Return posts, the module goes into Status 12, and the interest/dividend income is less than the IRP data.
 - G. Return posts (other than a substitute for return), causing the module to go into a Status 21 and the interest/dividend income is zero.
 - H. Dummy TC 150 posts.
 - I. Unreversed TC 494 posts.

5.19.3.4.2.4 (04-23-2014)

Processing "C" BWH Notices Responses

1. Once BWH-C process is imposed, it will remain in effect until the end of the following year if the condition causing the BWH is not resolved by October 15th from the annual MCC cleanup analysis or resolved by a "manual stop" prior to October 15th. A manual stop "generally" can be done on one of the following conditions:
 - Module is in Potential BWI-1 and the taxpayer satisfied the underreporter or unfiled return condition
 - A hardship request
 - Due to IRS error
 - Expired CSEDs,
 - The tax year is over 6 years old (Non-filers only)
2. If there is more than one module in subject status (BWI-2) and only one module is resolved during response processing, the BWI indicator **will not update** from current subject status. You need to contact the taxpayer to advise that all BWI-2 modules must be satisfied before the BWH can be stopped.

Note:

Modules in BWH subject status may drop off IDRS. This means you must use CC IMFOL to check each tax year beginning with the current tax year (TY) through the past six years for non-filers or ten years for unexpired CSEDs on balance due accounts. Check those modules for BWH subject status before requesting a manual stop. Once the CSED expires on a module, Master File will update BWH as satisfied.

3. An Installment Agreement (IA) or Currently Not Collectible (CNC) does not affect BWH. Also,
 - A. The tax, penalty, and interest must be full paid for all subject status tax modules before the taxpayer can be released from BWH.
 - B. When granting an IA or CNC, advise the taxpayer that BWH will continue, using Letter 681C, Letter 1962C, or Letter 2273C, with the appropriate selective paragraphs.
4. No action is required when the payer states this is not their payee on Notice 543, Notice 544 or Notice 545. See Pub 1335, *Underreporter Backup Withholding Questions and Answers*, for additional information. If the payer requests to be contacted, inform them that no further action is required.
5. Disaster - O freeze modules will be systemically suspended from BWH and will re-start BWH that is unsatisfied after the -O freeze is no longer on the module. Disaster -S freeze modules will continue with BWH, however, it allows IRS flexibility to grant filing and payment relief without suppressing Compliance activities. Affected taxpayers located outside the covered disaster areas should be advised to call the toll free number, 866-562-5227, to self identify for disaster relief. See IRM 25.16.1.6.2, *-O Freeze*, and IRM 25.16.1.6.1, *-S Freeze*, for additional information.
6. BWH is suspended on Combat Zone (-C freeze), until six months after the payee leaves the designated combat zone. Payers will be notified to stop BWH. BWH resumes after the six month period See IRM 5.19.3.4.2.12, *TC 971 AC 190 Action on the C BWH File - CSCO KCSC and PSC use only*, if module is not in suspense status.

5.19.3.4.2.5 (04-23-2014)

"C" BWH Undeliverable Processing

1. If any "C" BWH Notice is returned as undeliverable and there is a yellow label which shows a forwarding address from the U.S. Postal Service (USPS), then compare the yellow label entity to the name on the Undelivered Mail and CC ENMOD or IMFOL with an "E" definer (IMFOLE) to verify that it is the same taxpayer. For example, if the yellow label shows John S. Smith, and ENMOD/IMFOLE shows John Smith, then conclude that it is the same taxpayer. Update the forwarding address from the yellow label using CC ENREQ with the appropriate location code. Rev. Proc. 2010-16 Sections 4.05 and 4.06 allows the Service to change the address when the taxpayer notifies the USPS facility. After updating the new address on ENREQ, destroy the notice. If you determine the information on the yellow label shows a name change or you are not sure it is the same taxpayer, or does not contain a better address, then follow the procedures below:
 - A. CP 539 and CP 541 - See IRM 5.19.3.4.2.12, *TC 971 AC 190 Input Action for Entry on the "C" BWH File - CSCO KCSC and PSC use only*. If the subject status has changed or a stop was requested, no TC 971 is required, destroy the notice.
- Note:**
- Research using INOLE on "single" entities will often show joint filing.** For example, if the CP 539 or CP 541 is for the spouse on a jointly filed account, the TC 971 will be input on the joint module.
- B. CP 543 - See IRM 5.19.3.4.2.12, *TC 190 Input Action for Entry on the "C" BWH File - CSCO KCSC and PSC use only*.
 - C. CP 531, CP 538, CP 540, CP 542, CP 543, CP 544, or CP 545 - Destroy UD mail after extracting any useful information (i.e., taxpayer does not live here, incarcerated, deceased, (see paragraph 2 below), etc...) and input AMS Comments.
2. If the UD mail indicates that the taxpayer is deceased, input TC 540 for the year the taxpayer died, if known, otherwise, use the current year. This will stop "C" BWH systemically if the taxpayer is in potential status. If the taxpayer is in subject status, input a TC 971 AC 190 with the appropriate secondary action code for the manual stop, see IRM 5.19.3.4.2.12, *TC 190 Input Action for Entry on the "C" BWH File - CSCO KCSC and PSC use only*.

5.19.3.4.2.6 (11-05-2015)

IDRS Actions for "C" BWH Notices

1. When the taxpayer responds to a notice status account and indicates BWH will be resolved, initiate action to prevent the issuance of subsequent IDRS notices.
 - A. Input CC STAUP for balance due accounts where you determine the next notice will be issued prior to completion of the action. Allow sufficient time (six – eight weeks) for the action to process. The next notice should be specified as the subsequent IDRS status. The input of a STAUP will not stop unique BWH notices, only Balance Due notices.
 - B. Input a "Delay" for return delinquency (RD) modules that are in SC-02 status to prevent it going into TDI SC-03, see IRM 5.19.2.5.1.1, *Accelerate and/or Delay To TDI Status 03*, for further information on how to delay the RD module.

Note:

Whenever taxpayers contact by phone, or are contacted by phone, IRS employees must follow IRM 21.1.3.2.3, *Required Taxpayer Authentication* procedures, to ensure they are speaking to the appropriate taxpayer and to prevent unauthorized disclosure of tax information.

2. Input transaction codes that will satisfy the "C" BWH condition.
 - A. Input a TC 590 with appropriate closing code (cc) if the taxpayer verifies he or she is not required to file a return, see IRM 5.19.2.6.4.5, *IMF - Determining Liability*.
 - B. Input a TC 540 and 591 if the taxpayer with the income was deceased in the year in question, and the surviving spouse filed a joint return, reporting all income.

C. Input a TC 291 if the taxpayer can provide sufficient information for an adjustment within tolerance amounts. See IRM 21.5.1.4.12, *Tolerances*. For example: A taxpayer is assessed additional tax because of no response to a CP 2000 for underreporting interest/dividends.

D. Other examples are:

IDRS Actions for C BWH Notices		
If	You should	Then
The taxpayer responds providing information on how the income was reported	Review and verify (use CC RTVUE) that the amount was reported	Use REQ54/ADJ54 to input the TC 291 to correct the amount of additional assessed tax.
The taxpayer states the unreported amounts were actually reported under another TIN, such as a spouse, child or parent	Review the other account using CC RTVUE to verify the amounts were reported	Input TC 291 using CC REQ54/ADJ54 if the taxpayer provides sufficient information. Note: For most telephone responses, underreporter issues require written documentation if unable to determine the oral statements are valid, See IRM 4.19.3.20.2, <i>IMF Automated Underreporter Telephone Responses</i> .
The taxpayer questions income listed on IRS records	Research IRP data via CC SUPOL or IRPTR, which provides names of payers of wages, interest, dividends, and other income	Depending on research results, take the appropriate action. Refer to CSCO, Examination or AUR for re-work or take action to reverse assessments.

**5.19.3.4.2.7 (04-23-2014)
BWH "C" Program Annual Analysis**

- Once "C" BWH is imposed, it normally will remain in effect until January 1st of the following year if the condition causing "C" BWH is resolved on or before October 15th. Martinsburg Computing Center (MCC) will analyze for satisfied modules after October 15th of each year. Any taxpayer subject to "C" BWH who has not resolved the condition on or before October 15th will continue under "C" BWH the following year.
- If all BWH modules are satisfied on or before October 15th, BWH will systemically stop on January 1st.
- If the taxpayer is in BWH subject status (BWI-2) and the account is resolved during October 16th to January 1st, their module will remain in subject status for at least an additional 12 months, until the second January 1st. For example, if BWH issue is resolved on November, 1, 2010, the BWH will be not be released until January 1, 2012.

**5.19.3.4.2.8 (11-05-2015)
Requests to Stop Underreporter "C" BWH**

- If the taxpayer is in potential status and meets one of the two conditions below, BWH analysis will suspend or satisfy the current status automatically during MCC analysis based upon normal processing.
 - No underreporting existed (e.g., abatement of the CP 2000 assessment or taxpayer is not liable (TC 590/591).
 - The underreporting condition has been corrected, including full payment of all tax, penalty and interest due.
- If the taxpayer is in potential status or subject status and requests BWH not be started or be discontinued based on one or more conditions listed below, refer the case to the BWH tax examiners in KCSC or PSC, See in IRM 5.19.3.4.2.11, *"C" BWH Procedures*.
 - No underreporting existed (e.g., abatement of the CP 2000 assessment or taxpayer is not liable (TC 590/591).
 - The underreporting condition has been corrected, including full payment of all tax, penalty, and interest due.
 - The taxpayer disputes that any underreporting has occurred (Examination Referral Criteria).
 - BWH will, or is, causing a hardship (as defined in IRM 13.1.7, *Taxpayer Advocate Service (TAS) Case Criteria*) and it appears unlikely that the taxpayer will underreport again. If appropriate, prepare Form 911 and refer to the Taxpayer Advocate, not to the BWH tax examiners. See IRM 5.19.3.3.2, *Taxpayer Advocate Program Criteria* for referral criteria.

Note:

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**5.19.3.4.2.9 (04-23-2014)
"C" BWH Satisfying Transactions**

- When a taxpayer is in potential "C" BWH status (BWH-1) and you have determined one of the following **satisfying** transactions has posted, do not input a TC 971 AC 190 (unless 4 notices have already been issued. Then you **must input** a TC 971 AC 190 with the appropriate secondary action code for the manual stop, see IRM 5.19.3.4.2.12, *TC 971 AC 190 Input Action for Entry on the "C" BWH File - CSCO KCSC and PSC use only*.
 - A full paid tax return, TC 150, posted to a return delinquency module (except a dummy TC 150) and the interest and dividend income reported on the return is equal to, or greater than, the Information Return Program (IRP) data (the module status will be 12).
 - A balance due module satisfied by full payment, abatement, or credit transfer (Status 12).
 - An unreversed TC 590, 591, 596 (unless input closing is a Substitute for Return (SFR) case), See Document 6209, Chapter 11, *TDI Closing Codes*.
 - An indication that the taxpayer is deceased (TC 540).
 - Expiration of Collection Statute Expiration date (CSED).
 - TC 922 with process codes for TY 198812 and subsequent periods are 69, 70, 71, 73, 74, 89, 91, and 93.
 - A dummy TC 150 and a posted TC 290 or TC 300 for zero in the same module.
- The following are satisfying transactions for taxpayers in potential or subject status (BWI-1/BWI-2):
 - A manual stop has posted.
 - A TC 590 or 591 posts and updates the status to 06.
 - A TC 291 or 301 posts and updates to Status 12.
 - A TC 594 cc 84 posts which indicates that the taxpayer filed jointly with the spouse under the spouse's SSN

E. A TC 540 posts to the year of death. This will satisfy BWH for all modules for the deceased taxpayer (not just the module for the year of death).

5.19.3.4.2.10 (01-01-2000)

"C" BWH Suspending Transactions

1. The following are suspending transactions for taxpayers in potential "C" BWH status (BWI-1):
 - A. TC 594, 599 (unless input on a SFR case), a TC 610, or an unreversed/unexpired TC 460 (Status 04) posts to a return delinquency module.
 - B. An unreversed TC 910 or 918 posts to the entity.
 - C. An unreversed TC 914 or 916 posts to the module.
 - D. A 47 Status hold (unreversed TC 470) on a balance due module.
 - E. An unreversed TC 520 with a Closing Code 81, 85, 86, 87, 88, or 94 in any module.
 - F. An Other Than Full Paid (OTFP) tax return (TC 150) and the return reflects no interest or dividend income.
 - G. An unreversed TC 494 posted indicating a statutory notice is in process which suspends BWH.

5.19.3.4.2.11 (11-05-2015)

"C" BWH Procedures

1. When a taxpayer is in a **potential "C" BWH status (BWI-1)** and you have determined no underreporting exists or has been corrected (e.g., abatement or TC 59X), check for CC TXMOD/IMFOL to verify the program has updated during monthly analysis from January 1st to December 31st. If not, take the following actions:

Note:

The following procedures are only for inputting manual stops on **potential**"C" BWH status (BWI-1).

- A. Verify the input of a manual stop. The "C" BWH indicator will show a satisfied status (BWI-4) and freeze the notice counter at the last notice issued (BWNC 1, 2, 3, 4). You can further verify the stop by referring to the TC 924 in the IDRS TXMOD display. If you verify that a manual stop was input, no further action is required.
- B. If a manual stop has not been input, see *IRM 5.19.3.4.2.12, TC 971 AC 190 Input Action for Entry on the "C" BWH File - CSCO KCSC and PSC use only*, and request the manual stop to suspend further "C" BWH actions and notices. You can request a manual stop if a satisfactory response is received from the taxpayer within six weeks after the issuance date of the CP 538 and/or CP 540.

Note:

Critical notice responses will require input action before the weekend update to prevent issuance of subsequent notices.

2. Master File analysis pre-BWH processing begins during the following cycles (YYYY52, 04, 08, 13, 17, 21, 26, 30, 34, 39, 43, 47, and 52) will be the cycle numbers generated on all unique "C" BWH notices to payees. TC 924 on CC TXMOD will show the cycles of when the BWH notices were issued
3. If the taxpayer is in "C" BWH subject status (BWI-2), he or she will normally remain subject to "C" BWH until the following (2nd) January 1 if the condition causing BWH is **not** resolved on or before October 15th.
4. Prepare Form 4442, *Inquiry Referral*, and list the detailed information provided by the taxpayer to indicate no underreporting exists or has been corrected. Forward the Form 4442 to Collection Branch at Kansas City - KCSC or Philadelphia PSC campuses, refer to IIRM 5.19.2.5.4.5, *Backup Withholding*, for the KSCS or PSC addresses. Include research prints, as appropriate. Advise the taxpayer the response will be reviewed and will be advised of the decision. **KCSC and PSC (BWH employees) are the only functions authorized to make changes or updates to the BWI.** The TC 971 AC 190 with appropriate secondary action code may or may not be input depending upon the results of the Inquiry Referral Form 4442, *Inquiry Referral*.

5.19.3.4.2.12 (04-23-2014)

TC 971 AC 190 Action on the "C" BWH File - CSCO KCSC and PSC use only

1. The Command Code REQ/FRM77 with Transaction Code (TC) 971/972 AC 190 has replaced the manual paper process using Form 8408. The TC 971 AC 190 will cause changes to the BWH status codes (just like the paper process from Form 8408). TC 971/972 AC 190 will be used to stop BWH, restart BWH, or indicate that an undeliverable notice was returned. Document all actions on AMS.

Note:

Use a TC 972 AC 190 to reverse a previous TC 971 AC 190 only if the TC 971 AC 190 was input in error. The TC 972 AC 190 must be input within the **same week** of the incorrect TC 971 AC 190 to allow the reversal. If the TC 972 is not input within the same week, you must input a new TC 971 AC 190 to override the previous input.

2. The TC 971 AC 190 must contain a **secondary action code** (1,2,3,4,5,6 or 7) to be input in the MISC-Field of CC FRM/REQ77. The secondary action code will indicate the type of change to the BWH status code as defined by paragraph 3 below. In the MISC-FIELD, the first space will contain secondary action codes 1 - 7. **For secondary action codes 2, 3, and 6**, the XREF-TIN field will always contain the Spouse's SSN for codes 2 or 3 or the payer (TIN or SSN) for code 6. **For secondary code 6 only**, the second space in the MISC-FIELD will always contain the Payer Code either E (for BMF - EIN number) or S (for IMF - SSN) number.
3. Definitions of the **secondary** Action Codes to be used in CC REQ/FRM77 MISC-FIELD are as follows:

- 1 = Stop BWH on Primary Social Security Number (SSN).
- 2 = Stop BWH on Secondary SSN. In addition, the secondary SSN must be entered on the XREF-TIN field.
- 3 = Stop BWH on both SSNs. In addition, the secondary SSN must be entered on the XREF-TIN field.
- 4 = Restart BWH on primary SSN.
- 5 = Undeliverable taxpayer notice (only on CP 539 or CP 541).
- 6 = Undeliverable payer notice (only on CP 543). The Payer "E" code for BMF and "S" code for IMF will be entered on the MISC-FIELD next to Action Code 6. The Payer's TIN (EIN or SSN) will be entered on the XREF-TIN field.

Note:

The Payer Notice may have more than one payee (taxpayer) listed. If so, you must input a separate CC REQ/FRM77 for each payee (taxpayer) listed on the notice.

- 7 = Stop BWH on primary SSN (potential status).

Note:

If the input of the TC 971 AC 190 shows no BWH activity, an IDRS error message will display **No Backup Withholding on Module**.

4. After the TC 971 AC 190 with the appropriate secondary action code is input as stated in paragraph 3 above, a TC 924 with a 3 digit reference number (refer to TC 924 definitions in paragraph 5 below) will post indicating a BWI change. Secondary action code 4 (restart) and 7 (stop in potential status) goes through the next monthly analysis and may take up to six weeks to post a change to update the BWI indicator. All other action codes bypass the BWH monthly analysis to expedite changing/updating the BWI indicator and may post within six weeks.

Note:

If there is an unpostable condition for the TC 971 AC 190, the TC 924 will not post to IDRS. You must check the unpostable condition, and if the BWH still needs to be updated, input a new TC 971 AC 190 with the appropriate secondary action code.

5. When the TC 971 AC 190 posts on IDRS, the tax module will display a posted TC 924 with the appropriate 3 digit reference number showing the change to the BWH status. The TC 924 will post on IDRS as follows:

- TC 924 reference number 140 will post if the module contains a TC 971 AC 190 with a secondary action code of 1, 2, or 3. This will change the BWI from 2 to 4 indicating "Account Satisfied".
- TC 924 reference number 160 will post if the module contains a TC 971 AC 190 with a secondary action code of 4. This will **re-start** BWH on the primary SSN.
- TC 924 reference number 190 will post if the module contains a TC 971 AC 190 with a secondary action code of 7. This will change the BWI from 1 to "Blank" indicating No BWH Consideration.

Note:

TC 971 AC 190 with secondary action codes 5 and 6 will not have a TC 924 transaction code.

Note:

Make sure that when working with a spouse or dependent's BWH issue that the TC 971 AC 190 is input on the spouse or dependent's SSN. For example, if the spouse's (or dependent's) module shows BWI-2 and the joint (or parent's) account shows no BWH activity, then verify that the interest/dividend income was reported on the joint (or parent's) return. If reported, then input a TC 971 AC 190 with secondary Action Code of "1" on the spouse's (or dependent's) account to remove the BWH.

5.19.3.4.2.13 (04-23-2014)

BWH Error List from TC 971 AC 190 Inputs (CSCO KCSC and PSC use only)

1. Normally, an unpostable condition will be identified at the time the TC 971 AC 190 is trying to post. However, there may be other error conditions identified through BWH analysis. An Error List (Report # 406-61) will be produced monthly on Control-D and provided to KCSC or PSC for analysis. Review and complete each item on the error list monthly. If the taxpayer's account needs to be corrected, then input a corrected TC 971 AC 190 with appropriate secondary action code. The following action codes listed will assist you in resolving the errors:

- A. Code "A" reserved.
- B. Code "B" identifies multiple manual inputs being processed during the same extract period which are inconsistent for the same IMF module.
- C. Code "B" also identifies inconsistencies when multiple action codes are input the same week. The BWH system will accept the action code for the most recently requested transaction and error out the other transaction.
- D. Code "C" identifies the payee is not in subject status.
- E. Code "D" identifies manual input which failed to match the name control SSN of the IMF module.
- F. Code "E" identifies manual input which have failed to match the tax period of the IMF module or the tax module is not in subject status.
- G. Code "F" identifies manual input which have failed to match the secondary SSN in the XREF-TIN field of REQ77 of the IMF module for the required tax year.
- H. Code "G" identifies manual input for Action Codes 1, 2, 3, or 7 when the taxpayer was never considered for BWH or has satisfied BWH.
- I. Code "G" also identifies manual input for Action Code 4, when the taxpayer has never been considered for BWH or is not in satisfied status due to a prior manual stop.
- J. Code "G" also identifies manual input for Action Code 5, when the taxpayer is not in BWH subject status.
- K. Code "H" identifies Action Codes 1, 2, or 3 when all BWH modules are not addressed in subject status.
- L. Code "H" identifies a stop was issued in error because taxpayer has not resolved all tax years. Issue Letter 1978C with appropriate selective paragraphs.
- M. Code "Q" identifies a secondary Action Code that is not 1, 2, 3, 4, 5, 6, or 7.
- N. Code "R" identifies a secondary Action Code 6 and omitted the TIN-Type E or S in the MISC-FIELD or did not include the Payer's EIN/SSN in the XREF-TIN field.
- O. Code "S" identifies a secondary Action Code 1 or 4 input and a secondary SSN entered in the XREF-TIN field in error.
- P. Code "T" identifies a secondary Action Code 2 or 3 was input and omitted the secondary SSN in the XREF-TIN field.
- Q. Code "U" identifies a secondary Action Code 5 or 7 was input and contained (in error) the secondary SSN in the XREF-TIN field.
- R. Code "V" identifies a TC 972 with a secondary action code 4 or 7 with no matching secondary action code of the prior TC 971.

Note:

Some errors may be caused by BWH status on the spouse's (or dependent's) account where the spouse (or dependent) has filed with the joint (parent) account. For example, spouse's (or dependent's) module shows BWI-2 and joint account shows no BWH status, then verify that the interest/dividend income was reported on the joint (parent's) return. A TC 971 AC 190 with secondary Action Code of "1" must be used on the spouse's (or dependent's) account.

2. Count each item on the register for reporting purposes.

5.19.3.4.2.14 (04-23-2014)

Further Considerations When in "C" BWH Subject Status

1. If the taxpayer states that information we previously requested was provided to the campus but has not been acted upon, the taxpayer may qualify for Taxpayer Advocate priority handling, see IRM 13.1.7.2, *TAS Case Criteria*.
2. Certain unusual situations require special handling:

- Taxpayers may demand immediate release of "C" BWH, based on the fact it was inappropriately imposed due to IRS error;
- MFT 31 (mirrored accounts) of both spouses and the BWH programming will not allow update from BWI 2 to BWI 4.

Note:

In rare circumstances, an MFT 30 module may not update correctly to BWI 4.

- Research the account to ensure there is no other module for which the taxpayer is subject to "C" BWH (review CC IMFOL, as well as SUMRY, TXMOD, etc.).
- If the taxpayer is unwilling to wait for the normal release to take effect (six – eight weeks) and has satisfactory evidence (e.g., copy of returned/canceled check showing a payment was made to full pay the module before the BWH Start Notice was issued), or your research shows an IRS error, including failure to update to BWI 4 for satisfied modules, then issue Letter 2027C, *Payer Stop Letter*, to payer(s) currently taking BWH from dividend and interest payments. Check CC IRPTR to identify payer on the interest and dividend income. The letter authorizes the payer(s) to stop withholding within 30 days.
- Regulation 31.3406(c) -1(e)(2)(i)(A) requires a 30-day "Quick Release" under the above circumstances. Payer is authorized to stop even sooner but no later than 30 days. The same rule applies to cases of undue hardship.
- Statute requires the IRS to provide a notice to stop BWH within 45 days. See Section 3406 (c) (3) (C) (ii).

3. When disputes arise, the taxpayer must provide documentation for claims of hardship in writing as verbal telephone contact is insufficient.

4. Review and verify the request or claim for determination as stated in paragraph (2) (a) above.

- If the taxpayer/payee is not subject to "C" BWH for this or any other year, send Letter 1979C, *BWH Granting of Appeal*, to the taxpayer/payee. Follow procedures for the issuance of a manual stop refer to See *IRM 5.19.3.4.2.12, TC 971 AC 190 Action on the "C" BWH File - CSCO KCSC and PSC Use only*, and send a Letter 2027C, *Backup Withholding; Payer Stop Letter*, to the payer to stop BWH.
- If you determine the taxpayer is subject to "C" BWH, deny the request and send Letter 1978C, *BWH — Denial of Appeal*.

5. Where the taxpayer states the Service has agreed to stop "C" BWH, but indicates all or some payers did not receive the proper notification:

- Research IDRS to verify whether the taxpayer is subject to "C" BWH. If not subject to "C" BWH, advise the taxpayer to give a copy of Letter 1979C, *Backup Withholding; Granting of Appeal*, to the payer(s).
- If the taxpayer does not have a copy of the letter, secure from the taxpayer their payer(s) name, address, account number, etc., and issue Letter 2027C, *Backup Withholding; Payer Stop Letter*, to the payer(s).

Note:

If the issue involves an MFT 31 module, input AMS comments indicating Letter 1979C was sent, the account is satisfied, and the BWI = 2 cannot be updated to 4 due to programming. BWH is not recognized for MFT 31 mirrored modules.

5.19.3.4.2.15 (11-05-2015)

Request for List of Payees Subject to "C" BWH

- When a payer is taken over by another payer, the records of the predecessor are not always available. On these occasions, the current payer will request a listing of all payees subject to BWH under their Taxpayer Identification Numbers (TINs).
- Ensure the closed payer does not have open filing requirements. Use CC ENMOD, CC IMFOL, or CC BMFOL to verify filing requirements have been closed out and verify the new payer has been established.
- To request a current listing of payees subject to BWH, you must secure the following information below and forward a Form 4442, *Inquiry Referral*, to the Lead BWH Tax Examiner, PSC. See *IRM 5.19.2.5.4.5, Backup Withholding – C (BWH-C) Inquiries*, for PSC's complete address.
 - Name, address and TIN of the requesting payer or individual;
 - Telephone number and name of the person making the request;
 - Name, address and TIN of the closed payer;
 - Include your name, telephone number, and branch location with the request.
- The Lead TE at PSC will track the request and transmit via secure E-mail to MITS. The E-mail address is "&MITS ACIOAD-CP-Backup Withholding Project" .
- When requests are processed, MITS will forward a tape to the Centralized Print Sites (CPS) requesting issuance of the CP 546. The listing will be printed on CP 546. MITS will notify both the lead at PSC and the SBSE analyst that the task has been completed.
- Remind the originator of the request that the payee's identity and account listed in the notice is only for their use in complying with BWH regulations; unauthorized disclosures may subject them to civil damages under IRC (26 USC 7431).

Exhibit 5.19.3-1

Taxpayer Inquiries for BWH "B" Program

Taxpayer Inquiries for BWH B Program	
If the taxpayer asks...	Then the answer is...
1) How does the payer know whether the CP 2100 or CP 2100A notice is the first or second notification for a specific payee?	1) The CP notice does not identify whether it is the first or second notification for a particular account. Therefore, the payer is required under the backup withholding regulations to institute a system to track the status of these accounts.
2) Does the payer send a B-Notice to every account on the listing?	2) No. The payer notifies only account holders whose name/TIN combination on their records matches the combination IRS identified as incorrect.
3) When does the payer send the B-Notice to the payee?	3) The payer has 15 business days from the date shown on the CP 2100 or CP 2100A notice, or the actual date received, if later, to notify the payee.
4) Can the payer use a substitute B-Notice?	4) A substitute B-Notice may be used as long as the guidelines for the B-Notices in Rev. Proc. 93-37 as modified by Rev. 2014-43 are followed.
5) What should the payer do if the TIN was actually on file but was left off the Form 1099, or reported incorrectly?	5) The payer should note this in his records and use the correct information on future returns. DO NOT send a B-Notice in these situations.
6) What does the payer do if there is no longer a relationship with the payee or if there was only one transaction?	6) The payer should send a B-Notice to the payee and try to obtain a correct TIN. Records should be notated, so that if the relationship is renewed with the same individual it can be tracked for the two out of three year rule. The payer is only required to track these accounts for three years after the date he received the B-Notice.
7) Is it possible to have an SSN for a sole proprietor or do	7) A sole proprietor must furnish his or her individual name and may use either his/her SSN or assigned EIN. The sole proprietor may provide the business name, but the individual name must be listed before the business name. The

they need an EIN?	payer MAY NOT show only the business name for a sole proprietorship.
8) Must the payer withhold on a payee who is a non-resident alien?	8) YES, unless the payer has a Form W-8BEN, <i>Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding</i> , on file. This document is good for three years.
9) Is the payer required to report or backup withhold on exempt payees?	9) NO. Refer to the instructions on Form W-9 for a list of payees who may be exempt from BWH and for which information reporting may not be required.
10) What does the payer do if the Form W-9 is returned with the same incorrect information?	10) The payer should keep the Form W-9 on file to show the payee certified to the name/TIN combination. Do not backup withhold. Note: This applies to the first "B" notice only.
11) What does the payer do if the B-Notice is undeliverable?	11) The payer should try to obtain a good address for the payee and mail the notice again. If a new address cannot be found the payer should keep the undeliverable document with the payee's records and start BWH on any future payments.
12) How does the payer report the BWH to IRS?	12) BWH is reported on line 2 of Form 945, Annual Return of Withheld Federal Income Tax. Payments should be remitted through the normal depository procedure. Also, report the amount withheld on the appropriate Form 1099.
13) How does a payer obtain an EIN from IRS if one is needed to report BWH?	13) Apply online, fax or mail a completed Form SS-4, Application for Employer Identification Number. Note: Taxpayers outside of the United States may also apply for an EIN by calling 267-941-1099 (TOLL CALL).
14) What action does the payer take if Form W-9 is returned with the statement "Applied For" in place on the TIN?	14) If the payee returns a properly completed and signed W-9 with "Applied For" written in Part 1, the payer should allow the payee 60 calendar days to provide the TIN, to the payer. If the payer does not receive the TIN within 60 days, BWH must begin on any payments and continue until a TIN is furnished. Note: The 60 day exemption from BWH only applies to interest, dividend, and certain payments relating to readily tradeable instruments.
15) Why are accounts on which the payer has filed corrections still included on the B-Notice listing?	15) Due to the timing of the program, corrections may not be processed at the time the first run is done in preparation of the B-Notice listing. If it is determined the account has been corrected, there is no need to send the B-Notice to the payee.
16) Is the payer required to wait the 30 business days following receipt of the B-Notice to start BWH?	16) NO. The payer may elect, on a case by case basis, to start BWH at any time after receipt of the notice.
17) What does the payer do if the name/TIN of a specific payee is shown on two CP 2100 or CP 2100A Notice lists in the same calendar year?	17) Regardless of whether the listings relate to the same or different tax years, the payer may satisfy the mailing requirements by mailing only one notice to the payee.
18) Is the payer required to mail a second B Notice to a payee if a second CP 2100/2100A Notice relating to information returns filed for the same tax year is received in a subsequent year?	18) NO. A second notification may be disregarded.
19) How is Form 1099 prepared if the payee is deceased during the year?	19) If the Administrator/Executor of an Estate has not advised the payer of the assignment of a new TIN, it is advisable to use the SSN of the deceased individual as listed on the existing account.
20) Can a certification based on the information on one account be used to correct all accounts of a specific payee?	20) BWH applies to all existing accounts receiving reportable payments that can be located using reasonable care if the incorrect TIN is used on all such accounts. Therefore, a single certification may be used to correct all accounts of a payee.
21) What does a payer do if the payee refuses or neglects to provide a TIN?	21) If a TIN is not provided, a payer is required to begin BWH on any reportable payments immediately upon opening the account with the individual or business. To avoid penalties, the payer must make the required request for the payee's TIN.
22) What should a payer do if a payee is currently subject to BWH for another reason?	22) Only one 28% withholding at a time is required, but the withholding must continue until the payee is no longer liable.
23) What must the payer do if he started BWH and it is determined at a later date that the payee is an organization exempt from backup withholding and has no information reporting requirements?	23) Only those amounts that are withheld erroneously may be returned to the payee and only if it is the result of an error by the payer. All other payees must wait for an information return and claim the BWH on a tax return, Form 1040, Form 1120, Form 1041, Form 1065, or Form 990-T. See the back of Form W-9 for a list of some of the exempt payees. The following actions may be taken: <ul style="list-style-type: none"> • If the payer discovers the error prior to the end of the calendar year and prior to the time of furnishing Form 1099, the erroneous amount may be refunded to the payee at the payer's discretion. Only the amount of BWH not refunded should be reported on Form 945. • If the refund is made to the payee after having made the last deposit for the tax year, but before Form 945 is filed, then only the amount of BWH for that quarter which was not refunded is reported. Any overpayment of previously paid BWH will automatically be refunded to the payer if no other taxes are owed. • If the refund is made after the last deposit has been made and Form 945 has been filed, Form 843, <i>Claim for Refund</i>, must be filed. Include all pertinent information such as, payee name, TIN, amount of erroneous BWH paid, and the quarter in which it was paid.
24) What does the payer send to the payee if the information in his records agrees with the information provided by the IRS?	24a) If this is the first notification from the IRS the payer must provide the recipient: <ul style="list-style-type: none"> • A copy of the B-Notice; • A copy of Form W-9 (or acceptable substitute); • At the payer's option a reply envelope; and • The outer envelope must be clearly marked "IMPORTANT TAX INFORMATION ENCLOSED" or "IMPORTANT TAX RETURN DOCUMENT ENCLOSED". 24b) If this is the second time within a three year period that the payer has been notified that a particular account has an incorrect name/TIN combination, the payee must provide to the payee: <ul style="list-style-type: none"> • The second B-Notice • At the payer's option a reply envelope; and

- The outer envelope must be clearly marked "IMPORTANT TAX INFORMATION ENCLOSED" or "IMPORTANT TAX RETURN DOCUMENT ENCLOSED". (Do not send a Form W-9)

Exhibit 5.19.3-2
Taxpayer Inquiries for BWH "C" Program

Taxpayer Inquiries for BWH C Program	
If the taxpayer asks...	Then the answer is...
1) What kind of payments are subject to BWH under the C program?	1) Generally, any interest, dividends, patronage dividends or original issue discounts that are normally reported on Form 1099.
2) What types of payments are not subject to the backup withholding C program?	2) Payments not covered include, but are not limited to: <ul style="list-style-type: none"> A. Salary or wage payments B. Pensions C. IRA distributions D. "Window Transactions" E. Payments of less than \$10.00 (must not exceed \$10.00 for the year)
3) How does a payee become subject to BWH?	3) Under the BWH-C program, when the payee fails to report, or pay proper tax on dividends or interest on an income tax return, IRS will send at least four notices over at least 120 days asking that the problem be corrected. The final notice tells the payee that he/she is now subject to BWH and IRS is notifying the payers to begin withholding.
4) How long does BWH last?	4) Until the IRS notifies the payer that the payee is no longer subject to BWH. Normally this would be at the end of the current year. However, if the payee has not resolved the problem that caused the BWH by October 15th of the current year, BWH will continue through the following calendar year.
5) Can BWH be avoided?	5) YES, if a payee responds to our notices and resolves the problem, BWH will not start.
6) Once on BWH, can BWH under the C program be stopped before the year ends?	6) YES, if the payee can show that: <ul style="list-style-type: none"> A. No underreporting occurred (e.g., full abatement) B. BWH will cause an undue hardship and future underreporting is unlikely. C. A bona fide dispute exists as to whether any underreporting actually occurred (e.g., reopened audit, tax court case, etc.)
7) How can you tell a payee's backup withholding status?	7) BWH status indicators appear on TXMODA and ACS as follows: <ul style="list-style-type: none"> • BWH-1 Potentially liable for BWH • BWH-2 Subject to BWH • BWH-4 BWH satisfied • BWH-8 BWH suspended • BWH-8 BWH suspended • BWH-0 No BWH was considered <p>Because BWH is modular, each period must be checked to determine the status.</p> <p>Note:</p> <p>IDRS BWH module status is not always current because of systemic time delays. USE MFTRA TO DETERMINE CURRENT STATUS.</p>
8) Does filing jointly mean joint BWH liability?	8) Usually, but not always. <i>Example: Payees file jointly in 1996 - divorce in 1997 - wife files her own return for 1997 and husband does not file for 1997. The system will look for the husband's return (primary TIN). If no return is present, the system will initiate notices to the last known address for the primary payee. If no return is filed, the system will look at the last return it has for the TIN and because it was joint, will put both husband and wife on BWH. The wife, in this case, should not be on BWH. The only way we can establish what happened is for the wife to contact us and give us the former husband's SSN so that his account can be researched via MFTRA.</i>
9) Are many payees placed on BWH erroneously?	9) NO, but it does occur in a small volume of cases. <i>Example: Husband dies wife files Form 1040 using her SSN, but does not change her husband's SSN on the joint bank or stock accounts. IRS will get IRP data with the husband's SSN and look for the husband's tax return; finding nothing, the system will generate notices for the husband's return which the wife will not answer because he's deceased and she filed by herself. IRS will eventually send a BWH notice showing the husband's SSN to the payer. The payer will withhold on the dividend or interest payments due the wife on the joint accounts because the husband's SSN is still controlling the account. The payee should be advised to notify payers to change the SSN on all accounts.</i>
10) What if the payee claims not to have gotten any BWH notices?	10) The Service sends notices to the last address on file. If the mail is not returned, the assumption is that it was delivered. Note: The regular TDA and TDI notices have a BWH notification on the back which some payees overlook.
11) How can IRS employees tell what BWH notices were sent to the payee?	11) A BWH notice count (BWHC-n) appears on TXMODA next to the BWH status indicator (BWI-n). If no notices have been sent, or if the payee is now subject to BWH, the BWNC will be zero. If a manual stop of BWH has been input, the BWNC will be frozen at the number of the last notice issued. Cycles of notice issuance will also appear.
12) Does IRS stop BWH on a payee who shows proof of filing and/or payment?	12) Not necessarily. It will depend on the date of the filing/payment. If the date is prior to the issuance of the CP 541 a stop is appropriate. If the filing/payment date is later, the taxpayer will remain on BWH until the yearly check (October 15th).
13) Should IRS stop BWH if a bank notifies that	

the payee has closed the account?	13) NO. The payee may have accounts in other banks.
14) What does the payer do if the payee is already subject to BWH for another reason?	14) Only one 28% withholding at a time is required, but the withholding must continue until the payee is no longer subject to BWH for any reason.
15) How should the payer report BWH funds to IRS?	15) BWH is reported on line 2 of Form 945, Annual Return of Withheld Federal Income Tax. Payment should be remitted through normal depository procedures. Also, report the amount withheld on the appropriate Form 1099.

**Exhibit 5.19.3-3
IMF Balance Due (BD) Accounts**

IMF Balance Due Accounts			
BWH Status	Notice of Form	Required Action(s)	Action Time Frames
1st BWH Notification	Master 1st Notice	If information from the taxpayer resolves the balance due, input CC STAUP to suspend further BWH and Balance Due notices.	Input CC STAUP within 3 weeks of next notice issuance (as appropriate).
2nd, 3rd, and 4th BWH Notification from Balance Due (BD) Notices	CP 501, CP 503, and CP 504	If the taxpayer states that no underreporting of Interest of Dividend existed or has been corrected, prepare Form 4442, to suspend BWH notice issuance. Note: If the taxpayer still owes other taxes and was allowed an IA, Installment Agreement, or CNC, Currently Not Collectible, instruct the taxpayer that an IA or CNC does not affect BWH "C" consideration, see IRM 5.19.3.4.2.4 (3).	Input CC STAUP within 3 weeks of the next notice issuance (as appropriate). Complete and submit Form 4442 daily to one of the 2 centralized BWH "C" CSCO campuses in Kansas City or to Philadelphia, see IRM 5.19.3.4.2.11 (4).
5th, 6th, and 7th BWH Notification from BWH "C" BD Notices	CP 531, CP 538 or CP 539 Note: CP 531 is a BWH Alert notice for both BD and RD conditions.	If the taxpayer states that no underreporting of Interest or Dividend existed or has been corrected, prepare Form 4442, to suspend BWH notice issuance.	Complete and submit Form 4442 daily to one of the two centralized BWH C CSCO campuses in Kansas City or Philadelphia, see IRM 5.19.3.4.2.11 (4).
5th, 6th, and 7th BWH Notification from BWH "C" BD Notices	CP 531, CP 538 or CP 539	If appropriate, prepare Form 911 and refer to Taxpayer Advocate Service. See IRM 5.19.3.3.2, <i>Taxpayer Advocate Program Criteria</i> .	Send Form 911 to Taxpayer Advocate Service within 24 hours.

**Exhibit 5.19.3-4
IMF Return Delinquency (RD) Accounts**

IMF Return Delinquency (RD) Accounts			
BWH Status	Notice of Form	Required Action(s)	Action Time Frames
1st Return Delinquency (RD) Notification for BWH from RD CP Notice	CP 59	If the taxpayer is not liable, input CC TDIAD to prevent further BWH related TDI notices. Input TC 590 of TC 591 per IRM 5.19.2.6.4.5, IMF Determining Liability	Input CC TDIAD within 3 weeks from the next notice issuance.
2nd RD Notification for BWH from RD CP Notice	CP 516 and CP 518 Note: CP 516 is the 2nd RD notice for IMF PC-B modules only. CP 518 is the second RD notice for IMF non-PCB modules.	If the taxpayer is not liable, input TDIAD to prevent further BWH-related TDI notices, input TC 590 or 591 per IRM 5.19.2.6.4.5, IMF Determining Liability.	Input CC TDIAD within three weeks from the next notice issuance.
3rd, 4th and 5th BWH Notification from BWH-C RD Notices	CP 531, CP 540 and CP 541 Note: CP 541 is the Final BWH RD notice and instructs the taxpayer he/she is now subject to BWH.	If the taxpayer is not liable, input TC 590 or 591 per IRM 5.19.2.6.4.5, IMF Determining Liability. Prepare Form 4442 to suspend next notice issuance or update BWH indicator.	Complete and submit Form 4442 daily to one of the two centralized BWH "C" CSCO campuses in Kansas City or Philadelphia, refer to IRM 5.19.3.4.2.11(4).
3rd, 4th and 5th BWH Notification from BWH "C" RD Notices	CP 531, CP 540 and CP 541	If the taxpayer states that no return was due or had been filed (possibly under another TIN), prepare Form 4442 to suspend next notice issuance or update BWH indicator.	Complete and submit Form 4442 daily to one of the two centralized BWH "C" CSCO campuses in Kansas City or Philadelphia, refer to IRM 5.19.3.4.2.11(4).
3rd, 4th and 5th BWH Notification from BWH "C" RD Notices	CP 531, CP 540 and CP 541	If appropriate, prepare Form 911 and refer to Taxpayer Advocate. See IRM 5.19.3.3.2, <i>Taxpayer Advocate Program Criteria</i> .	Refer Form 911 to Taxpayer Advocate within 24 hours.
3rd, 4th and 5th BWH Notification from BWH "C" RD Notices	CP 531, CP 540 and CP 541	If the taxpayer otherwise disputes imposition of BWH, advise the taxpayer to submit a written request to one of the two centralized BWH "C" CSCO campuses in Kansas City or Philadelphia).	The two centralized BWH campuses addresses are located in IIRM 5.19.2.5.4.5.

**Exhibit 5.19.3-5
TC 924 Reference Number Break Down**

TC 924 Reference Number Break Down

First digit is always 1	Reference Number
Second digit is always 0, 1, 2, or 8	<ul style="list-style-type: none">• 0 = BWH initiated by TC 922• 1 = BWH initiated by TC 140• 2 = BWH initiated by TC 300• 8 = Timing problem at Master File BWH is valid
Third digit identifies actions that have occurred on the account	<ul style="list-style-type: none">• 0 = Taxpayer in Potential Status• 3 = Taxpayer in Potential status, however a tax return has posted with Status 10 or 12 with dividend/interest less than amount on IRP document• 4 = Manual stop input• 5 = Manual restart input• 6 = Supplemental notice issued• 8 = Final notice issued• 9 = Computer generated when BWH was satisfied and yearly analysis determined BWH should be stopped, or when TC 291, TC 590, or TC 591 post

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Part 5. Collecting Process

Chapter 19. Liability Collection

Section 4. Enforcement Action

5.19.4 Enforcement Action

- 5.19.4.1 [Levy Enforcement Action and Filing of Notices of Federal Tax Lien Overview](#)
- 5.19.4.2 [What Are Levies and Liens?](#)
- 5.19.4.3 [Levy Information](#)
- 5.19.4.4 [Procedures for Levy Responses](#)
- 5.19.4.5 [Notice of Federal Tax Lien Determinations and Filing Criteria](#)
- 5.19.4.6 [Procedures for Filing NFTL](#)
- Exhibit 5.19.4-1 [Levy Enforcement Action Flow Chart](#)
- Exhibit 5.19.4-2 [Lien Enforcement Action Process Flowchart](#)
- Exhibit 5.19.4-3 [IDRS Input of CTLV](#)
- Exhibit 5.19.4-4 [C1P/C1G/C1Z Values and Meanings](#)

Manual Transmittal

December 23, 2015

Purpose

(1) This transmits revised IRM 5.19.4, *Enforcement Actions, Liability Collection* to incorporate changes associated with Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) (IRC 5000A). The revision includes Interim Procedural Updates issued since the last revision.

Material Changes

- (1) IPU 15U0333 issued 02-18-2015 IRM 5.19.4.3.10(1)(b) expanded on the guidance on the signature requirement for manually prepared levy.
- (2) IPU 15U0333 issued 02-18-2015 IRM 5.19.4.3.11 added additional guidance for case documentation and retention of copy of Notice of Levy in case file so that a proper audit trail exists on accounts where employees prepare and send a Notice of Levy. Additionally, the procedures will be consistent with guidance in Field Collection IRMs as it relates to manually prepared levies.
- (3) IPU 15U0333 issued 02-18-2015 IRM 5.19.4.4.10(1) added note for faxing expedited levy releases to SSA, per agreement with TAS
- (4) IPU 15U0333 issued 02-18-2015 IRM 5.19.4.4.10(8) added a 2nd note providing guidance on signature requirement for levy release.
- (5) IPU 15U0333 issued 02-18-2015 IRM 5.19.4.4.12(5) re-added the ACS Support Liaison Contact number.
- (6) IPU 15U0333 issued 02-18-2015 IRM 5.19.4.6.4(3) revised note to refer to Publication 4235 for the proper routing of a request for Withdrawal of Notice of Federal Tax Lien.
- (7) IPU 15U0333 issued 02-18-2015 IRM 5.19.4.6.4.2(3) changed Advisory to CLO, as withdrawals after release are handled by the CLO.
- (8) IPU 15U0333 issued 02-18-2015 IRM 5.19.4.6.6.1(2) and IRM 5.19.4.6.6.2(2) removed reference to the number of Advisory groups and corrected the name of Publication 4235.
- (9) The following IRM sections have been updated to add a reference to the mirrored Individual Shared Responsibility Payment, assessed under MFT65.

Item	IRM Subsection
1	5.19.4.1.1(2)
2	5.19.4.4.10 (5)d
3	5.19.4.5.1.2(1)
4	5.19.4.5.3.2(1)
5	5.19.4.6.1
6	5.19.4.6.2

- (10) Editorial changes made throughout and sections renumbered.

Effect on Other Documents

This material supersedes IRM 5.19.4, January 01, 2015. This IRM also incorporates IRM Procedural Update, IPU 15U0333.

Audience

Small Business/Self Employed (SB/SE), and Wage and Investment (W&I).

Effective Date

(01-01-2016)

Kristen Bailey
Director, Collection Policy

5.19.4.1 (08-04-2014) Levy Enforcement Action and Filing of Notices of Federal Tax Lien Overview

1. This section contains information on enforcement, by issuing Notices of Levy and requesting a Notice of Federal Tax Lien filing in the Automated Collection System (ACS). See *Exhibit 5.19.4-1* for an overview of the levy process and see *Exhibit 5.19.4-2* for an overview of the NFTL process.
2. The Internal Revenue Code IRC 6331 authorizes levies to collect delinquent tax. Unless specifically exempt, any taxpayer property or rights to property can be levied. However, the IRS may generally only levy when the following requirements are met:
 - the IRS assessed the tax and sent the taxpayer a notice and demand for payment;
 - the taxpayer has neglected or refused to pay the tax within 10 days after notice and demand;
 - the IRS sent the taxpayer a Final Notice of Intent to Levy and Notice of Your Right to a Hearing at least 30 days before the Levy; and
 - no Collection Due Process (CDP) request is filed in response to the Final Notice of Intent to Levy and Notice of Your Right to a Hearing, or a CDP hearing is conducted sustaining the proposed levy.
3. Liens give the IRS a legal claim to a taxpayer's property as security for the tax debt. The Federal Tax Lien arises when:
 - A. the IRS assesses the liability
 - B. the IRS sends the taxpayer a Notice and Demand for Payment, and
 - C. the taxpayer neglects or refused to fully pay the debt within 10 days after notification. When these three requirements are met, the "assessment" lien arises without any further action by the IRS. IRC 6323 authorizes the filing of a Notice of Federal Tax Lien (NFTL) in the public records. By filing the NFTL, the taxpayer's creditors are publicly notified that the IRS has a claim against all the taxpayer's property and to all the taxpayer's rights to property. Filing the NFTL generally establishes the IRS priority against other creditors and in bankruptcy proceedings.

5.19.4.1.1 (01-01-2016)

Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) IRC § 5000A – Excluded from NFTL and Levy

1. If a taxpayer fails to pay the individual SRP imposed by IRC § 5000A and Treasury Regulation § 1.5000A-1 through 1.5000A-4, we will not file a Notice of Federal Tax Lien on any property of the taxpayer, or levy on any property of the taxpayer for the failure.
2. The individual SRP assessments are processed on the IMF (Individual Master File) under MFT 35 Tax Class 2. A mirrored individual SRP module(s) is posted to master file under MFT 65.

Note:

Any references to 'individual SRP' assessment(s) within the IRM include both MFT35 and MFT65 assessments.

3. When manually preparing request for NFTL or Notice of Levy, employees must exclude any balances resulting from the individual SRP.

Note:

ACS programming will automatically exclude the individual SRP balance due modules from:

- LT11, OL11, PO11 (or the Spanish equivalent.)
- NFTL
- Notices of Levy

5.19.4.2 (08-04-2014)

What Are Levies and Liens?

1. A levy is a seizure by the IRS of the taxpayer's property to satisfy a tax debt. A Notice of Levy is used by the Automated Collection System (ACS) to seize a taxpayer's property, held by a third party, if it can be turned over by writing a check, e.g., a taxpayer's bank account, wages, commissions, retirement benefits, or money received as a contractor.
2. A tax lien is a legal claim on an individual's property for payment or satisfaction of a tax debt. It attaches to all property or rights to property the taxpayer has or acquires, whether real or personal, tangible or intangible.
3. The NFTL is a document filed in state recording offices to make the tax liability public and protect the IRS's priority as against other creditors of the taxpayer. For corporations, a NFTL may be filed with the Secretary of State, depending on state law.
4. A NFTL filing can be appealed (with certain restrictions) under Collection Due Process (CDP) procedures. The final notice of intent to levy can (also with certain restrictions) be appealed under CDP procedures. NFTLs and levies can be appealed under the Collection Appeals Program (CAP). See IRM 5.19.8.
5. Taxpayer Advocate Service (TAS) cases may be initiated because of Notices of Levy or NFTLs. See IRM 13.1.7 Taxpayer Advocate Service Case Criteria, for guidance in determining if the taxpayer meets the criteria to be referred to TAS.
6. For more detailed procedures and guidance, see IRM 5.12.1 through IRM 5.12.6 for Federal Tax Liens, and IRM 5.11.1 through IRM 5.11.7 for Notice of Levy.

5.19.4.3 (12-22-2005)

Levy Information

1. This section provides information and guidance for issuing levies.

5.19.4.3.1 (01-01-2015)

Pre-levy Requirements - E2 Processing

1. IRC 6330 requires that the Service (except in the case of jeopardy levies, levies on State income tax refunds or disqualified employment tax levies (DETL) or federal contractor levies (FEDCON)) provide written notification in the form of a Collection Due Process (CDP) notice of its intent to levy on any property or right to property of any taxpayer at least 30 days prior to the levy and inform the taxpayer of the right to a CDP hearing. For more information on DETLs, see IRM 5.19.4.3.1(11). For more information on federal contractor levies, see IRM 5.19.4.3.1.2. ACS uses an LT11 (Notice of Intent to Levy and Your Notice of a Right to a Hearing) to inform taxpayers of our intent to levy and provide due process hearing rights prior to levy. When an LT11 is issued, a TC 971AC069 is entered on IDRS systemically for each module listed on the LT11. The taxpayer MUST have been issued an LT11 or equivalent on or after 1/19/99 in order to levy. Equivalent CDP notices include:
 - CPs 77, 90, 90C,92, 242, 297, 297A or 297C.
 - LT73
 - Letter 1058 issued by revenue officers.
 - ACS discontinued use of Letter 1058C in 1/2001; however, reference to the issuance of Letter 1058C in ACS Comments or History Notes is considered equivalent to LT11.

2. Issue LT11 ONLY where the next action will be to levy. Review paragraphs (4) - (10) below, prior to issuing the LT11.
3. When an LT11 is issued, either manually or systemically, the case is reassigned to E3 with a 52-day follow-up to issue a levy as the next action. For new entity receipts, an LT11 is issued systemically during weekly analysis when the following conditions are met:
 - There is no TC971 AC069 on any open ACS module;
 - There is at least one usable levy source; and
 - The entity does not meet criteria for systemic assignment to S1 (SCCB Action List), R5 (accelerated to ACS with TSIGN 0120); or R8 (returned from the Field queue).
4. Ensure that there is a levy source available for ACS to send; see *IRM 5.19.4.3.7*. If there is no levy source available, do not issue LT11. Document ACS Comments or AMS History and reassign using ACS to Contact or Investigation, as appropriate.
5. Before requesting an LT11, ensure that it is required on at least one tax module by checking the modules for "PRI FNL NOT" and "SEC FNL NOT" dates. If dates are present for all balance due modules, this may indicate that Collection Due Process (CDP) requirements are met; however, further analysis is required:

Note:

A tax module having a subsequent assessment on the account, including additional failure to pay penalties for additional taxes after the issuance of a collection due process notice (TC 971 AC069) must also receive a collection due process notice on the subsequent assessment prior to levy issuance. A failure to do so would violate the taxpayer's collection due process rights. An exception to this rule involves assessments of accrued interest and failure to pay penalties. (See *IRM 5.1.9.3.1*)

Note:

The date of the CDP notice generally must be at least 10 days after the 23C date.

- A. Check for ASMT+ Indicator in the Alerts section. An ASMT+ indicator on the Entity screen means the assessed balance on one or more ACS modules has increased, usually with a TC290 or TC300. The same indicator is on the Tax Module Screen next to the affected tax modules. By law, the taxpayer must be sent a CDP notice for any additional tax assessments. A new LT11 must be issued before levying on a module to collect an additional tax assessment.
- B. Review each tax module carefully to determine if a new CDP notification is needed. Check ACS Comments or AMS History for any specific instructions pertaining to LT11 issuance.
- C. If it is determined that another LT11 is **not** needed document AMS annotating which tax periods were reviewed and reason another CDP notice is not needed. Remove the ASMT+ indicator by entering History code ASMT. Make a levy determination and take next action immediately, following the procedures in *IRM 5.19.4.3.4*.
- D. Follow the procedures in the table below when issuing an LT11 when an ASMT+ indicator is present

Figure 5.19.4-1

If specific tax modules need to be excluded on ACS from LT11 issuance	Then
and the tax module screen shows an asterisk in front of each tax module	remove the asterisk from any module on the Tax Module Screen that does not need a new due process notice. Confirm the removal using History Code CS00 before paging to another screen or requesting a letter. Failure to confirm the screen change with History Code CS00 before moving to another screen will cause the system to fail to recognize your intention to exclude any tax modules from a letter or levy.
and you are excluding tax modules from two or more MOD screens	a separate CS00 entry is required for each screen
confirm the screen changes with the CS00	enter LT11 & document in ACS Comments what tax module(s) will be on the LT11

Figure 5.19.4-2

If specific tax modules need to be excluded from LT11 issuance on AMS	Then
and the module screen shows yes in the include column for each tax module	<ol style="list-style-type: none"> A. click on the module to activate B. click on the include box to remove the check mark C. Click update to confirm the removal before going to another screen or requesting a letter. The yes in the include box will change to no. If you do not click on update before moving to another screen, the system will not recognize your intent to exclude any tax modules from letter or levy.
and you are excluding more than one tax module, you must click on each one	follow the same procedure as stated above
confirm the no in the include column	send LT11 and document AMS History what tax module(s) will be on the LT11

6. The LT11 must be sent certified/return receipt requested to the last known address. If there is undelivered mail and no indication of processing through Address Research (ADR):
 - A. Check local readily available sources, e.g., those on IDRS, for possible better addresses before issuing the LT11.
 - B. To meet statutory requirements before levying, the LT11 must be sent to the last known address provided by or confirmed by the taxpayer. Send the LT11 to the address on the Entity Screen on ACS or the Letter Screen on AMS.
 - C. At the same time, on ACS use History Code OL11 to send a copy of the letter by regular mail to other taxpayer addresses that you believe may be better or on AMS overlay other potential addresses that you believe may be better on the Letters Screen. Select LT11, click the button "Other addresses" then click the "submit" to send an OL11. Using OL11 generates the same text and enclosures as the LT11 but it is not sent certified, return receipt requested and does not generate a TC971 AC069. It is used by the call site only when the LT11 is issued simultaneously.
7. The required notice must be sent for each module included on a levy. If the case requires a notice for some but not all modules, you may exclude specific tax modules from the LT11 by following the procedures in Figure 5.19.4-1 or Figure 5.19.4-2. Proceed with levy issuance on the remaining modules.

Note:

It is not necessary to exclude the individual SRP modules, as the system is programmed to block the individual SRP module(s).

8. Authorized taxpayer representatives must receive a copy of the LT11/LT73 including only the modules for which the representative is authorized to receive information. When a CAF indicator is present the ACS system will generate a PO11. Representatives will only receive a copy of the LT11 for tax periods in which they are authorized. Should the need arise follow the instructions in IRM 5.19.5.3.6 to manually issue the POA copy of LT11 on ACS. To issue POA copy of LT11 on ACSWeb overlay the POA name and address on the Letters screen. Select LT11, click on "Authorized Representative" button, then click "submit" to send PO11.
9. Ensure that the taxpayer has been issued a written notice stating that third parties may be contacted with respect to the determination or collection of tax liability. See IRM 5.19.5.9.
10. A minimum of thirty days must elapse between issuance of the LT11 and the date the levy is requested. However, the LT11 has a systemic 52-day follow-up to allow sufficient processing time for remittances or appeal requests. A waiting period is not required if collection is in jeopardy. See IRM 5.11.3.1. All cases where jeopardy is suspected to exist must be considered for referral to field Collection. Discuss with a manager any instance where it seems that the LT11 time frame seriously lessens our ability to collect a tax, notably on large dollar, in-business taxpayers. By working through ACS Support liaisons, a field group manager can be alerted to a pending reassignment and take immediate action to protect the governments interest.
11. Disqualified Employment Tax Levy (DETL) - A legislative change implemented on 3/11/2008 permits issuance of a levy without prior CDP rights for certain levies to collect employment taxes called "disqualified employment tax levies." A warning message will be displayed on ACS: "Qualify for DETL?" when there is a delinquent employment tax module, 941 (mft 01), 943 (mft 11), 944 (mft 14), 945 (mft 16), 940 (mft 10), or CT-1 (mft 09); and there is an indication that a prior CDP levy hearing was held within 2 years from the beginning of the period to be levied. Employees must refer to the instructions in IRM 5.19.4.3.1.1 to determine if issuing the DETL levy is appropriate.

**5.19.4.3.1.1 (08-04-2014)
Disqualified Employment Tax Levy (DETL)**

1. A legislative change implemented on 3/11/2008 permits issuance of a levy without prior CDP rights for certain levies to collect employment taxes called "disqualified employment tax levies." The DETL is used to collect a taxpayer's employment tax liability if that taxpayer requested a CDP hearing under section 6330 for unpaid employment taxes arising in the two-year period prior to the beginning of the taxable period for which the levy is served. If a DETL is served, then the taxpayer shall be given an opportunity for a CDP hearing after the levy. The taxpayer may seek judicial review in the Tax Court of the determination resulting from the post-levy hearing.
2. A DETL is discretionary. The Service has the option to issue a pre-levy CDP notice for DETL periods, if the situation warrants.

Example:

If there has been no contact with the taxpayer within the last 180 days, the issuance of a pre-levy CDP notice might be advisable to resolve the issue.

Note:

Predecessor guidance has been incorporated into IRM 5.11.1.4.3, Predecessor Determination.

3. Prior Request for CDP Hearing - The prior request refers to a timely, processable CDP hearing request. Refer to IRM 5.1.9 for information regarding the timeliness and processability of CDP hearing requests. Even if the request is subsequently withdrawn, it qualifies as a prior hearing request. The following can be used to determine if the taxpayer requested a prior CDP levy hearing involving unpaid employment taxes:

A. Case history.

B. A TC 971 AC275 on prior modules indicates a prior timely NFTL or levy hearing request, although AC275 does not identify whether a request is for a NFTL or levy hearing. Contact the appropriate ACS CDP Coordinator to determine if the levy hearing was requested. A list of ACS CDP Coordinators can be located on SERP WHO/WHERE.

C. Effective March 17, 2008 a new TC 971 AC630 will be used to identify timely levy hearing requests. This code will be generated when the hearing request is added to the CDP tracking system.

Note:

Requests for an equivalent hearing or untimely requests for CDP hearings do not satisfy the requirement of having had a prior hearing request.

4. A post-levy request for a CDP hearing made in response to a post-levy CDP notice also can constitute a prior CDP hearing request as a basis for a DETL.
5. The period(s) listed by the taxpayer on the CDP hearing request to be used as a basis of a DETL must be listed on a CDP levy notice preceding the request. There should be an unreversed TC 971 AC069 dated within about 30 days of the prior CDP levy hearing request.
6. Two-Year Look Back Period - The two-year look back period is measured from the beginning of the period for which the DETL is served. If the taxpayer requested a CDP levy hearing for employment taxes arising during a calendar quarter that ended during the two-year period, the module meets the criteria for a DETL.

Ex.	CDP Levy Hearing Requested for Taxes for Quarter Ended	Was request timely?	Additional taxes Subsequently Assessed for Tax and Quarter Ended	Liability for Additional Tax Begins	2 Year Look Period for additional taxes		Does Additional Employment Tax Liability Qualify for DETL?
					Begins	Ends	
1	941- 12/31/2005	Yes	941- 06/30/2006	04/01/2006	04/01/2006	04/01/2004	Yes
2	941 - 03/31/2006	Yes	941- 12/31/2005	10/01/2005	10/01/2005	10/01/2003	No
3	941- 03/31/2004	Yes	941 - 06/30/2006	04/01/2006	04/01/2006	04/01/2004	No
4	941- 12/31/2005	No	941 - 06/30/2006	04/01/2006	04/01/2006	04/01/2004	No

7. Issuing a DETL - When the tax period meets the criteria for issuing a DETL and levy action is determined to be appropriate, make sure the taxpayer was issued the CP 504 notice or the "Status 58" notice.

A. If the CP 504 notice was not issued, issue the LT11. Document the case history regarding the DETL determination.

Example:

DETL to be issued for tax periods 01-200606 and 01-200609. TP qualifies for a DETL based on CDP levy hearing requested on 07/27/2007 for tax periods 01-200512 and 01 200603.

B. If the CP504 notice was issued, issue the levy. The LT73, post CDP letter, will automatically generate.

**5.19.4.3.1.2 (08-04-2014)
Federal Contractor Levy - "FEDCON"**

1. The Small Business Jobs Act of 2010 amended IRC 6330(f) and (h), to permit the IRS to issue any levy on a taxpayer prior to providing them with their Collection Due Process (CDP) notice and hearing if the taxpayer is a federal contractor. In addition, FEDCON levies may be served during a timely requested pre- or post-levy CDP hearing or judicial review of such hearing to collect liabilities for all outstanding balance due periods including periods that are the subject of the hearing.

2. A FEDCON levy is discretionary. The Service has the option to issue a pre-levy CDP notice to federal contractors, if the situation warrants.

Note:

Until programming can be implemented, ACS employees will not be permitted to issue a FEDCON levy.

3. Beginning February 10, 2014, Field Collection (FC) revenue officers may issue FEDCON levies to collect any IMF or BMF liability, for which the IRC 6331(d) , Notice of Intent to Levy (CP 504 notice) period has expired, if the taxpayer is a federal contractor.

4. For additional information on levies to federal contractors served through the FPLP, see IRM 5.11.7.2.3.4

**5.19.4.3.2 (01-01-2015)
Payment or Filing Verification**

1. Payment or filing requirement requests may be assigned to E2 or E3/E4 with the literals "CHKRTN" or "TPP2P " , e.g.:

- For filing verification before granting an installment agreement.
- For irregular payments

Note:

If the case is TIN-accessed before the follow-up date and promised payment has been received, revise the follow-up for next payment due. If this payment fully pays the account, extend the follow-up date, if necessary, to allow time for IDRS to send a closing record to ACS in its weekend processing.

2. Determine whether the taxpayer's promised payment or filing has been made. The employee making the arrangement establishes a follow-up 21 days after the first payment is due and enters in ACS Comments or AMS History the date and amount of each payment or required filing.

3. Check IDRS TXMODA for more recent information or on AMS check Module details. See *IRM 5.19.4.3.4(6)*.

4. The next action depends on the following:

If	Then
Promised action is found, and the case must be monitored by ACS for additional payments or filings	Reset follow-up for 21 days after the next taxpayer action is due
Promised action is found, and installment agreement or extension to pay can be monitored on IDRS or Currently Not Collectible (CNC) hardship can be input.	Refer to IRM 5.19.1.5.3 for extension to pay, IRM 5.19.1.5.4 for installment agreements or IRM 5.19.1.7.1 for CNC
Payment is significantly short of promised amount. Note: ===== =====	A. FPLP is blocked (FMS1 on Module Screen) input TC 972 AC 061 to unblock any blocked modules in order to allow account to be eligible for FPLP. B. Proceed with levy determination. Note: If levy goes to bank on which payment was drawn, levy after a seven-day follow-up to avoid bouncing check.
Payment is not significantly short of promised amount	Revise follow-up date for next payment, unless it was final scheduled payment.
It was final scheduled payment	Send LT33 AND <ul style="list-style-type: none"> • If the aggregate assessed balance, including accruals but excluding individual SRP module(s), is at or above amount in the NOTE below enter History Code OADT,25,LEVY. • If aggregate assessed balance, including accruals and individual SRP modules(s) is less than amount in the NOTE below enter History Code Codes TOC0 and NC09. Note: ===== =====
No payment or promised action is found	A. If FPLP is blocked (FMS1 on Module Screen) input TC 972 AC 061 to unblock any blocked modules in order to allow account to be eligible for FPLP. B. Proceed with levy determination, see <i>IRM 5.19.4.3.4</i> . (If there is no available levy source, <i>IRM 5.19.4.4.8</i> .

**5.19.4.3.3 (12-21-2007)
Levy Routing and Duties**

1. Notices of levy are issued by ACS either systemically or through the processing of inventory in function/units E3/E4 and E5. You may access these ACS levy inventories:

- A. by next case processing,
- B. from local lists,
- C. as a result of a taxpayer or third-party telephone call, or
- D. written response to previous levies.

2. Accounts in either the E3/E4 or E5 functions will be reassigned to the I4 function, with the action history literal "TOI4,,POTCLSR " , for manual case processing when there are no levy sources available for systemic levy issuance.

3. Function/unit E3/E4 issues levies as a next-case action, generally as a follow-up to an LT11. If a case appears on the follow-up date, then the taxpayer most likely has not responded.

4. When a levy is issued, the case is reassigned to function/unit E5 with a 47 day follow up. If a response has not been received to a previously issued levy by the follow-up date, E5 determines whether the next action should be either a letter to the levy source, issuance of another levy, or other action.
5. In processing written levy responses, ACS Support transcribes useful information and takes the next appropriate case action.
6. Any employee with ACS access may determine that the next action is to issue an LT11 or levy. If so, and the case is not in E5, E2, E3 or E4, take the appropriate action and reassign the case to the appropriate inventory. For instance:
 - A. Issue the LT11 following the procedures in see *IRM 5.19.4.3.1* if the letter is required prior to levy.
 - B. Initiate a levy following the procedures in see *IRM 5.19.4.3.4* if the employee is at least the minimum authorized grade.
 - C. If below the minimum authorized grade to levy, either reassign the case to E3/E4 or arrange for an authorized grade employee to TIN access the case and levy.

**5.19.4.3.4 (01-01-2015)
Levy Determination - (E3/E4 Processing)**

1. This section lists items that must be checked before levying. Most research is done on ACS. If following the procedures in this section jeopardizes collection by delaying enforcement, discuss it with your manager. By working through ACS Support liaisons, a field group manager can be alerted to a pending reassignment and take immediate action to protect the Government's interest.
2. Scan ACS Comments, AMS History, account alerts, and history codes for anything that may affect the levy decision.
3. Tolerance -- Do not levy if the aggregate assessed balance, including accruals and *excluding* any individual SRP module(s), is less than the following:
 - =====
 - =====
 - =====
4. Check IDRS CC TXMOD for additional assessments pending and CC IMFOL/BMFOL to confirm that no other modules with balance due are on the account and not in Status 22. If the balance is still below tolerance follow the procedures in the table below:

When:	And:	Then:
the balance is still below tolerance, including individual SRP module(s)		<ul style="list-style-type: none"> • Issue LT33. <p>Note:</p> <p>Do not issue the LT33 when the last payment is from levy proceeds.</p>
The balance is over tolerance, but under deferral, including individual SRP module(s)	A levy won't be issued because the balance excluding the individual SRP module(s) is under tolerance	<ul style="list-style-type: none"> • Reassign the case to C0. • Update ACS Comments or AMS History comments. • Input history code NC09 on ACS.

5. Accruals Only -- These cases either have accruals exceeding the deferral level, or the aggregate assessed balance, including accruals (plus modules not yet in IDRS Status 22, ACS) exceeds the deferral level. If the balance is accruals only, check IDRS for other pending delinquencies:

If	Then
There are none, or there are only frozen modules	Input History Code LT33. If accruals exceed tolerance levels, levy as a follow-up to LT33.
There are other delinquencies in notice status	Accelerate notice status modules to Status 22. On ACS, reset follow-up to the next Tuesday. Exception: Do not accelerate if the only delinquencies are the individual SRP module(s).
The balance is above deferral, including individual SRP modules, but a levy won't be issued because the balance excluding the individual SRP module(s) is under deferral	Reassign the account to I2

6. Invalid Taxpayer Identification Number (TIN) (identified with an asterisk to the right of the TIN) -- Levy source search routines match TINs; an invalid TIN for the delinquent taxpayer may match another taxpayer's valid TIN. Verify that all levy sources are for the taxpayer.

- Check IDRS to see whether the valid TIN belongs to another taxpayer, and then determine whether the levy source can be used. If the validity of the levy source cannot be determined, do not issue a levy to this source.

Note:

A delinquent taxpayer with an invalid TIN and a last known address in California had several substantial levy sources in Ohio. Researching the TIN without the asterisk showed another compliant taxpayer living in Ohio. A levy should not be issued to the levy sources in Ohio for payment of the delinquent taxpayer's liability. Also, be observant for possible identity theft issues.

- Delete improper levy sources from ACS.
- Continue with levy determination when valid levy sources are identified.
- When a valid levy source cannot be identified, reassign the case as follows:

If	Then
A phone number for the taxpayer is available	<ul style="list-style-type: none"> o Document ACS Comments or AMS History comments. o Reassign case TOCn
	<ul style="list-style-type: none"> o Document ACS Comments or AMS History comments.

No phone number available

o Reassign case TOI2.

7. "IDTHF" Alert - Accounts with an "IDTHF" Alert do not qualify for systemic levy issuance. Prior to issuing a levy on an account with an "IDTHF" Alert, employees must review all levy sources to ensure that the income reported belongs to the taxpayer.

- A. Verify the taxpayer address for all IRMF levy sources, using CCIRPTR and compare to the taxpayer's address.
- B. Delete levy sources that do not belong to the taxpayer from ACS.
- C. Continue with levy determination when valid levy sources are identified.

8. Changes to ACS balance:

A. An ASMT+ indicator on the entity screen signals a change in balance on one or more modules. Ensure that LT11 has been issued before levying on a module with an additional tax assessment. See IRM 5.19.4.3.1 (5)a-c.

Note:

Levies can be issued on any remaining modules where all CDP requirements have been met.

B. A DTR indicator on the Entity Screen signals interim payment information or other transactions that may affect case processing. DTRs are received one day after posting to IDRS. If there is a pending change to the balance on ACS, but the decision is to proceed with the levy, deciding whether to issue the levy immediately depends on the amount of credit in relation to liability:

If pending payment or credit is:	Then
large in relation to liability and likely will post to ACS in next weekly update from IDRS	Reset follow-up date to following Tuesday so that ACS will show the correct balance due.
small in relation to liability	Proceed with levy determination.

9. Collection Due Process (CDP) – A date will be entered in the PRI FNL NOT field located on ACS Module Screen - S4, or the FNL Notice column on the Module Summary Screen located on ACSWeb or the SEC FNL NOT field on the Module Detail Screen on ACSWeb. A date entered in the FNL Notice column on the Module summary screen or a date in the SEC FNL NOT field on the Module detail screen identifies the posting of a TC971 AC069 after the issuance of a collection due process notice. The CDP criteria has been met when 45 days has elapsed since issuance of the notice. See IRM 5.19.4.3.1(1) and IRM 5.19.8.4 for details on CDP requirements.

Reminder:

The individual SRP modules are excluded from the LT11, (and levy issuance) therefore there should not be a TC971 ac069 posted on these modules. When following the procedures in (b) below, do not input a TC971ac069 to any individual SRP module(s).

A. The system will allow the issuance of levies requested between 31 and 44 days after the LT11 date; however, the requestor sees a warning message; "45 DAYS AFTER LT11; IS LEVY APPROPRIATE?".

If	Then
45 days has not elapsed from the PRI FNL NOT date	<ul style="list-style-type: none"> A. Document ACS Comments or AMS History. B. Input history OADT,XX,CMTS (XX = number of days to meet 45-day requirement.)
CDP notice was returned unclaimed/refused (TC971 AC067) or undelivered (TC971 AC068)	Only a 30 day follow up is required, proceed with levy determination.
Some modules meet CDP requirements and some do not	Proceed with levy determination for the specific modules meeting the requirements.

Note:

If collection is in jeopardy no waiting period is required, review the account with your manager to consider expediting the account to an RO to protect the interests of the government.

B. There may be situations where comments show the LT11 was issued for all of the tax modules to be included on a levy, and the history codes show an LT11, but ACS has no corresponding date entered in the PRI NOT FLD on the Tax Module Screen or ACSWeb has no date entered in the FNL Notice column on the Module screen, or a TC 971 AC069 is missing from one or more modules on IDRS. Because ACS systemically prohibits levy issuance on any modules that are missing the TC971 AC069, review the following for ways to confirm that it was sent:

If	Then
History Codes " MCLT" or "CLnn" or comments show letter cancelled	<ul style="list-style-type: none"> A. Document ACS Comments or AMS History. B. Re-issue LT11
TC971 AC069 did not post to one status 22 module when LT11 was issued.	<ul style="list-style-type: none"> A. Input TC971 AC069 using CC REQ77. Be sure to use the same date as the TC971 AC069 on the other modules. B. Document ACS Comments or AMS History. C. Proceed with levy determination for all other modules.
TC971 AC069 did not post to any status 22 modules when LT11 issued.	<ul style="list-style-type: none"> • Research CC TXMOD for the following TC971 action codes: <ul style="list-style-type: none"> --AC066 - the return receipt was signed. --AC067 - delivery of notice was refused or unclaimed. --AC068 - the notice was returned, undeliverable. <p>Note:</p> <p>If one of these are present on one or more modules, the absence of a TC971 AC069 is clearly an oversight.</p> <ul style="list-style-type: none"> • If a TC971 AC066, 067 or 068 is found, input a TC971 AC069 using CC REQ77, backdating to the LT11 date plus 7 days.

	<ul style="list-style-type: none"> • Document ACS Comments or AMS History. • Input ACS history OADT,07,CMTS
None of the above applies	<ul style="list-style-type: none"> • Document ACS Comments or AMS History. • Reissue the LT11 on affected modules.

10. Notification of Possible Third Party Contact - If the case meets the CDP requirements in (9) above, it has met this requirement too. See IRM 5.19.5.9.

11. 180-day contact requirement – The taxpayer must be warned within the past 180 days before enforcement action either orally or in writing. This is an entity requirement, not modular, and only applies to Notices of Levy, not NFTL determinations. Any of the following, occurring within the past 180 days constitutes notification:

- Telephone contact with the taxpayer where ACS Comments or AMS History show WOEa or its equivalent.
- ACS letters LT11, LT16, LT24, LT27 or LT39.
- Automated Levy Program, (ALP) notices: CP77, CP78, CP90, CP90C, CP91, CP92, CP297, CP297A, CP297C, CP298
- Notice of Levy (LVnn) request date on any levy that yielded levy proceeds, or documentation that the levy source told the taxpayer about the levy.

Note:

When a long time has passed, (determined to be 180 days) between issuance of the original levy that generate the continuous stream of payments and no further contacts by the IRS, the taxpayer may believe the levy resolved the issue. Issuing an LT16 prior to the next levy affords the taxpayer the opportunity to address the delinquency prior to the Service generating a subsequent levy.

- A Notice of Levy sent to a bank, even if there were no proceeds.
- Situations where collection is determined to be in jeopardy are exempt .
- On ACSWeb the ACS Module Detail Screen shows a 4th NOT CYC (CP504 or CP523) on any module.
- CDP cases returned from Appeals, sustained, where determination or decision letter issued.

Note:

Do not issue an LT11 solely to meet 180 day contact requirements. An LT11 is only to be issued when one or more modules require CDP notification.

Exception:

Additional notices are not required if taxpayer mail is undeliverable with no new address identified.

Note:

When an account does not meet the 180 day requirements and a CDP notification (LT11) is needed on one or more modules, do not simultaneously issue a levy.

If	Then
180 day contact requirement has been met	Continue with levy determination.
180 day contact requirement has not been met	<ul style="list-style-type: none"> • Issue an LT16
180 day contact requirement has not been met and one or more modules needs a final notice	<ul style="list-style-type: none"> • Issue an LT11 for those modules. See IRM 5.19.4.3.1(5) for procedures on requesting an LT11.

Note:

When an LT16 and/or LT11 have been issued ensure the taxpayer has had time to respond prior to issuing a levy, i.e. the follow up date has expired.

12. Pending Installment Agreement:

- Levy action is prohibited on cases with pending installment agreements. IRM 5.19.1.5.4.7 provides that cases with a proposal to pay that are not approved and input within 24 hours, or which are initially rejected, must receive a TC971 AC043 on each tax module. A systemic block prevents levying on any ACS module with an un-reversed TC971 AC043. Pending installment agreements are worked from either R5 or S5. If the case is in E3/E4 with an un-reversed TC971 AC043, or if comments indicate that an installment agreement proposal is pending, reassign to R5 or S5, as appropriate, with comments.
- When an installment agreement proposal is rejected, the taxpayer has 30 days in which to appeal. Levy action is prohibited during this 30 day period and during the appeal, if any. Once the 30 day period has expired and no appeal has been received, a TC972 AC043 is input to reverse the pending installment agreement. If the case is in E3/E4 with an un-reversed TC971 AC043, or comments indicate that the rejection occurred less than 30 days ago, reassign the case to R5 or S5 as appropriate, with comments.

13. Pending/Posted Adjustments - For all accounts with a "TC470" alert, IDRS must be checked to determine which modules contain a pending or posted TC470. Exclude all modules with a pending or posted TC470 from levy issuance.

14. Undelivered mail -- If comments show the LT11 was undelivered because of a bad address, and there is no indication of previous address research, check readily available locator sources for a better one.

- If a potential better address is found on ACS use OL16 to issue an LT16 to the new address. On AMS overlay the address on the Letters screen. Select LT16, click on the "Other address" button and then click "submit" to issue OL16. Retain the case in E3/E4 for follow-up. A CDP notice is required by statute to be mailed by certified or registered mail, return receipt requested, to the taxpayer's last-known address. The last-known address is the address on the most recently filed and properly processed return, unless the Service has been given clear and concise notification of a different address. See Rev. Proc. 2010–16. Similarly, do not use an OL11 to send the text of the LT11 by regular mail to a different address. The text refers to the taxpayer's due process rights that expired when there was no response to the initial LT11. Instead, use OL16 to issue an LT16 to the new address, and keep the case in E3 for follow-up.
- If any LT16s are issued and there is no taxpayer response by the follow-up date, proceed with the levy determination.
- If no better address is found, continue with levy determination.

15. Limited Liability Companies (LLC) - These may have one or more members. If the entity has two or more owners, it may elect to be taxed as a corporation or a partnership. If the entity has one owner it may elect to be taxed as a corporation or be a disregarded entity. Usually, the entity name line ends with LLC. See IRM 5.19.1.4.14 for additional information on Limited Liability Companies.

Note:

Disregarded entities are liable for and subject to levy for excise taxes for periods beginning or after Jan 1, 2008 and employment taxes for periods beginning on or after Jan. 1, 2009.

A. Do not levy if ACS Comments or AMS History show the entity has one member and is a disregarded entity, i.e., one that is not taxed as a corporation. We will accept the taxpayer's word about the LLC's status as a disregarded entity. Proceed as though levy sources are exhausted for the LLC if the single member is liable for the unpaid taxes. If an LT11 was not previously issued to the member, one should be issued. However, if the Federal tax liability of the disregarded entity pertains to any taxable period for which the entity was not disregarded, or pertains to Federal tax liabilities of any other entity for which the disregarded entity is liable, the disregarded entity is treated as an entity separate from its owner with respect to such Federal liabilities.

B. If ACS Comments or AMS History show no additional information about the LLC, or if it shows there is more than one member or that the LLC is taxed as a corporation, proceed with the levy determination. Later, if the taxpayer tells us that the LLC has one owner and is a disregarded entity, we will release the levy and, if levy proceeds have been processed, inform the taxpayer about wrongful levy procedures.

16. Currently Not Collectible (CNC) modules -- When a new module comes to ACS and the account has other modules in currently not collectible status, basic information regarding those CNC modules is added to the Notes section on ACS by ACSS employees. Consider including CNC modules on the levy **only** if **all** of the following apply:

- A. Currently not collectible closing code is other than hardship (e.g., CC24-32); and
- B. Employee believes levy proceeds may exceed the balance due on open ACS modules. This may be determined from previous contact with the taxpayer or levy source, or if the levy screen information suggests an amount greater than that on ACS modules may be held by the third party; and,
- C. IDRS shows that the Collection Due Process requirements have been met on the CNC modules. See IRM 5.19.4.3.1. If a due process notice is required on any CNC module that you wish to include on a levy, reactivate the module to ACS status 22.

Caution:

Do not reactivate individual SRP modules, as they are not included on the levy.

Then, issue an LT11 for that specific tax module. See Figure 5.19.4-1 and Figure 5.19.4-2 in IRM 5.19.4.3.1 for more information about identifying specific tax modules on ACS LT letters and levies.

If	Then
CNC modules will not be included on levy	Document that fact in comments.
CNC modules will be included on levy	Prepare a manual levy. Note: Do not include individual SRP modules on a manual levy.

17. Military/Federal employees -- Levies on active and retired military and federal employees may require additional research and/or special processing. See IRM 5.11.6, Notice of Levy in Special Cases, in the Notice of Levy Handbook as directed below. Also, check the levy source listing on SERP for the latest mailing address. Levies on:

- A. Military retirement requires a 90-day follow-up.
- B. Civil service retirement requires the civil service account number on the levy, if known, and a 90-day follow-up.
- C. Active duty military -- Payment can be expected up to ten weeks after a military levy is acknowledged. If the taxpayer is in the Air Force or Marines, and is on active duty or in the reserves, include the taxpayer's military service address on the levy, if known. See IRM 5.11.6.4.1 for levy follow-up guidance.

Note:

When issuing a levy on any source listed above, immediately after the action history LVnn input "OADT,90,LVY" to extend the follow up date.

Exception:

If the case shows the taxpayer is serving in a combat zone or is inquiring about military deferment, take no enforcement action. Process the case in accordance with IRM 5.19.1.4.9 (military deferment) or IRM 5.19.10.6 (combat zone).

D. U. S. Postal Service requests the following, if known:

- employee number
 - type of employment
 - town where the taxpayer works, if different from where the employee lives
- =====

18. Offer in Compromise— (OIC) - Levy action is prohibited on cases with a pending OIC, (TC480 present on IDRS.) When it is determined an offer is processable, Automated Offer in Compromise, AOIC, will be updated and the affected modules will be updated to Status 71. There may be situations when the Status 71 will not generate.

Example:

MFT 31 cases, imminent statute, etc. In those cases the offer specialist should input a TC470 cc90 to suspend collection activity.

Example:

If only one party of a joint liability is submitting the offer, the affected modules will not be updated to Status 71. *Continue with collection action for the taxpayer who has not filed the OIC.*

- A. If comments show the taxpayer recently promised to submit an offer, check IDRS to see if an OIC has been received but not yet processed, (TC480 on IDRS CCTXMOD)

8. ACS displays up to fifteen levy sources; click on the ACSWeb Levy & Release screen to view any levy source. The Confirmed Levy field indicates when the source was loaded to an IRS database (IDRS, ACS, IRMF, TIF). When a case is established, sources are listed in a suggested priority order, based on the type of source. Within each grouping, sources are listed in descending order by dollar amount. This sequence is lost as the case is processed in ACS, with sources deleted and added where levy space is available. Initial order and unique literals displayed for each, where available, are as follows:

- A. Federal Contractor File (FCF)--Identifies a contractor for a Federal agency. On ACS for information only; do not levy. Used by revenue officers.
- B. Federal Payment Levy Program (FPLP) - Displays if we obtained information because IRS records matched with Federal Management System records. Details about this automated levy program are in IRM 5.19.9.1 and IRM 5.19.9.3.
- C. Non-wage sources manually loaded onto IDRS (manual input is also called "real-time")--bank or other non-wage sources.
- D. Employment Commission (EC)--Wage information obtained from states that generally update their files quarterly.
- E. Federal Tax Deposit (FTD)--Identifies the bank used to make the deposit.
- F. Remittance Processing System (RPS) and Remittance Processing System Lockbox (RPSL)--Banks on which payments were drawn.
- G. Defense Manpower Data Center (DMDC)--Federal employees and retirees.
- H. Electronically Filed Returns (ELF)-- Wage or bank sources secured from an electronically filed return.
- I. Wage sources manually loaded onto IDRS
- J. Information Returns Program (IRP) levy sources--Lists interest, then wage, then other documents; each group is in descending dollar order. A search is done only on the most recent year's documents.

Note:

Levy sources pulled from ACS Archives when case is established on ACS are not uniquely identified as being from Archives. They have original source codes and cycles of origin.

9. Priority levels, 00 through 10, are assigned to levy sources systemically and displayed in the Priority Level field. The priority level is determined by several factors however the main criteria is the source of income.

If Priority Level Assigned is:	Then Levy Sources are:
00	Federal Contractor sources, FCF
01	FPLP sources. When issuing a levy to a FPLP source you must follow the procedures in IRM 5.19.9.3.4.
02	Manually added, (manual input is also called 'real-time', RT), bank or non-wage sources. NOTE: When a levy source is updated or confirmed by a CR, the priority level will automatically update to 02.
03	<ul style="list-style-type: none"> • Employment Commission • FTD • RPS/RPSL • DMDC – both retirement and wage income • USPS • IRMF 1099K See IRM 5.19.4.3.5.1 for more information on 1099K
04	manually added wage sources.
05	ELF sources. These sources are wage sources reported on the electronically filed return or the bank used for direct deposit for refund or direct debit of refund.
06	IRMF Interest sources.
07	IRMF wage sources.
08	All retirement sources. (i.e. IRMF 1099R). Note: Levies issued to 1099R sources require managerial approval.
09	All other IRMF sources.
10	Currency Transaction Register (CTR) sources.
11	Priority level 11 is assigned to a levy source when the systemic assignment can't determine the correct assignment.

10. Other ACS display characteristics are literals TIF, TILT, and ACS.

- A. TIF (Taxpayer Information File) contains most sources.
- B. TILT (Taxpayer Inquiry Look-Up Tape) is a subset of TIF identifying wage and information documents filed with IRS.
- C. The literal ACS can refer to either: 1) new sources manually added to ACS or 2) the levy source has been confirmed based on contact with TP.

11. For all levy sources, the Confirmed Levy field initially contains the cycle the levy source was loaded to IDRS. This field will systemically update when a levy source is updated, changed or confirmed.

12. A new six digit field is generating for levies loading after January 2005. The field is located directly above the first name line of each source on the ACS levy screen. On AMS the new field is called PRD EARN. The new field indicates the time frame the levy source data originated, see below:

- IRMF and ELF sources will indicate the year for which the income was reported.
- Employment Commission sources will indicate the quarter for which the data was reported.
- RPS/RPSL/FTD will indicate the cycle the payments were originally received.
- For all other sources this field will display the cycle passed in the download from IDRS. In many cases this may match the confirmed levy field.

Note:

This field will systemically update when an update record is received from IDRS.

13. A new field is generating for levy sources beginning 1/10/2009. On AMS the new fields can be located on the bottom right hand side of the levy detail screen directly above the "Modify Only" and "Confirm/Modify" buttons. On the ACS green screens, the field is located directly below the Priority Level field of each source on the ACS levy screen. For both AMS and ACS screens the fields are labeled as: C1P, C1G and C1Z.

A. **C1P** – Reflects Levy address validation against the address hygiene software.

B. **C1G** – Reflects the address hygiene software zip general return code.

C. **C1Z** – Reflects the address hygiene software zip code return code.

Note:

See IRM Exhibit 5.19.4-4 for additional information on C1P, C1G and C1Z values.

5.19.4.3.5.1 (08-04-2014)

Form 1099K (Merchant Card and Third Party Network Payments)

1. Income information reported on a Form 1099K represents credit and/or debit payments processed through a merchant account and through third party network payments.

Example:

Income from online transactions settled by a payment card or through PayPal or other such third-party networks.

2. When preparing the Form 1099K the filer has the option of checking a box which classifies the file as either a Payment Settlement Entity, (PSE) or an Electronic Payment Facilitator (EPF)
3. Per IRC 6050W(b)(4)(B), an EPF may not hold the taxpayer's property or right to the property.

A. Beginning in September 2013 when the EPF box is checked on a 1099K the levy source will download as "INFO ONLY"

Note:

ACS will not systemically generate a Notice of Levy on 1099K income when the EPF box is checked.

B. Employees can also identify whether the levy source is an EPF by reviewing the IDRS command code IRPTR, which reflects the EPF's literal designation.

4. Since the EPF may not hold any funds for the merchant, employees may need to find out who holds the sales funds and deliver the levy to that entity.
5. Prior to requesting a levy when the entity is an EPF, employees should contact the levy source for additional information for where the Notice of Levy should be served.
6. The funds held by the processors and acquiring bank are not deposits within the meaning of IRC 6332(c) and the 21 day holding period does not apply to these funds. Therefore, the credit card processor makes the payment when they otherwise make payments according to the merchant contract.
7. For additional information on Merchant Accounts see IRM 5.11.6.15

5.19.4.3.6 (08-04-2014)

Obtain, Verify and Update Levy Sources

1. Add new levy sources to ACS based on contacts with the taxpayer or their authorized representative. Attempt to secure both bank and wage sources on both primary and secondary taxpayers for joint liabilities.

Exception:

If the account is being referred to the field, input the levy source on IDRS via CC LEVYS.

- Employees should not add levy source information for any of the income types listed in IRM 5.19.4.3.7(1).

Note:

Unless a manager has already approved a levy on Social Security or Retirement income, employees should not add the levy source information on ACSWeb (or IDRS).

- If a taxpayer is self employed, unemployed or disabled enter that information in the account history *only*. **Do not add as a levy source.**

2. ACS Web has a feature that allows you to compare up to three different levy sources by selecting the levies you want to see and then the Compare button on the Levy and Release screen. When duplicates are identified, use the delete button. The history code will automatically use delete code 6 for duplicate.
3. You must verify all levy source information and confirm each levy source on ACS when the confirmed indicator is N or when the confirmed indicator is Y and the confirmed cycle field, "CONF CYC", has not been updated in the last 13 cycles. Delete those that are no longer valid or are duplicates. (See IRM 5.19.4.4.8(1) for procedures.)

Note:

Confirm each levy source on the ACSWeb levy verification screen by selecting "Confirm" for each source to be confirmed or re-confirmed and submitting your update.

Caution:

Employees should exercise caution when verifying 1099K income sources with the taxpayer. Prior to deleting a 1099K levy source, be certain that a taxpayer no longer uses the services of the Merchant Account and/or Third Party Network Payment.

4. Do not add levy sources based on IDRS research. The receipt of weekly downloads eliminates the need to add levy sources based on IDRS research.
5. If ACS displays fifteen levy sources and one must be added:
- A. Delete duplicates-- Same source may come from three or more separate data bases. See IRM 5.19.4.3.6.1 for guidance on deleting duplicate levy sources.
 - B. Delete older, low-dollar, low-priority sources as needed.
 - C. As a last resort you may add sources to comments.

5.19.4.3.6.1 (09-15-2014)

Identifying Duplicate Levy Sources

1. This section contains guidance to determine whether a duplicate levy source exists on ACS, as well as guidance on how to decide which source to delete.

2. Although two or more levy sources may have the same first name line it does not necessarily mean that the levy sources are duplicates. When comparing levy sources the following fields must always match for the levy sources to be considered a duplicate:

- A. TYPE of income
- B. P/S/J indicator. When P/S/J indicator is " S", then the secondary SSN fields must also match
- C. Payer EIN: If both sources contain a payer EIN, then the payer EIN must be the same.

3. Bank sources received from FTD and RPS can be considered duplicates when they match on 1st name line, 2nd name line and complete address.

4. When it has been determined that the levy sources are duplicates and one of the levy sources contains a notice issue date, do not delete the levy source that was issued, when issued within the past 6 months. If the levy source was issued more than 6 months ago and no levy payments are being received, then delete that source.

5. The scenarios listed below are not all inclusive of duplicate levy source situations and are intended only to provide a basis for determining which levy source should be deleted.

- A. When one levy source has been added by ACS and the same source was **downloaded** to ACS always delete the ACS added source.
- B. When the levy source belongs to the secondary taxpayer and all fields match except one source has a secondary SSN and the other does not, delete the levy source with the missing secondary SSN.
- C. When all fields match except the "PRD EARNED" date, delete the source with the oldest "PRD EARNED" date.
- D. When levy sources match all fields except one levy source contains a payer EIN and the other doesn't, delete the levy source that doesn't have the payer EIN.
- E. When one levy source is a CTR and the other source is a bank source from RPS/FTD and all fields match, delete the CTR source.

**5.19.4.3.7 (08-04-2014)
Choosing a Levy Source**

1. For the following sources, take other action to enforce collection or to locate the taxpayer:

- A. Insurance company levies for interest and dividends -- Generally, this is due to interest or dividends paid on insurance policies with cash value. Delete these sources.
- B. Dividends/distributive income - These require special processing better suited to revenue officers and are not done in ACS. A 1/2003 systems change dropped these sources from any new receipts. Delete any you encounter on older cases.
- C. Bureau of Public Debt-- These income sources are treasury bills and registered securities. Delete this source.
- D. Foreign governments, U.N. employees, or companies/banks with addresses outside U.S. -- It does not matter where the taxpayer resides, but where the levy source is located. Also, never send levies to another country's embassies, consulates, or missions, even if they are within U.S. borders.
- E. Federal Contractor File (FCF) -- Identified on ACS for information only (INFO). However, these may be valuable as a locator source.
- F. Railroad unemployment or Railroad retirement income. Delete this source because exempt from levy unless part of FPLP
- G. Pensions and IRAs - Individual Retirement Accounts: No function will be given the authority to levy on lump sum pension/IRAs at the request of the taxpayer. It will only be allowed after a three step determination, including finding of a "flagrant" situation. See IRM 5.11.6.2.
- H. State Lotteries - Ignore the source if it is a Form 1099 - non-employee compensation.
- I. State of Alaska, Permanent Fund Dividend (PFD) – The PFD is income to the taxpayer, but is only levied through the Alaska Permanent Fund Dividend Levy Program (AKFPD). IRM 5.19.9.4 discusses the AKFPD. The levy is identified on ACS for information only and may be valuable as a locator source.
- J. U S Treasury Dept – Internal Revenue Service – Do not issue a levy to this source. Delete this source when present on ACS.

Note:

NOTE: Information only levies can be viewed on the ACS Web by accessing Details View. An Information levy is used for locator purposes and can be deleted on ACS Web, but not modified. If you determine the source to be valid for levy issuance, you can turn the INFO indicator off by using the Info On/Off button.

2. When determining which levy to issue consideration should be given to the priority level of the levy source being issued.

- Choose levies with priority level 02 first.
- If there are multiple priority level 02 sources, consider issuing the levy with the newest confirmed levy cycle.
- If multiple levy sources contain the same confirmed levy cycle, issue the next levy using the levy source with the highest dollar value
- When there are no levies with a priority level 02, determine which levy to choose by priority level, newest confirmed levy cycle and highest dollar values.

Note:

Use judgment and experience to decide whether to choose the first source displayed on the levy screen or a subsequent source that may be more effective.

3. See IRM 5.19.9.3.4 when considering using a FPLP levy source.

- If the Entity Screen shows an Account Alert FMS3, one or more tax modules is included in the Federal Payment Levy Program (FPLP).
- Before issuing a levy, determine if a levy has already been issued through the FPLP. See IRM 5.19.9.3.3, FPLP Systemic Processes and Indicators.

If	And	Then
Yes		levies may be issued on other sources but not the FPLP levy source.
No	There is a need to issue a paper levy on a federal source	<ul style="list-style-type: none"> A. Enter a TC971 AC61 on IDRS to block/remove the tax modules from FPLP. B. Check the MOD Screen to determine which tax module(s) require the block. C. Levies on other non-federal agency sources can still be issued.

4. Levying on Social Security income is a last resort, not a first levy and, for simplicity, usually is done through FPLP. See IRM 5.19.4.3.10(5)(b) for basic FPLP information. A manager must approve a manual levy to SSA that could attach more than the 15% through FPLP, see IRM 5.11.6.1.1. A few facts to remember if considering this option:

- A. Check the last filing status and exemptions to compare FPLP versus manual levy potential per Publication 1494. When in doubt, use FPLP.
 - B. Do not issue both a FPLP levy and a manual levy to SSA. The FMS3 indicator means the case is currently included in FPLP. Remove the case from FPLP per IRM 5.19.9.3.5 before preparing a manual levy.
 - C. When issuing a levy to SSA on ACS, immediately after issuing the levy input "OADT,90,LVY" to extend the follow up date.
5. An NL indicator in the Alerts Section means a name line discrepancy between the entity screen and delinquencies listed on the tax module screen. Check the P/S/J indicator for any intended levy source and the tax module screen for the entity name on each delinquency to ensure that the levy source chosen attaches to at least one of the delinquent modules.

Example:

The entity screen name line may be John and Mary Smith, from the last return filed, but all delinquencies may be John Smith. We receive levy source information on Mary Smith for use in locating John, not as a levy source to enforce collection.

- 6. Community property laws in some states may impact levy choice. Local management should provide guidance, if necessary.

Example:

In a community property state, taxpayers who are liable for delinquent tax may have a community property interest in their spouse's wages, so the wages of the spouse not liable for the tax might be subject to levy. (See IRM 5.11.6.12 for more information.)

**5.19.4.3.8 (10-21-2014)
Levy Source Address**

- 1. Beginning in January 2009, employees are not able to issue levies using levy sources that do not meet postal standards for mailing. Employees receive a real time error message when attempting to issue levies on sources that do not comply with postal mailing standards. Employees need to research and correct the levy source address information before the levy can be issued. The corrected address will be validated during real-time processing. If the Code-1 Plus (C1P) value is "1" after validation, proceed with levy action. If the C1P value is other than "1", a status message will generate indicating the invalid address condition and a levy cannot be issued. See IRM 5.19.4-4 for additional information on C1P, C1G, and C1Z values.
- 2. When a levy source contains a complete address or the levy source contains an "NLS IND = Y" it is not necessary to verify the levy source address via SERP. For levy sources with address errors and an "NLS IND = Y", prepare a Form 4442 annotating the levy source information, name and address exactly the way it appears on ACS, and the error message received preventing levy issuance, and fax it to the appropriate levy source coordinator for corrective actions. A list of levy source coordinators can be found on SERP under Who/Where tab, Levy Source Information. Enter ACS history code OADT,10.
- 3. Centralized Address for Notice of Levy Issuance
 - A. Addresses for levy sources created through systemic means (e.g., IRP, FTD, RPS) are secured from BMF using payor's EIN. However, some employers and banks ask that levies be mailed to a different office, such as a central processing site.
 - B. A subroutine of the Centralized Asset Research System (CARS) can store unique addresses for levy mailing and pass them to IDRS and ACS as the levy address when the source is created.
 - C. When levy sources request mailing of levies to an address other than BMF address, ask them to submit a brief letter on company stationery with their entity name, TIN, and complete address. Banks must also show their American Bankers Association (ABA) transit number.
 - D. If a written response asks that levies be sent to a different address, it applies to more than one service center jurisdiction, and it contains all required information, forward to headquarters. If it lacks some required information, call the third party to solicit the proper written request and then forward to headquarters.
 - E. Letter can be sent directly to headquarters at the following address: *Director Filing and Payment Compliance, Program Manager, Enforcement, Attn: Systemic Levy Analyst, SE:S:C:CP:PC:FPC, 5000 Ellin Road, Lanham, MD 20706.*
- 4. The Levy Source Information page on the Servicewide Electronic Research Program (SERP) contains a database of local, regional and national levy sources submitted by participating sites and headquarters. Each has special levy instructions and useful information, e.g., a unique mailing address, contact person to verify employment, or fax number. See IRM 5.19.4.3.9. when adding levy sources to ACS and a complete mailing address is not known.
- 5. If an erroneous levy source address is an unrelated taxpayer residence or requires immediate attention because of disclosure, work stoppage, Taxpayer Advocate involvement, etc., do the following:
 - A. Secure screen prints from both ACS and IDRS to show how the erroneous information is displayed. Contact the appropriate Levy Source Coordinator and your local Policy and Analysis analyst to provide this information. Policy and Analysis will forward this information to the appropriate headquarters ACS levy analyst.
 - B. Headquarters works with Information Systems to overlay the incorrect address on IDRS and ACS with the correct address. The process takes about four weeks to coordinate and run.

**5.19.4.3.9 (03-26-2007)
ACS Levy Sources on SERP**

- 1. To avoid delays in routing and processing, it is important to ensure that levies are sent to the proper mailing address where levies are processed. The Servicewide Electronic Research Program (SERP) provides a National Levy Source (NLS) database lookup that can be found under the heading Levy Source Information. The NLS database is an electronic database of centralized levy source addresses.
 - A. Generally, levy source information shows a mailing address, a contact point for banks or employers, or telephone or fax numbers to use in confirming the source, expediting a levy or release, or following-up.
- 2. Anyone who contacts a levy source by telephone or correspondence may identify a need to add, delete or update the NLS database.
 - A. Third party correspondence, including levy replies processed by ACS Support that has new or revised information for future levies must be mailed or faxed to the appropriate ACS Levy Source Coordinator.
 - B. Third party outgoing or incoming telephone calls that identify changes must be prepared in writing and forwarded to the appropriate coordinator.
 - C. The Levy Source Coordinator will perform the necessary research required to verify the correct levy source address.
- 3. Levy Source Coordinators will update the centralized levy source listing through the NLS system.

**5.19.4.3.10 (02-18-2015)
Levy Types**

- 1. Methods of levy issuances:

A. Paper levies are levies issued from ACS by entering action history LVnn either through systemic issuance or by an employee through next case processing. Levies are issued through the ACSWeb Levy & Release page by clicking and issuing the selected source to be levied.

B. Manual levies are those not issued through ACS. Manually prepared levies by ACS employees are rare. A manually prepared levy is not generated by the action history "LV" on ACS, rather they are typed by an employee and they must contain a signature. See IRM 5.19.4.3.11

Note:

Only those employees with delegated authority to issue a Notice of levy can sign the Notice of Levy. Any signature method that reliably authenticates these documents may be used. A written signature, stamped signature, electronic signature, or systemically printed signature is an acceptable representation of the authority to issue a levy.

C. Automated levies are levies issued through the automated levy programs. These levies are transmitted electronically. The proceeds are also received electronically. See IRM 5.19.9 for more information on Automated Levy Programs, ALP.

2. Continuous Effect of Levy: A levy has continuous properties only for salary and wages. It attaches future paychecks, until the levy is released. Wages and salary include fees, bonuses, and commissions. All other levies only attach property and rights to property that exist when the levy is served. Non-continuous levies reach the property or assets for which the taxpayer has a fixed, determinable right. Also see IRM 5.11.6.1, about retirement and benefit income.

Example:

A levy is served to take an author's royalties. The author has a fixed and determinable right to royalties for books that have already been published. The levy reaches royalties for sales of those books in the future. The levy does not reach royalties for books that are written and published later. A new levy must be served to take those royalties

Example:

If a bank account is levied, it only reaches money in the account when the levy is served. It does not affect money deposited later.

Note:

Continuous levies must be released timely after the account is full paid. If a levy is not released in a timely manner, employers will continue to send money creating the potential for collection of surplus proceeds. See IRM 5.11.2.5, Disposing of Surplus Proceeds, for guidance if surplus proceeds are collected.

3. Form 668-W was developed to use when individual taxpayers may be entitled to the exemption from levy. IRC 6334(a)(9) allows for a portion of an individual taxpayer's wages, salary, and other income to be exempt by law from levy. This provision also extends to persons working for contract income except for government contractors.

Note:

All contract payments from the Federal Government are subject to continuous levy under IRC 6331(h). The IRC 6334(a)(9) exemption from levy does not apply to an individual's contract income from federal payments. Form 668-W should not be used to levy on federal payments. Rather, levies for these payments should be on Form 668-A or the funds should be collected through the Federal Payment Levy Program (FPLP). See IRM 5.19.9.3.

A. ACS generates a 668-W levy when the source is coded as wage, pension or non-employee compensation; otherwise, ACS generates a 668-A levy.

B. Generally, Form 668-W is a continuing levy, attaching current and future wages and salary, or retirement benefits, until a levy release is issued.

4. Form 668-A was developed to use when the taxpayer is a corporation, partnership, or other entity (no exemption applies) and for levies on property held by third parties to collect taxes owed by individual taxpayers.

A. Form 668-A, Notice of Levy, commonly called a bank levy, is mailed to banks, credit unions, savings and loan institutions, trust companies, and others described in IRC 408(n). For simplicity, "bank" refers to all these institutions unless otherwise specified

Note:

A Form 668-A is also used to serve a levy on the acquiring bank or processor holding a merchant account, (1099K). The funds held by the processors and acquiring bank are not deposits within the meaning of IRC 6332(c) and the 21 day holding period does not apply to these funds. Therefore, the credit card processor makes the payment when they otherwise make payments according to the merchant contract. For additional information on Merchant Account levies, see IRM 5.11.6.15. For additional information on income reported on Form 1099K see IRM 5.19.4.3.5.1

B. The service center mails Form 8519, Taxpayer's Copy of Notice of Levy, to the taxpayer seven days after Form 668-A is sent to the bank to ensure the taxpayer knows about the levy.

C. A bank must wait 21 calendar days from the received date before sending payment. During the holding period, the taxpayer may provide reasons why the levy should be released. On the next business day, the bank must turn over the taxpayer's money up to the amount of levy.

Example:

If the taxpayer's bank accounts total \$4,000 when the levy is received and the levy amount is \$3,000, the bank sends us \$3,000 (plus interest earned during the holding period). If the bank accounts total \$2,000 when received, then the bank sends the IRS \$2,000 (plus interest earned by accounts during 21 days).

D. The money deposited during the holding period or later and the deposits that did not clear by the received date of the levy are not surrendered. Another levy must be served to reach this money.

E. Contact the ACS Support Site liaison to settle disputes quickly about ownership of the bank account before the money is sent. Identity of the Support liaison(s) for ACS can be located on SERP under Who/Where, <http://serp.enterprise.irs.gov/>

Note:

If ownership or other issues affecting whether the bank should send us money cannot be resolved within the 21 day holding period, call the bank to ask for more time.

F. Most banks charge their customers a fee for processing levies, but they cannot deduct these fees from the money they send the IRS. Also, the bank may not use funds from the levy to offset loans it has with the taxpayer.

G. The amount the bank sends the IRS must include interest earned through the holding period, regardless of when they usually credit interest to the account.

5. There are a few Automated Levy Programs that may affect cases on ACS:

A. The State Income Tax Levy Program (SITLP) in IRM 5.19.9.2 covers situations where a state income tax refund may be applied to federal tax liability.

B. Under the Federal Payment Levy Program (FPLP), the law allows up to fifteen percent (15%) of specified payments to be levied. Cases assigned systemically to various ACS inventories are selected for FPLP; other ACS cases may be selected into the FPLP on a case-by-case basis. ACS displays the Account Alert FMS3 on the MOD and ENT screens to show a case is selected for FPLP; on IDRS an unreversed TC 971 AC 060 is present on each balance due tax module.

5.19.4.3.11 (02-18-2015) Typing Manual Levies

1. In a few situations, a manual levy is needed because of special requirements for enclosures or mailing parts of the levy directly to the taxpayer, the computer system cannot issue a levy containing all of the requested information.
2. See IRM 5.19.4.3.4(15) for situations that may require a manual levy, and the reference in IRM 5.11.6 for more detailed information about the special requirements in each situation.
3. When a manual levy is needed and one or more modules contains restricted penalty and/or interest, calculate and update IDRS.
 - See IRM 20.2.8.3, Manual Computations, for information on restricted interest.
 - See IRM 20.1.2.1.5, Manual Penalty Adjustments, for information on restricted penalties.
4. When it is determined that a levy must be manually prepared, ensure that AMS history is clearly documented. AMS documentation must include all of the following:

- the levy source name and complete address
- Which levy form was used, 668A or 668W.

Note:

Use Form 668–W to levy an individual's wages, salary (including fees, bonuses, commissions, and similar items) or other income. Other income is generally income owed the taxpayer as the result of personal services in a work relationship. Form 668–Ware also used to levy on a taxpayer's benefit or retirement income.

Use Form 668–A to levy other property that a third party is holding.

- the MFT, tax period, amount due for each module and then total amount due for all modules included on the levy.
- Whether Notice of Levy was mailed or faxed to levy source. If the levy was faxed, include the contact name, phone number and fax number of the levy source.

Caution:

Do not include individual SRP modules on the manual levy.

5. A copy of the Notice of Levy, along with a print of AMS histories and ACSWeb action histories documenting approvals must be maintained in a paper case file.
 - For Form 668-A retain part 5
 - For Form 668-W retain part 6

Note:

Taxpayer records of any kind cannot be maintained by Collection personnel after disposition of the account. All records must be held at the originating call site for 1 year and then disposed of in accordance with approved records control schedules. Refer to Document 12990, Schedule 22 (2)

6. When a Form 668-A(c)(DO) is prepared manually, the initiating office must also send a levy notification to the taxpayer.
 - A. Remove part 4 of the levy assembly, i.e., Form 8519, and mail the rest to the levy source.
 - B. Five workdays later, mail Form 8519 to the taxpayer.
 - C. Input action history "OADT,00,8519MLD" on the day the Form 8519 is mailed.
 - D. When the Form 8519 is sent to a spouse, employees must document AMS history with spousal name/address information.
7. A Form 12175 must be prepared when issuing a manual levy, see IRM 5.19.5.9, Notification of Third Party Contact, for documentation requirements.
8. A manager or lead must review and initial the manual levy before it is mailed. Additionally, the reviewing manager or lead must document the review in AMS history and on ACS by entering action history "OADT,00,MLEVYAP"
9. Employees must input action history "OADT,00,MLVYMLD" on the day the notice was mailed or faxed.

5.19.4.3.12 (01-01-2015) Issuing Levies

1. To issue a levy on ACSWeb access the Levy & Release page and select the levy source. Once the source is selected, click the "issue levy" button.
2. To issue a levy on ACS input history code LVnn, where nn = number of the specific source on the ACS levy screen. Identify the levy source as part of this entry by entering an abbreviation of the levy source's name. The system assigns the case to E5 with a 47 day follow-up. Enter a different follow up date as necessary.
3. There are occasions when a real-time error message will generate in response to an "LV" action history. Employees are required to review the account, determine if the levy action is appropriate and update AMS histories.
 - A. If the levy action is not appropriate employees must cancel the levy by entering an action history of "CLnn" .
 - B. If the levy action is appropriate, allow levy issuance.
4. Levies requested on levy sources that do not meet the new postal standards for mailing will no longer be allowed. Real time error messages will generate advising of the invalid condition requiring perfection. Employees will need to perfect the levy source in order to issue a levy to the source. If unable to perfect the levy source the source should be deleted.
5. If the liability is a result of a joint return and both husband and wife are employed, generally issue the first levy on the employer of the spouse receiving the larger income.
6. Issue multiple levies simultaneously if the aggregate balance on the ACSWeb Case Overview Screen is \$2,500 or more, and more than one unique levy source is available, subject to the following limitations:
 - On IMF, issue up to 2 multiple simultaneous levies. Review the guidance in IRM 5.19.4.3.7, Choosing A Levy Source, to select the most effective levy sources. Use judgment to determine the best combination of levy sources to use. However, you MUST NOT levy both spouses' income simultaneously unless you are certain that the taxpayers on a joint assessment are no longer married or are living apart. In that situation, each spouse is entitled to his/her own levy exemptions.
 - On BMF, issue up to three levies simultaneously, either two bank levies and one accounts receivable, or one bank and up to two levies against accounts receivable.

7. Managerial Approval-- Reassign accounts requiring managerial approval TOC0, LVnn. Document ACS Comments or AMS History identifying which levy needs approval. The approving manager will approve the proposed levy action either by issuing the requested levy or by showing approval in ACS Comments or AMS History if a manual levy is required. Managerial approval is required when issuing levies on the following sources:

- A. Benefit income
- B. Retirement income (except IRA and railroad retirement as these are not levied in ACS)
- C. Social Security income

8. Managerial Approval is no longer required when issuing a levy to the same source on same assessment. (Refer to Delegation Order 5-3, see IRM 1.2.44.4) Exercise caution when determining whether to reissue a levy, consider the following:

- A. Were levy proceeds previously received?
- B. Consider year of income earned - compare that to the latest income information. Do not reissue the levy if the latest income information does not show the source or reflects a period earned before the time the prior proceeds were received.

Note:

See IRM 5.11.1.3.7 for additional information.

9. When issuing a levy to a Limited Liability Company (LLC) entity, a warning message generates. Employees will be required to confirm that the levy request is appropriate. Refer to IRM 5.19.4.3.4(14) .

10. If you cannot levy on all modules, e.g., one or more modules have not met due process requirements, on ACS follow paragraphs (a) through (d) and (i) or on AMS follow paragraphs (e) through (i) below:

Note:

It is not necessary to exclude the individual SRP modules when issuing a levy, as the system is programmed to block these modules.

- A. Remove the asterisk in front of any module on the Tax Module Screen that you wanted excluded from the levy.
- B. Confirm the removal using History Code CS00 before paging to any another screen or requesting a levy. If you do not confirm the screen change with History Code CS00 before moving to any other screen, the system will not recognize your intention to exclude any tax modules from a letter or levy.
- C. If you are excluding tax modules from two or more MOD screens, a separate CS00 entry is required for each screen.
- D. After confirming the screen changes with the CS00, proceed with the levy request.
- E. Update the "yes" to "no" on the Module screen "include" column. Click on the module, click on the "include" box to remove the check mark, then click on the "update" button.
- F. Confirm the removal by seeing if the "no" is in the "include" column before going to any other screen or requesting a levy. If you do not confirm the change with "update" before moving to any other screen, the system will not recognize your intention to exclude any tax modules from a letter or levy.
- G. If you are excluding more than one module you must select each one individually and follow steps in (e) above.
- H. After confirming the "no" in the "include" column proceed with the levy request.
- I. Document in ACS Comments of AMS History what module(s) are on the levy.

11. When issuing a levy to a FPLP source, a warning message will alert employees to the fact that FPLP may already be levying this taxpayer. The message will be displayed on ACS in the following situations:

- A. LVnn issued and account has FMS3 indicator
- B. LVnn issued and account is FERDI.
- C. LVnn issued and levy source type is FCF, FPLP, or DMDC.

Note:

Refer to IRM 5.19.4.3.7 in these situations.

Note:

The warning message displayed will state: "CHECK FOR FPLP ISSUES PRIOR TO LEVY" :

12. Levy sources must be recorded as third party contacts when a manually prepared levy is issued or when an outcall is made to confirm employment or an account. See IRM 5.19.5.9 for documentation requirements.

13. If a levy must be served quickly, prepare it manually and fax it to the levy source. (Confirm the source has fax equipment and will accept the levy this way.)

14. You may send LP61/62 letters simultaneously to secondary, unverified levy sources. This can clean up the remaining levy file while awaiting a response to levy, thereby speeding overall case processing. Some things to consider in using these letters are:

- A. They have a lower response rate than levies.
- B. If issued in large numbers, they are time-consuming and costly, from a paper output and response viewpoint, and from the additional third-party calls they cause.
- C. LP letters show only the taxpayer name line from the entity screen and entity TIN. If the source is for a spouse not identified on the entity screen, the spouse name and TIN do not appear on the letter. In these situations, an LP61/62 is unproductive, so consider a levy, telephone call, or manually prepared version of LP61/62 letter.
- D. Do not send LP61/62 letters to sources on which ACS cannot issue a levy. (See IRM 5.19.4.3.7).

Note:

For W & I ACS and ACSS employees: Use of the LP61 and LP62 to confirm levy sources and/or locate taxpayers has been discontinued.

15. When requesting a levy or an LP61 to a levy source that is non-employee compensation, add literals "Re: non-employee income" if space is available on the second name line. This will help the levy source locate necessary records.

16. If a telephone number for the taxpayer is available, you may, at any time, attempt telephone contact with the taxpayer before issuing a levy.

- If there are no levy sources remaining, or none on which ACS may issue a levy, next-case action depends on what the site has done previously to contact the taxpayer. Also, various case characteristics, identified by issuance codes, balance due, type of tax, or such may dictate next-case actions. (See IRM 5.19.4.4.8 for more specific guidance).

5.19.4.4 (12-22-2005) Procedures for Levy Responses

- This section contains the information you will need to process levy responses.

5.19.4.4.1 (01-01-2015) Levy Responses: General Information

- Levy responses are received by telephone or in writing. The need to release an outstanding levy may be recognized during routine next-case accesses when a pending full payment is found.
- Unless stated otherwise, procedures are the same for calls or paper, although a call can provide a more thorough response and a chance to solicit locator information.
- For responses on cases no longer on ACS, research on IDRS to see the account status.

If	Then
Case is full paid (Status 12)	Prepare Form 668-D, Levy Release, if the Levy meets the criteria in IRM 5.19.4.4.4
The balance owed is only attributable to an individual SRP module.	<ul style="list-style-type: none"> Prepare Form 668-D, Levy Release Reassign the account TOCO,05,NC35
Otherwise	Special action usually is not required. See IRM 5.19.4.4.4 for additional information and destroy the response.

5.19.4.4.2 (08-04-2014) Levy Responses Paper

- Notices of levy are sent with a business reply envelope addressed to the corresponding Support Site.
- ACS may issue multiple simultaneous levies; ensuring that with remittance levy responses are received and processed promptly will ensure levy releases are issued expeditiously.
- Responses received with money are deposited by the Receipt and Control function, and the payment source document is sent to the Automated Collection System Support (ACSS) to decide next-case action.
- Most payments are processed through RPS, or to IDRS, using CC PAYMT. The payment amount will show as a pending transaction the next day. The ACS balance due is updated by IDRS with the next weekly update.
- Payment source documents may be a copy of the levy, a Form 3244, and an ACS or IDRS screen print. Keep documents in the same date sequence received from the deposit area. After reviewing each document and updating ACS Comments or AMS History with payment and levy source information, and taking the next case action, send the original source documents to the Files area. Destroy duplicate or photocopied payment source documents after processing.
- If correspondence is attached to a payment source document and requires a response or research, work the levy response. Reassign the case TOS4,30,CORR. Forward the correspondence to the clerical function to be controlled on AMS.
- Levy responses without a remittance attached are sent directly to ACSS after the mail room opens them. After working the levy response and quality review, you may destroy these items.
- Levy responses are to be worked within 21 calendar days of receipt from the ACSS stamp date.
- You may sort backlogged levy responses by using the priority code shown on the levy. Priority Codes 00 through 05 (with 00 being the highest) are shown beneath the words "Identifying Number(s)" to the right of the taxpayer's name control. Contact the Headquarters Levy Analyst to see if they are only accessing accounts with high priority codes and emphasize processing those responses.
- For levy responses processed through the Levy Response Screen on ACSWeb application, the next case action will be determined systemically
- Employees who process levy responses generally are authorized to take the next case action, including levy. See IRM 5.19.4.4.8. Employees who process levy responses and are not using the Levy Response Screen on ACSWeb but do not also determine the next case action should do the following:
 - If the account is in E5 with a future follow-up date, enter History Code OADT,01 to accelerate accessing case.
 - If the account is in other ACS functions or units, no additional entry or rescheduling of follow-up dates is needed.
- Be alert to other outstanding levies.** You may need to partially or fully release levies or delay the next action because of other levies.
- If the response to the levy requests that future levies be sent to a different address, see IRM 5.19.4.3.8.
- If we receive stock certificates or negotiable instruments as a result of levy issuance, take the following actions to ensure safe handling of documents.
 - Enter into comments the results of levy - name of financial institution, certificate numbers, owner's name, and value of the stock certificates or negotiable instruments.
 - Transfer case to Field Collection using TSIGN 6566.
 - Make a complete set of ACS screen prints and route the entire case to the service center revenue officer or ACS liaison, as designated locally. The following week, secure hard copy TDA from batch initialization and deliver it to that same person, who then forwards it to the Area Office.
 - The revenue officer reviews the case file and prepares a memo to the group manager to transmit the certificates and TDA, and sends the entire package, via Form 3210, to the Area Office.
- Processing instructions for various levy response situations are located throughout IRM 5.19.4.4.1 through IRM 5.19.4.4.10.

5.19.4.4.3 (08-04-2014) Levy Responses: Telephone

- Telephone contact helps us to clarify vague statements about employment or account status, and solicit locator information that often is not provided by third parties on written responses.

Note:

Be sure to advise the levy source that it is not necessary to respond by mail, as the case comments have been updated based on the phone call.

2. If the levy source says that the taxpayer is employed there, has an open account, or is currently a contractor, determine and document the reason the levy proceeds were not sent. Proceed with next action after levy response, see IRM 5.19.4.4.8.

If	Then
Levy proceeds will be sent	Schedule another follow-up date 21 days from the date the payment will be sent.
On a follow-up call, levy source claims not to have received levy	Verify levy source address. Ensure case still meets levy requirements in IRM 5.19.4.3.7, then issue a new levy by entering on ACS History Code LVnn or by accessing the ACSWeb Levy & Release page by clicking on the levy and clicking on the "issue levy" button.
Levy source refuses to honor the levy	Follow IRM 5.19.4.4.7(18)

3. If no longer employed:
 - A. Confirm if money is still due the taxpayer.
 - B. Ask for locator information (e.g., taxpayer's telephone number, address [if different from the one we show], and current employer and address, if known).
 - C. Document comments, delete the levy source, and proceed with the next action, see IRM 5.19.4.4.8.
4. Use the procedures in (5) below to assist employers in determining the correct amount exempt from levy. Also use the procedures in (5) below if proceeds are substantially below the amount expected based on the taxpayers known income and probable exemptions. For additional information on exemption amounts see IRM 5.11.5.4
5. Exempt portion of a taxpayer's wages, salary, and other income is computed as follows:
 - A. Total of the taxpayer's standard deduction.
 - B. Amount the taxpayer can deduct for exemptions on an individual income tax return for current year.
 - C. Divide this total by the number of times the taxpayer is paid each year.

Example:

If taxpayer paid	then
daily	divide sum by 260 (assuming 5 days in a work week)
weekly	divide sum by 52
biweekly	divide sum by 26
semimonthly	divide sum by 24

- D. Publication 1494, which is mailed with the Form 668-W, explains to the employer how to compute the amount exempt from levy. For taxpayers who are paid irregularly, help the third party determine a reasonable exemption, one that tries to tie the earnings into a time frame that produced it.

Example:

A fisherman is paid a percentage of the catch after the fish are sold. If the person was working on the boat for two months to earn that share, two months worth of exemptions apply.

Example:

A realtor works only for commission and is paid the Tuesday after a house sale closes. In this case, it's not clear how long the realtor worked on this specific sale. After all, realtors routinely show many houses to many clients simultaneously. The realty company may have some idea, or you might settle on a simpler solution, e.g., if the realtor averages two sales a month, suggest two weeks of exemptions, or if the realtor seldom sells a home, maybe count the weeks between contract signing and the settlement date to compute exemptions. The point is don't default to a daily or weekly exemption, or presume a six month exemption because it has been that long since the realtor last sold a house.

- E. A levy includes a Statement of Exemptions and Filing Status. The employer gives this statement to the taxpayer to complete and return within three days. If the statement is not received by the employer in three days, the amount is figured as if the person is married filing separately with one exemption. The employer mails the employee statement to the appropriate IRS office as indicated in introduction of 668-W.
- F. The statement is completed under penalties of perjury. It is usually accepted unless it seems a taxpayer is claiming extra exemptions to offset the levy's effect. See IRM 5.19.4.4.7(11).
- G. If it is disallowed, notify the taxpayer and employer. The taxpayer can show evidence that the statement is correct and ask for a manager's review.

Note:

An employer who threatens to fire an employee to avoid handling a levy may be violating Title 15 USC 1674. If the employee is fired because of this, the employer is subject to a \$1,000 fine and possibly a one-year prison term. Refer the taxpayer to the Wage and Hour Division of the Department of Labor, which must decide if the employer violated the law.

**5.19.4.4.4 (01-01-2015)
Full Pay Levies**

1. To request a levy release on AMS, access the ACSWeb Levy & Release page, click on the levy source. On the drop down menu, select LP68.
2. To request a levy release on ACS, input History Code LP68,nn (when n=position of levy on ACS Levy Screen).
 - IDRS identifies levy remittances by a TC670 with a Designated Payment Code 05.
 - Call the levy source or fax a levy release per IRM 5.19.4.4.10 if it appears that the levy release may not reach the third party in time to prevent over collection.

Example:

A levy release to LV04 is LP68,04

3. If the levy full pays the assessment but leaves a small accrual balance, see IRM 5.19.4.3.4(3) for tolerance instructions. (For SBSE and W&I bank levy only).

Note:

W&I will issue a partial levy release to cover the remaining balance due on wage levies in lieu of tolerance. When calculating the amount needed to satisfy the liability, do not include any amounts attributable to the individual SRP module(s).

4. Look for other outstanding levies, matching up History Codes LVnn with subsequent deletions (DLnn) and other indications of response. Select LP68 in ACSweb or input LP68, Lnn, as necessary.
5. If another outstanding levy source indicates that proceeds will be sent soon:
 - A. Immediately attempt to contact that source by telephone; and
 - B. Fax a levy release.
6. Reset follow-up date by entering OADT,21, if necessary, to allow time for receipt of closing information from IDRS, usually with next weekend update
7. See IRM 5.19.4.4.10 for further background information regarding levy releases.

5.19.4.4.5 (12-22-2005)

Partial Pay Levies

1. Determining the proper action after receiving a partial levy payment depends on:
 - If multiple simultaneous levies are outstanding
 - If the levy was for wages, or other income, or to a bank
 - The payment amount
 - If the amount seems reasonable or should be questioned
 - If additional payments are expected
2. When an account in E5 receives at least 2 payments within 90 days the account is systemically assigned to E7. If this is the second levy payment on a wage source, consider establishing a continuous wage levy agreement, even if the account resides in E7.
3. Partial payments can be secured from any levy source type. Determine the next appropriate action to take by using the following criteria:

If partial levy payment is secured from:	And	Then
Wages or other income	There are no other levy sources available	A. Annotate in comments the amount and which source was successful. B. Input a new follow-up date 21 days after the next anticipated payment. C. No action is needed on other outstanding levies at this time
Wages or other income	There are other levy sources	A. Annotate in comments the amount and which source was successful. B. Do a new levy issuance analysis
A Bank source	There are other levy sources	Do a new levy analysis
There are no other levy sources	See IRM 5.19.4.4.8.	

4. If levy proceeds are substantially below the amount expected based on the taxpayer's known income and probable exemptions, consider contacting the employer to determine whether the taxpayer is claiming too many exemptions or is allowing voluntary deductions to an extent that defeats the levy. (See IRM 5.19.4.4.7(11) and Policy Statement P-5-29 of IRM 1.2.14.1.6, Policy Statements for Collecting Process Activities.)
5. If a second payment is not received on a Form 668-W levy when anticipated, or if the second payment differs significantly from the first so that it is difficult to know whether we can expect regular payments, follow up with the levy source.
6. If you are not able to follow-up or the source indicates the payments will be varied, establish a continuous wage levy agreement for the minimal amount that can be expected each month.
7. Review all partial pay responses for any pertinent taxpayer or levy source data per IRM 5.19.4.4.7(15).

5.19.4.4.6 (01-01-2015)

Continuous Wage Levies - E7 Payment Processing

1. After a second partial payment is secured on a Form 668-W, consider if the account should be monitored through IDRS as a continuous wage levy installment agreement, CTLV. Although not considered an installment agreement, these are loaded to IDRS as Status 60.
2. Provide for monitoring of continuous wage levy payments through IDRS Status 60 if:
 - Time to full pay is more than four months, excluding any individual SRP modules **and**,
 - There are **no** other levy sources that ACS can use or the site believes is worth pursuing **and**,
 - The taxpayer is an IMF or out-of-business sole proprietor BMF entity **and**,
 - Payments are expected at regular intervals. If payment amounts will vary, establish the agreement for the minimum amount that can be expected each month.
3. Cases receiving payments through the FPLP program require special handling. Do not set the account up on a CTLV.

If	And	Then
FPLP levy will full pay account in 4 months	No other levy sources present	A. Leave case in E7 until account is full paid. B. Document ACS Comments or AMS History and extend the follow up date.
FPLP levy will not full pay within four months	No other levy sources	Send the case to the queue. A. Make a NFTL determination in accordance with IRM 5.19.4.5. B. transfer the case to the queue. Either select "Out of ACS to Queue" or by inputting an action history TFQU,,DOAO7000

Note:

To consider an account receiving proceeds through the FPLP program to be eligible for establishment of a continuous wage levy, follow the procedures in IRM 5.19.9.3.5.1.

Note:

Beginning January, 2007, SSA submits paper levy payments to IRS through the Electronic Funds Transfer Payment System (EFTPS). These payments post to IDRS as TC 670 DPC 05 but are identifiable by the presence and content of an EFT-TRACE-NUM field. All SSA levy payments have values of "49" in the third and fourth positions of the EFTRACE- NUM.

4. If later levy payments are likely to full pay the account within four months, input history code OADT,130,CTLV. After 4 months, if the account is not full paid, proceed with new levy analysis.
5. On combination balance due/return delinquency entities where a continuous wage levy agreement is a possibility, see if the return delinquencies qualify for TC59x with Closing Codes 25 (BMF), 26, or 28 (IMF). If they do, close the return delinquency modules, and establish continuous wage levy agreement. If they cannot be closed, establish the CTLV and move case TOI5.

Note:

For compliance reasons, in this situation the use of TC59x with Closing Code 27 (minimal tax due) is discouraged, but not prohibited. Unresolved return delinquency modules do not prevent loading a continuous wage agreement to IDRS Status 60.

6. Prior to establishing any continuous levy agreement determine if the amount received seems appropriate considering the taxpayer exemptions and filing status. If less than anticipated, contact the employer to determine whether the taxpayer is claiming too many exemptions or is allowing voluntary deductions to an extent that defeats the levy. (See IRM 5.19.4.4.3(4) and Policy Statement P-5-29 of IRM 1.2.14.1.6 Policy Statements for Collecting Process Activities.)
7. The CSED must be considered before establishing a continuous wage levy. A CTLV can be established if the earliest CSED is further than 18 months in the future. Request a review date:
 - A. no more than three years in the future.
 - B. 18 months prior to the earliest CSED if the earliest CSED is at least 24 months in the future; or
 - C. 9 months prior to the earliest CSED if the earliest CSED is less than 24 months in the future.

Note:

If fewer than 18 months remain prior to the CSED levies we cannot establish a continuous wage levy. Send cases meeting this criterion to ACSS to be monitored manually.

8. Cases in which the CSED will expire in fewer than 18 months and otherwise meet continuous wage levy criteria must be sent to ACSS to be monitored manually. Follow the procedures in (a) through (d):
 - A. Enter the following information in ACS Comments or AMS History: "Monitor Continuous Wage Levy/CSED Expiring" , in addition to identifying the name and address of the levy source submitting proceeds.
 - B. In the Notes section annotate the CSED expiration date and the tax period(s) expiring. This will assist in a timely release of levy.
 - C. Follow the procedures in IRM 5.19.4.4.6(10) a - d below.
 - D. Reassign the case TOS0,14,MMCTLV
9. When continuous payments are being received from multiple levy sources, the account must be manually monitored. Do **not** establish an agreement on IDRS. Follow the procedures in (a) through (c) below.
 - A. Enter the following information in ACS Comments or AMS History "Monitor Continuous Wage Levy/Multiple Levies Remitting" . In addition, for each levy source submitting proceeds, document the levy source name, address and any contact information, including phone and fax numbers in AMS history.
 - B. Follow the procedures in IRM 5.19.4.4.6(10) a - d below.
 - C. Reassign the case TOS0,14,MMCTLV

10. If the case meets continuous levy agreement criteria:

- A. Make a NFTL determination if required by IRM 5.19.4.5.1
- B. Verify that all modules, including those previously reported as currently not collectible, were included on the levy. If not, prepare a manual levy. (See IRM 5.19.4.3.4.)
- C. When the continuous levy is being established due to a levy on wages/salaries, input a TC971 AC687 with miscellaneous processing code 002 for each module included in CTLV.

Note:

Do not input a TC971 AC687 on any individual SRP modules, as these are not subject to levy.

- D. For other continuous levies that reach a taxpayer's right to future payment and will not be released when the CSED expires, input a TC971 AC687 miscellaneous processing code 001 for each module included in the CTLV.

Note:

Do not input a TC971 AC687 on any individual SRP modules, as these are not subject to levy.

- E. For accounts that do not contain an individual SRP module(s), establish a continuous wage levy on IDRS using CC IAGRE. Reassign the case "TOC0,21,CTLV" for ACS Call Sites and "TOS0,21,CTLV" for ACS Support, immediately following input of CC IAGRE. See *Exhibit 5.19.4-3*.
 - F. For accounts that also includes an individual SRP module, establish the continuous wage levy on IDRS using CCIAGRE **excluding the individual SRP module**. Reassign the case "TOC0,05,NC35" for ACS Call Sites and "TOSO,05,NC35" for ACS Support.
 - G. Site management may prefer that potential continuous wage levy agreements be reviewed by a manager or designated employee before establishing them on IDRS. If so, enter in comments the monthly payment amount, payment dates, locator number, and name and address of levy source. Reassign as directed locally.
11. If the account will not be full paid in four months and does not meet requirements for a continuous wage levy see IRM 5.19.4.4.8(4)

5.19.4.4.7 (08-04-2014)

No Payment Levies

1. Levy responses without payment are the most common. They can be by telephone or in writing. Procedures are similar, differing only in the ease of questioning the third party on the telephone, compared to the more difficult interpretations and follow-ups for written responses.
2. Form 668-W -- If verbal or written response is negative:
 - A. "No longer employed" or similar -- delete the source.
 - B. "No record of employment" or "never an employee" , -- check ACSWeb Levy & Release or ACS levy screen. The source may have been non-employee compensation, but the levy was not adjusted to show "re: non-employee compensation" on the second name line. Also, ensure the levy was issued with a correct name line and TIN. It may be necessary to contact the levy source or reissue the levy. If satisfied that source is no good, delete it.
 - C. No funds due -- leaves open the possibility that money may be due the taxpayer in the future. If accompanying information doesn't clarify the statement, consider a follow-up call to the source. If satisfied that the source is no good, delete it.
 - D. Laid off or "seasonal" , -- consider contacting the levy source to determine when that happened and the likelihood of being recalled. If a layoff date has already been provided and it is more than six months ago, the taxpayer is likely to have found employment elsewhere. For seasonal employees who expect to be rehired, keep the source on ACS, and document in ACS Comments or AMS History the possible rehiring date. If satisfied that the source is no good, delete it.
3. Form 668-A -- If verbal or written response is negative:
 - A. "Account closed" or "no account" -- delete source.
 - B. "No funds" or other vague comments -- might mean a temporarily overdrawn account that we might want to try again at a later date. It also might mean an inactive account is still on the books but dormant for a long time. In this case, delete the source.
4. A response with only the receipt of levy acknowledged often means the source is good and proceeds may be forwarded later. Enter in ACS Comments or AMS History, LVnn, ACKN, RECD mmddyy. Proceed with next action after levy response, see IRM 5.19.4.4.8.
5. When a response is received with nothing provided by the levy source enter in ACS Comments or AMS History: LVnn received mmddyy, NO NOTES. Proceed with next action after levy response, see IRM 5.19.4.4.8
6. Some third parties say they cannot honor the levy and cite some detail about the levy form or process. If the source is good and can be reasonably accommodated, do so. Depending upon the situation, a site or Area Office liaison may need to call the source to discuss levy requirements.

Example:

Some do not honor levies without a Total Amount Due shown. This occurs when restricted interest or penalty on one or more ACS modules prevents the system from receiving updated accruals from IDRS, so the levy leaves accruals and Total Amount Due fields blank. Stuffers are used to solicit a call to compute accruals if full payment will be sent. Because of third-party objections, some ACS support functions routinely compute accruals on selected employers or banks or, if immediate full payment is unlikely, simply write in Total Amount Due without figuring accruals.

7. Responses regarding non-employee compensation often are imprecise. There may be no money due currently, but the issue is whether the taxpayer will be used as a contractor in the foreseeable future. If a written response shows no activity in more than a year or if the source amount is small, follow-up is not necessary. Follow-up should be considered in other cases.
8. If a levy source yields no funds now, but may be productive in future, use History Code OADT,01, LVnn\$0 to show retention of the source but no dollars, proceed with next action after levy response, see IRM 5.19.4.4.8.
9. Unable to process or similar statement may mean that the source was dividends, insurance company interest, Bureau of Public Debt, or other sources that should not have been issued. Often, the third party will enclose a detailed form letter explaining the reason for returning the levy. If the source is valid for ACS use and can be perfected, do so. Otherwise, document response in ACS Comments or AMS History and delete the levy source.
10. "Part-time employee" often means the employee earns less than the levy exempt amount. Document status in ACS Comments or AMS History and proceed with next action after levy response, see IRM 5.19.4.4.8.
11. "Too many exemptions" means the taxpayer earns less than the levy exempt amount.
 - A. Consider contacting the employer to determine if the taxpayer is claiming too many exemptions on Statement of Exemptions and Filing Status or is allowing voluntary deductions to an extent that defeats the levy. (See Policy Statement P-5-29 of IRM 1.2.14.1.6, Policy Statements for Collecting Process Activities, and IRM 5.19.4.4.3(4).) This type of response also may mean that the employer is confused about computing the exempt amount, so a call helps resolve current and future levy issues. If the levy source will be retained for future use, document the levy information in ACS Comments or AMS History. If it is unlikely the levy source will ever be productive, delete it and proceed with case processing.
 - B. Sometimes, an employer believes that the taxpayer is entitled to less than the amount claimed on the form, and will ask what to do. Advise the employer that they need to use the Statement of Exemptions and Filing Status, not the employee's W-4, Employee's Withholding Certificate. If the taxpayer did not complete the statement, advise the employer to compute the exempt amount by figuring the taxpayer as married filing separate with one exemption. Also advise the employer that the taxpayer can give the statement to the employer later to change the exempt amount.

Note:

The statement is completed under penalty of perjury. Generally, accept the information on the statement, unless there is reason to question it. If it is disallowed, notify the employer and the taxpayer in writing. The taxpayer can provide evidence that the statement is right and request managerial review.

- C. If requested, fax a quick note to the levy source to confirm it. They, in turn, will notify the taxpayer who may call or write to appeal the decision. If the third party cannot be reached by telephone and you determine that fewer exemptions should be permitted, send a quick note to the levy source and a copy to the taxpayer.

Note:

If the site issues multiple simultaneous levies to wage sources, the taxpayer is entitled to an exempt amount on only one. Tell the second employer not to allow any exempt amount.

12. If the levy source questions some discrepancies between the entity information on the levy and their records, contact the third party to ensure the levy source is valid, then reissue as needed.

Example:

Banks sometimes identify accounts they have for a taxpayer under a different identifying number, such as an individual account under the taxpayer's name only and his/her SSN, while our levy identifies that person, sole proprietor business name, and an EIN. The bank may ask whether to honor the levy under those circumstances. In this example advise the bank, based on the facts and circumstances of the taxpayer's account, whether the levy should be honored. Elevate to management any cases in which you are unable to determine whether the levy should attach to the taxpayer's account.

13. "Taxpayer in bankruptcy" requires documentation in ACS Comments or AMS History and reassignment to R4; use History Code TOR4,,BKRPTCY. If the levy was issued after the taxpayer filed for bankruptcy, and the proceeds were sent and processed, then a violation of the bankruptcy automatic "stay" occurred. Advise local management as the Insolvency Unit will need to expedite contact. Variations occur in state exemption laws that debtors may elect to use in a bankruptcy proceeding and in Standing Orders adopted by bankruptcy courts. This can result in differing local procedures among sites.
14. Reassign to R4 responses showing the taxpayer is deceased or has a military deferment.
15. On no pay responses question the caller or analyze correspondence for any pertinent taxpayer or levy information.

If information is:	Then
Newer than what we have	Pursue leads. Enter home, work or cell phone number onto ACS. If a telephone number is already present put additional number in comments as a potential number (POTHOMETEL, POTWORKTEL or POTCELLTEL). Enter new employer's name, address, and telephone number into comments (POTEMP). Enter the new taxpayer address in comments (POSSNEWADRS). Transcribe useful locator information from the levy or attached correspondence.
Older than what we have	<p>A. Don't act on information.</p> <p>B. Record it in ACS Comments or AMS History so we know it is old information if it comes up again from another source.</p>

16. If the taxpayer is incarcerated, see IRM 5.19.1.4.7 and proceed with next case action.
17. If the taxpayer is in a college, university, or other school, an issue may be raised about money in school bank accounts that is provided by the Department of Education for student aid. (See IRM 5.11.4.7 , Schools' Bank Accounts, for processing instructions.)
18. Outright refusals to honor levies are rare. If it happens and the contact is by telephone:
 - A. Explain to the source his/her legal requirement to honor a levy. Tell the levy source that IRC 6332 provides that if the levy is honored the levy source will be discharged from any obligation of the taxpayer or anyone else. If the levy source, however, fails or refuses to honor the levy, the levy source will be liable in a sum equal to the value of property or rights to property not surrendered, plus interest, and, absent reasonable cause, may be liable for a penalty equal to 50 percent of that sum.
 - B. If the source continues to refuse to respond, insert the term "REFUSES TO HONOR LEVY" and the source's telephone number on one of the blank name/address lines for this source on the ACSWeb Levy & Release or ACS Levy Screen.
 - C. Print Entity and Levy Screens AMS Account Summary, ACS Web Case Overview and Levy & Release Screens.
 - D. On print, circle the problem levy source and note the reason for not honoring levy.
 - E. Route print to management, which may consult with Advisory about initiating legal action. Do not delete the levy source.
 - F. Issue an LP59 per IRM 5.19.4.4.9(4)b to levy source.
 - G. Proceed with the next action after levy response, see IRM 5.19.4.4.8

5.19.4.4.8 (01-01-2015) Next Action After Levy Response

1. Individual and multiple levy sources may be deleted at one time on the levy verification screen. Select "Delete" for all applicable sources and submit the request. The system will automatically generate deletion code "2" (see 2 below) when deleting from the levy verification screen. To delete a levy source using a deletion code other than "2" , view the levy source details on ACSWeb and click the "Delete Levy" button. A menu will open displaying the deletion codes (see 2 below). Click on the appropriate code and click on the delete button. It will generate the appropriate history code as shown in the example in 2 below.
2. Delete sources on ACS using History Code DLnn, where nn=number position of source on ACS Levy Screen, followed by one of the following levy deletion codes, then an abbreviation of the source's name. Add to ACS any new information that the levy source provides. It is not necessary to also delete the source from IDRS. (See IRM 5.19.4.3.5(5).)
 - 1 - No Account per response from levy source.
 - 2 - Not or no longer employed, no working relationship, or no account
 - 3 - Not or no longer employed, or no working relationship per response from levy source.
 - 4 - **Reserved**
 - 5 - Source is a non-liable spouse
 - 6 - Levy source not usable, e.g. duplicate, no address, ACS restricted from using, etc.
 - 7 - No response levy; no follow-up or follow-up unproductive
 - 8 - Levy income below exempt amount,no money owed or no funds in account

Example:

Deleting Acme Widget Company could be DL01,,2ACME

3. Employees who receive levy responses but who are not authorized to request subsequent levies should do the following:

If	Then
Account is in E5 with a future follow-up date	Enter History Code OADT,01 to accelerate accessing case.
Account is in other ACS functions or units	No additional entry or rescheduling of follow-up dates is needed.

4. If the account will not be full paid in four months and does not meet requirements for a continuous wage levy (see IRM 5.19.4.4.6), choosing the next action depends on factors such as:
 - A. Prior call site actions - has it been to Contact or how far within Investigation, was the taxpayer contacted, or are other levies outstanding?
 - B. If there has been taxpayer contact, has there been a broken promise?
 - C. Are there unresolved return delinquency modules?
 - D. Information on ACS Screens (e.g., a taxpayer telephone number, other levy sources, unique coding that requires special processing).

E. Availability of locator sources that might identify a levy source for the taxpayer.

F. Whether the case meets call site "currently not collectible" criteria.

G. Local procedures and other factors, such as community property laws.

H. Where case is assigned in ACS and whether it no longer is on ACS.

5. If there has been no written or verbal contact with the levy source, consider the levy follow-up in IRM 5.19.4.4.9.

If	Then
There will be no follow-up or if a telephone follow-up confirms the source is no good	<p>A. Delete source from ACS using the appropriate deletion code.</p> <p>B. Document ACS Comments or AMS History.</p>
Follow-up is by LP59	<ul style="list-style-type: none"> • If other levy sources are available, issue a levy. • If no other levy sources are available allow for the 25 day follow up before proceeding to (8) below. • If there is no response to the LP59, delete the source when the case is accessed more than 25 days later. • Issuing a new levy and an LP59 to an earlier levy source is not considered multiple simultaneous levy.

6. If there are additional levy sources, do a new levy analysis as follows:

If	Then
The case meets multiple simultaneous levy criteria, and we have not received responses to some outstanding levies	<p>You may issue a new levy to replace an unproductive one if one of the same type levy sources is available.</p> <p>Example:</p> <p>If one wage and one bank levy was issued simultaneously, the wage source is unproductive and the bank has not responded yet, issue a levy to one non-bank source.</p>
A telephone number is shown for the taxpayer and contact has not been attempted to that number.	Case may be reassigned to Contact at any time as directed by call site management, unless account has been to Cn previously and another telephone call attempt would be wasteful.

7. If no levy sources are available, the case is in E5:

If	Then
There is an IR issuance code on each module and IDRS shows the entity was not reactivated from TC530 CC39 status	Report case currently not collectible.
There is a QR issuance code	Return case to the Field queue (IDRS status 24).
You have the taxpayer's home telephone number or a valid work telephone number (usually a source on which we may not levy)	Reassign case to Contact using History Code TOCn.
The balance is less than deferral, including any individual SRP module(s)	<p>A. Enter History Code NC09. See (10) below for exceptions.</p> <p>B. Reassign TOC0,21,NC09</p>
There is no taxpayer telephone number	<p>A. Reassign case TOI2</p> <p>B. If I2 research was completed within the last 6 months, reassign the case TOI4.</p>

8. If there are no levy sources available and the case is assigned to other Contact, Investigation, Research, or Service Center function/unit, then other case processing has superseded levy. Enter levy response information in ACS Comments or AMS History, but take no other action.

9. =====

- A. Document ACS Comments or AMS History.
- B. Enter History Code NC09
- C. Reassign TOC0,21,NC09

10. NC09 in (9) above does not apply to cases:

- A. On which substantive contact has been made or adjustment or payment tracer activity is applicable.
- B. Where the module is coded E or F.
- C. Where there are return delinquency modules that do not qualify for Closing Codes 25 (BMF), 26, or 28 (IMF), or do not qualify for Closing Code 27 when balance-due amount is added to estimated return delinquency

5.19.4.4.9 (07-30-2012)
Levy Follow-Up

- 1. E5 cases are next case accessed if no response is received or processed by the follow-up date entered when the levy was requested.
- 2. On AMS double click on the modules in the Module section. Review for transaction code TC670 DPC 05 for levy proceeds. You may sort the transactions by TC by clicking on the heading "code" or sort them by date by clicking on the heading "date".

3. Check IDRS for recent payments. Sometimes, levy proceeds are received and posted to an account without corresponding notation in ACS Comments or AMS History. Look for odd dollar amounts with a posting date at least several weeks after the levy issuance. Levy proceeds are identified on IDRS with a Designated Payment Code (DPC) 05 on line after TC670 payment.

4. Initiate an LP59 follow-up only in the following circumstances:

- A. The taxpayer is a federal employee see IRM 5.19.18.5.6(1).
- B. It has been confirmed that the levy source is holding funds subject to levy, but our records indicate no payments have been received.

Note:

If the levy source claims that they never received the levy, do not issue LP59, instead reissue the levy. If follow-up is by LP59, a levy may be issued to another source simultaneously. This is not considered repeated levy on the same source. If the account does not meet the criteria listed in item 4 above for LP59 issuance, then proceed with case processing.

5. If the account does not meet the criteria listed in item 4 above for LP59 issuance, then proceed with next action after levy response, see IRM 5.19.4.4.8.

5.19.4.4.10 (01-01-2016)

Levy Release: General Information

1. When a faxed levy release is necessary to expedite the processing of the release of levy and a return call is needed to provide the correct fax number, document ACS Comments or AMS History. In order to assist the next CR and facilitate a effective call resolution, documentation should include::

- identification of levy source and
- the type of release granted, full or partial. For all partial releases, annotate the amount to be released..

Note:

When paper levies issued to the Social Security Administration (SSA) need expedited release due to economic hardship employees utilizing Form 668D on AMS and e-fax services will need to write "EXPEDITE IMMEDIATELY" on the top of the fax cover sheet. Employees using Form 668D on AMS intending to manually fax the levy release must write "EXPEDITE IMMEDIATELY" on the top of the release of levy form. Fax the release to the SSA office that issued the taxpayer's social security number. See the Servicewide Electronic Research Program (SERP), Who/Where, Levy Source Information for the SSA office fax numbers <http://serp.enterprise.irs.gov/NLSD/>. Phone contacts for SSA Paper Levy issues are listed on SERP on the IRWeb, Who/Where, SSA Paper Levy Contacts, <http://serp.enterprise.irs.gov/databases/who-where.dr/ssa-paper-levy-payments.htm>

2. The primary purpose for issuing a Notice of Levy is to collect the delinquent tax liability. However, there may be some instances when a full or partial levy release is necessary.

3. When a taxpayer claims to be a victim of identity theft, follow IRM 5.19.21.1.3 to determine if a levy release is warranted. When contact is from the Non-Owner of the TIN, follow IRM 5.11.2.3.1 to determine if a levy release is warranted. Full and partial levy release instructions can be found in (8) below.

4. Levies are issued after the taxpayer has been given an opportunity to resolve their tax liability but failed to do so. Taxpayers will generally call us once they learn that a Notice of Levy has attached and the levy source will be sending us proceeds. Release of levy is not required for a levy that was issued prior to reaching resolution with the taxpayer unless it meets one of the criteria for required release listed in item (5) below.

Example:

A taxpayer has not responded to any of our attempts to contact him/her to resolve a tax liability. A levy is issued and attaches to proceeds in the taxpayer's bank account. The taxpayer calls and explains that he/she is ready to cooperate. He/she requests a release of the bank levy in exchange for his/her cooperation in resolving the account. Unless one of the 10 conditions listed in IRM 5.19.4.4.10(5) exist, the levy should not be released.

5. A Release of Notice of Levy must be issued on modules when any of the following conditions apply:

- A. CDP Notice Period Has Not Expired: A release must be issued on any modules where the levy was issued prior to the expiration of the taxpayer's 30-day notice period in a non-jeopardy situation. If the levy includes other modules where proper notice has been given, and these modules do not meet any other conditions for release, then a partial release should be issued to remove only the erroneous modules. See IRM 5.19.8.4 for information on CDP time frames and IRM 5.19.4.3.4 for definitions of equivalent CDP notices.
- B. CDP Notice Issued to Incorrect Address: A release must be issued on any modules where the LT11 (or equivalent) was sent, but not to the taxpayer's last-known address. If the levy includes other modules where proper notice has been given, and these modules do not meet any other conditions for release, then a partial release should be issued to remove only the erroneous modules.

Example:

A secondary taxpayer's address may differ from the address on the ACSWeb Case Overview & AMS Account Summary screen. In this case, due process notice must be sent to each spouse at their respective last known address prior to levy issuance. A levy on spouse's assets where it is discovered that due process notice was not issued to the correct last known address of that spouse must be released.

Note:

This does not apply when the levy attaches monies owned jointly with the primary taxpayer. For example, release of levy on a joint bank account is not required.

C. Liability is No Longer Owed: A release must be issued on any modules that are no longer owed, or where a pending adjustment will fully satisfy the liability. If the levy includes other modules that are still outstanding, and these modules do not meet any other conditions for release, then a partial release should be issued to remove only the erroneous modules.

Caution:

"Other outstanding modules" does not include individual SRP module(s). Do not refuse or delay a release of levy when the remaining balance is solely due to the individual SRP module(s).

Other factors to consider:

- Be alert for multiple simultaneous levies and ensure that all levies are released.
- Follow procedures in IRM 5.19.10.10.2.2 when a release is required for continuous wage levy that has fully paid an account.
- If over-collection occurs, IDRS generates a refund within a few weeks if the taxpayer has no other delinquent accounts. Over-collection attributed to multiple simultaneous levies is not grounds to accelerate refunds. A manual refund will be initiated only for hardship cases. See IRM 5.1.12.20.

D. Amount Held by Levy Exceeds Amount of Liability: If the amount of the proceeds being held by a levy will fully satisfy the liability, then we must release any excess levy amounts to avoid over-collection.

If the levy source verifies that full payment is being held by levy:

If	Then
Multiple simultaneous levies have been issued	Issue/fax full levy releases to all other levy sources for which levies have been issued.
Subsequent to levy issuance, a payment or adjustment posts to modules thereby reducing the original levy amount	Issue a partial levy release showing the corrected balance due, by manually preparing Form 668-D. Mail or fax it to the levy source and document comments.

Note:

If there is over-collection and there are other liabilities, levy proceeds will offset, even if the other delinquent modules were not included on the levy and may not have been issued a CDP notice. Although this is legal and we will retain funds already received, as a matter of policy we do not intentionally allow levies to remain in effect once we are aware that the modules listed on it have been resolved. We must either release the levy, or, if CDP criteria are met, reissue a new levy to include the additional modules. Surplus levy proceeds may not be applied to individual SRP modules, (MFT35/MFT65).

- F. Modules with Expired CSED: In cases where a continuous wage levy has been honored, a release must be issued on any modules where the statutory collection period has expired. If the levy includes other modules where the CSED has not expired, and these modules do not meet any other conditions for release, then a partial release of the continuous wage levy should be issued to remove only the modules with the expired CSED. See IRM 5.11.2.3.1.2

Note:

Except for a continuous wage levy, a levy served prior to the expiration of the CSED is good and should not be released. See IRM 5.11.23.1 and IRM 5.11.2.3.1.2 for examples.

Exception:

A continuous wage levy served before the expiration of the CSED should be released according to procedures in IRM 5.19.10.10.2.2

Example:

One week before the CSED runs out, a levy is issued on the taxpayer's bank account. The bank does not have to send the levy proceeds until the 21 day holding period expires, but this will be after the period for collection runs out. The levy does not have to be released when the CSED expires because it was served timely.

- F. Modules Included in an Approved Agreement: A levy that includes modules that are already part of an existing or approved agreement must be released, unless the agreement provides otherwise. This means that once it is decided that an installment agreement will be granted, use judgment to decide whether, or what portion of, the levy proceeds to include as part of the agreement. If it is determined that all or part of the levy will remain in effect, it must be included as a condition of the agreement. (Be sure to document ACS comments when the levy is included as a condition of the agreement.) An outstanding levy may remain in effect as a condition of the agreement. Any portion of the levy proceeds that will not be included in the terms of the agreement must be released.

Note:

If a levy was issued BEFORE an installment agreement is entered into, it must be released, unless the installment agreement provides otherwise. See IRC 6343(a)(1)(C). If a levy was served and then the taxpayer offers to pay in installments, the levy does not have to be released while negotiations for the installment agreement are pending.

Example:

A taxpayer has not responded to any of our attempts to contact him/her to resolve a tax liability. A levy is issued and attaches to \$5,000 in the taxpayer's bank account. The taxpayer calls and requests an installment agreement that qualifies for a pending installment agreement. Based on the facts of the case, consider whether all, or a portion of, the \$5,000 can be used as a down payment or first payment of the installment agreement. If so, do not release the levy. Include the levied proceeds as a condition of the agreement.

- G. An existing/approved agreement includes any of the following:

If an	Then
Installment Agreement	the account will be in Status 60, 61, 63, or 64. Be careful not to release levies that are part of an active continuous wage levy, unless release of wage levy is part of agreed upon resolution with the taxpayer.
Full Pay Within 60 or 120 Day Agreement (Formerly Extension of Time to Pay.)	See IRM 5.19.1.5.3 for qualifying criteria.
Offer-in-Compromise	the account will be in Status 71 with a posted TC480. Do not release the levy based solely on the taxpayer's request for an OIC.

- H. Bankruptcy: The automatic stay section 362(a) of the Bankruptcy Code (Title 11) generally prohibits levy on the taxpayer's property after the taxpayer files bankruptcy. A levy on this property is generally illegal and must be released. See IRM 5.19.1.4.2. The automatic stay, however, may not be in effect even if the taxpayer filed a bankruptcy petition. See IRM 5.9.2.9 and IRM 5.9.5.7.

- I. The release will facilitate collection of the liability. This is a statutory requirement. See IRM 5.11.2.2.1.3 for examples

- J. Economic Hardship: If the levy is creating an economic hardship due to the financial condition of a individual taxpayer, then the levy must be released. --The definition of economic hardship is derived from IRC 6343 and Treasury Regulation 301.6343-1(b)(4). Economic hardship occurs when an individual taxpayer is unable to pay his or her reasonable basic living expenses. The determination of a reasonable amount for basic living expenses will be made by IRS, not the taxpayer, and will vary according to the unique circumstances of the individual taxpayer. Unique circumstances, however, do not include the maintenance of an affluent or luxurious standard of living.

Caution:

When the Service determines that the levy is creating an economic hardship, do not refuse, delay or understate the release amount as a means to secure other compliance, e.g., missing tax returns. When there are also open delinquent returns, do not condition relief of the economic hardship upon receiving the delinquent returns. Inform the taxpayer of the financial information needed to make a collection determination and provide relief of the economic hardship if appropriate. You may, as a separate issue, inform the taxpayer of the unfiled tax returns and pursue appropriate actions to resolve them separate from the economic hardship relief issue. You may also inform the taxpayer before an installment agreement can be established delinquent returns must be filed.

-- The decision to release a levy due to economic hardship requires financial analysis. The financial analysis requires sufficient financial information to confirm the levy is causing the taxpayer to be unable to meet necessary living expenses. To determine whether the financial information submitted by the taxpayer is sufficient to establish an economic hardship each levy should be considered independently.

Example:

The taxpayer missed the deadline to provide a CIS and a notice of levy is served on the taxpayer's bank account and attaches \$600.00. The taxpayer calls and indicates he is unemployed and his only source of income is social security which was deposited into the bank account we levied. The taxpayer provides you proof of the monthly amount received from social security and an eviction notice for his apartment that reflects \$600.00 is due tomorrow to avoid loss of his residence. The

notice of levy is released as the financial information submitted by the taxpayer has established that not releasing the levy would cause the taxpayer to be unable to meet necessary living expenses.

Example:

The taxpayer missed the deadline to provide a CIS and a notice of levy is served on the taxpayer's wages. The taxpayer calls and indicates he will not be able to pay all his families necessary living expenses with the \$534.62 exemption allowed from his weekly pay check. The taxpayer agrees to complete a CIS over the phone. The expense amounts are reasonable and your financial analysis of the taxpayer's CIS establish that the taxpayer can pay \$400.00 a month. You agree to fax a partial release of levy to the taxpayer employer since the financial information (CIS) established that not releasing the amount greater than \$400.00 would cause the taxpayer to be unable to meet necessary living expenses.

Note:

Necessary living expenses are included in allowable living expenses. See IRM 5.19.13 or guidance regarding financial analysis and allowable living expenses.

Note:

Per Reg 6343-1(a) the Service may require any supporting documentation as is reasonably necessary to determine whether the condition requiring release exists; including economic hardship.

Where the financial analysis shows that the taxpayer does not merit a full or partial levy release to relieve economic hardship, document the financial analysis in the history and communicate the decision to the taxpayer. The taxpayer may appeal as outlined in IRM 5.19.8, Collection Appeal Rights.

K. Entity is a single-member limited liability company (LLC) that is a disregarded entity, i.e., it is not taxed as a corporation. We must release any levy made against the assets of a single-member disregarded LLC to collect liabilities of the single member owner. Levy action to collect liabilities that arise from the business activities of a single-member disregarded LLC can only be taken against the assets of the owner, even when the tax is assessed against the disregarded LLC. Accept the taxpayer's word about the business entity's classification as a single-member disregarded LLC. However, if the Federal tax liability of the disregarded entity pertains to any taxable period for which the entity was not disregarded, or pertains to Federal tax liabilities of any other entity for which the disregarded entity is liable, the disregarded entity is treated as an entity separate from its owner with respect to such Federal tax liabilities.

Note:

Amendments to the Treasury Regulations changed the rules with respect to the assessment and collection of employment taxes and certain excise taxes. A single-member LLC that is disregarded for federal tax purposes is regarded and treated as a separate entity for purposes of certain excise taxes and employment taxes. The amendments are effective for excise tax periods beginning on or after January 1, 2008 and for wages paid on or after January 1, 2009 with respect to employment taxes. See IRM 5.1.21.7.6 through 5.1.21.7.6.2. For these liabilities, therefore, the Service can levy against the single-member LLC's assets.

6. A Release of Notice of Levy should be considered when the taxpayer states they have made a payment by credit card. Credit card payments are a source of guaranteed funds -- meaning the line of credit is authorized before the confirmation number is issued. Taxpayers can't cancel a payment once the transaction is completed. The transaction is complete when the taxpayer receives the confirmation number.

- A. If the credit card payment is pending on IDRS and the account will be full paid, issue a full levy release.
- B. If the credit card payment is pending on IDRS and the account will not be full paid, issue a partial levy release.
- C. If the credit card payment is not pending on IDRS, do not issue a levy release unless payment verification can be provided. A receipt for payment verification can be obtained by the taxpayer through the credit card provider by choosing the 'Payment Verification' option on the provider's website and following the prompts. Request that the taxpayer fax the receipt of payment verification. Upon receipt of the fax, release the levy as appropriate. Fully document the case history on AMS.

Note:

=====

Note:

See IRM 21.2.1.48.4 for current credit card providers.

7. A Release of Notice of Levy should be considered when the taxpayer states they have made a payment using IRS Direct Pay. Generally payments made via IRS Direct Pay post within 48 hours. Unlike payments made with credit cards, taxpayers can cancel a payment made using IRS Direct Pay.

Note:

The bank has 5 business days to reverse the payment for insufficient funds.

- A. If the payment is pending on IDRS and the account will be full paid, issue a full levy release.
- B. If the payment is pending on IDRS and the account will not be full paid, issue a partial levy release when appropriate.
- C. If the payment is not pending on IDRS, do not issue a levy release.

Note:

See IRM 21.2.1.48.1 for IRS Direct Pay information.

8. Prompt issuance of the levy release is essential. Per Delegation Order 5-3, levy release authority requires a minimum GS-5. Any employee who recognizes a case that meets release criteria must take the appropriate action to release the levy. A levy release determination on a Status 22 (ACS) account should be made by an employee with access to the ACS database, either directly or by telephone to someone who has access. Since ACS Comments or AMS History documentation may impact the decision to release the levy, Accounts Management employees who identify a need for potential levy release will refer the account to ACS support by preparing a Form 4442 and routing it to the appropriate ACS Support site Liaison. For the correct ACS Support Liaison address go to the following SERP Who/Where link: <http://serp.enterprise.irs.gov/databases/who-where.dr/acsspt-lias.dr/acs-support.htm>.

Note:

Employees have the option of either mailing or using e-fax to release a levy. See IRM 5.19.4.4.10(9) for information when a levy release **must** be faxed.

Note:

A written signature, stamped signature, electronic signature, or systemically printed signature is an acceptable representation of the authority to issue a levy release.

- A. Issue a Full Levy Release using History Code LP68,nn where nn = the levy position

B. If a partial release is required, manually prepare Form 668-D on AMS or select the Manual Release option on the ACSWeb Levy & Release screen . Mail or fax it to the levy source and document ACS Comments or AMS History.

C. If the account is no longer on ACS release the levy by using Form 668-D on AMS. Mail or fax it to the levy source and document AMS History.

9. The levy source should receive the levy release in 7 to 10 days. **If a release is needed to prevent over-collection, or to relieve hardship, manually prepare Form 668-D immediately and fax it to the levy source and/or the taxpayer.** However, if the levy source will accept a verbal notification pending receipt of the mailed release, issue the release normally as described in item 3 above. The following are examples of when a levy release should be faxed:

Example:

Taxpayer calls to advise you that he sent full payment three weeks ago. You research IDRS and verify that full payment has been received and there are no other outstanding balances. The taxpayer also advises you that we have a levy against his bank account and they plan on sending a payment the next day. The bank will not accept verbal authorization that the levy has been released and if sent through the mail they will not receive the release in time.

Example:

Taxpayer calls and states he paid his entire balance due by credit card. He also states that when he got to work this morning his employer told him that there was a levy against his wages and they would start sending payment from this week's check if the matter hadn't been resolved. You verify on IDRS that the credit card payment is pending and the account will be full paid. The employer will not accept verbal authorization that the levy has been released and if sent through the mail they will not receive the release in time.

Example:

A notice of levy was issued to a taxpayer's employer on August 17, 2006. On October 10, 2006, the taxpayer entered into an installment agreement and the account is now in Status 60 (Installment Agreement Status). You receive a call from the taxpayer on November 10, 2006 that his employer is still taking the money out of his check in the levy amount. You review CC IADIS and notice that there is an actual Installment Agreement (IA) and not a continuous wage levy. You review the comments and History codes on ACS and AMS systems and note that there is no indication that the levy was released. There is also no documentation that the levy is a condition of the IA. The employer will not accept verbal authorization that the levy has been released and if sent through the mail they will not receive the release in time. Fax the release to the employer.

10. Releasing levies that have been issued through an Automated Levy Program (ALP) such as the State Income Tax Levy Program (SITLP), the Federal Levy Payment Program (FPLP), and the Alaska Permanent Fund Dividend Levy Program (AKPFD) require special handling.

A. See IRM 5.19.9.2.2 for guidance on identifying a SITLP levy and what transactions will exclude (and release) the account from levy.

B. See IRM 5.19.9.3.7 for guidance on how and when to release FPLP levies. This includes taxpayer claims that the FPLP levy will prevent performance on a contract that is crucial to national security.

Note:

There may be instances when a FPLP levy release may be needed more quickly than the normal processing time allows. If an immediate release is required on a FPLP levy, follow the procedures in IRM 5.19.9.3.7.1 to manually prepare Form 668-D and forward to the FPLP Liaison. FPLP Liaisons are listed on the "Who/Where" page of SERP.

C. See IRM 5.19.9.4.6.1 for guidance on AKPFD levies.

D. Generally, when ALP modules are resolved, they will be removed (released) from ALP if they no longer meet the selection criteria.

IMPORTANT: Do not, under any circumstances, mail Form 668-D to state taxing authorities, Bureau of Fiscal Service (BFS), or any other federal agency such as OPM or SSA.

11. In some situations the taxpayer may insist on going to an IRS office to obtain a completed Form 668-D, Release of Levy. Enter in ACS comments or AMS History that a release is authorized or the condition for release (e.g., copy of a document, payment, etc.).

12. ACS generates some Letters LP68 systemically in weekly processing to cover situations where an ACS case with an open levy closes without employee action, e.g. a credit or offset. Systemic levy release occurs when:

- Entity gets a Status 12, 43, 44, 53 (except if systemic NC39 within last 6 weeks), 73 or 91 record from IDRS; **AND**
- There are no TDA modules in Status 22, or 60 through 69; **AND**
- There is an LVnn without a subsequent DLnn or LP68; **AND**
- If LVnn was issued to a Form 668-W source within the last 20 cycles, or to a Form 668-A source within the last 13 cycles. You may encounter situations that meet the above criteria, but the systemic levy release has not been issued. Prepare and mail or fax Form 668-D on non-ACS cases meeting the above listed release criteria.

Note:

A systemic LP68 will generate when the remaining balance on ACS is solely attributable to the individual SRP module(s).

13. In the past, accounts may have been transferred to the Queue (IDRS Status 24) when the entity did not meet the continuous wage levy agreement criteria, because payments were very small or irregular, and there were no other enforcement or contact options. Also, cases may have been removed from ACS systemically and assigned to the Queue or to currently not collectible status with closing code 39 (TC530-39), with a productive continuous wage levy still open. This happened because we didn't reach the case in E5 before systemic removal criteria took over. There is no mechanism to identify and release the levies in this situation. If the account eventually is fully paid, and the taxpayer or third party requests a levy release:

- Confirm on IDRS that all modules likely on the levy are resolved. The taxpayer or third party may have a copy of the levy that can be of help.
- Prepare Form 668-D manually. Use as much identifying information about the levy that can be found.
- Mail or fax Form 668-D, as needed, to prevent or to end over-collection. Document ACS Comments or AMS History.

14. Occasionally, a taxpayer may prefer to let the full levy stand as an initial payment. Sometimes, a taxpayer may request a partial release, with regular levy payments substituting for a payroll deduction agreement. Encourage the taxpayer to set up a Payroll Deduction agreement or a Direct Debit installment agreement, as it benefits the taxpayer by reducing the likelihood of default and lessening taxpayer burden. However, setting up this type of agreement is acceptable when the taxpayer's employer refuses to process a payroll deduction agreement. See IRM 5.19.4.4.6(9) for continuous wage levy agreement criteria.

15. All instances of over-collection resulting from multiple simultaneous levies must be reported to management to determine how they occurred. This information should be available to headquarters upon request, not to assign blame but to judge whether procedural or systemic improvements are needed to make the program work more effectively.

5.19.4.4.11 (01-03-2012)

Levy Release: Returning Levied Property

2. IRC § 6320 requires the IRS to insure collection actions, including the decision to file an NFTL, balance the need for the efficient collection of the tax with legitimate concerns of the taxpayer that actions be no more intrusive than necessary. To that end, review the factors contained in this IRM section and related subsections to reach the appropriate decision.
3. Filing determination considerations are listed below. It is not an all-inclusive list but it, as well as this IRM as a whole, provides guidance for the varying circumstances experienced when working with taxpayers.
 - Taxpayer compliance, see IRM 5.19.1.3.4.1 Full Compliance Check.
 - Taxpayer qualification for a determination exception: See IRM 5.19.4.5.1.1, Determination Requirement Exceptions.
 - Protection of the governments interest, including exigent circumstances; where the filing of an NFTL is necessary to protect those interests: See IRM 5.12.1.2, Introduction to Liens, and IRM 5.17.2.3.1, Purpose and Effect of Filing Notice
 - Taxpayer qualification for a determination that an NFTL filing will hamper collection: See IRM 5.19.4.5.2, Do Not File Decisions.

5.19.4.5.1.1 (08-04-2014)

Determination Requirement Exceptions

1. **An NFTL filing determination is not required** on Guaranteed/Streamlined Installment Agreements or In-Business Trust Fund Express Agreements.
2. If an employee finds that an NFTL determination is needed for a Guaranteed/Streamlined Installment Agreement to protect the governments interest (such as in the case of an impending bankruptcy, or other exigent circumstances), follow the instructions in IRM 5.19.4.5.3, NFTL Filing Decisions. Also, an NFTL determination decision to file may be made on In-Business Trust Fund Agreements if necessary to protect the governments interest, such as:
 - a taxpayer has defaulted on an installment agreement in the current year or prior calendar years,
 - a BMF entity meets the definition of a "pyramiding" trust fund taxpayer as described in IRM 5.7.8.3.

Reminder:

Where an NFTL filing determination is not required, but a decision to file an NFTL has been made, document the justification in the case history including the manager's concurrence.

5.19.4.5.1.2 (01-01-2016)

Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual SRP) IRC § 5000A – Exception

1. While the IRC § 6321 statutory lien arises on SRP/MFT 35 and MFT 65 assessments, the individual SRP assessments are not subject the NFTL filing under IRC § 6323. (See IRC §5000A(g)(2)(B))

Note:

For additional information on the Federal Tax Lien and the Affordable Care Act's (ACA) Shared Responsibility see IRM 5.17.2.10

5.19.4.5.2 (01-01-2015)

Do Not File Decisions

1. Do not file a NFTL when:
 - Account is reassigned for immediate field contact. For ACS, this means History Code TFRO is input. For notice status cases, it means acceleration to Status 26, bypassing ACS.
- Note:**
- If there is evidence collection is at risk (jeopardy situation) and a lien should be filed, immediately discuss the case with a manager. The ACS manager will contact the Field Group Manager regarding the pending reassignment. They will decide the actions necessary to protect the governments interest.
- Liability paid, there is substantial doubt that liability is correct, or credits are available to fully satisfy liability
 - If the taxpayer has filed for bankruptcy
 - The taxpayer is a defunct corporation (unless assets are about to be sold), or the taxpayer corporation has gone through liquidation.
 - The taxpayer lives abroad and there are no known assets in the U. S.
 - Against a Limited Liability Company (LLC) that has advised IRS that it has one owner and is a disregarded entity, i.e., it is not taxed as a corporation. Accept the taxpayer's word about the LLC. If an NFTL has not been filed against the single-member owner, file an NFTL against the owner. However, if the Federal tax liability of the disregarded entity pertains to any taxable period for which the entity was not disregarded, or pertains to Federal tax liabilities of any other entity for which the disregarded entity is liable, the disregarded entity is treated as an entity separate from its owner with respect to such Federal tax liabilities.

Note:

Amendments to the Treasury Regulations changed the rules with respect to the assessment and collection of employment taxes and certain excise taxes. A single-member LLC that is disregarded for federal tax purposes is regarded and treated as a separate entity for purposes of certain excise taxes and employment taxes. The amendments are effective for excise tax periods beginning on or after January 1, 2008 and for wages paid on or after January 1, 2009 with respect to employment taxes. See IRM 5.1.21.7.6 through IRM 5.1.21.7.6.2. For these liabilities, therefore, the Service should list the name of the single-member LLC, not the owner, on the NFTL.

- The taxpayer is deceased and no assets are identified after research of internal resources (including IRP) for personal property and external people search reports (Accurant) for real property. See IRM 5.19.1.4.3(3) and (5) for asset research procedures on decedent accounts.
- The balance to be reflected on the lien is less than \$2,500 and the case facts do not indicate that immediate protection of the governments interest is warranted (e.g, taxpayer is dissipating assets).
- There is genuine doubt as to the validity of the liability (for example, assessments made against victims of identity theft; see IRM 5.19.1.9 and IRM 5.19.6.26.
- A decision to file an NFTL will either hamper collection or is not proper, due to doubt as to liability.

Note:

A decision not to file a NFTL must be approved by the manager and documented appropriately in a history entry (See IRM 5.19.4.5.2.1)

- The balances owed are for standalone individual SRP modules. See IRM 5.19.1.4.16.1

5.19.4.5.2.1 (08-04-2014)

Do Not File Approvals

1. A decision not to file a NFTL must be approved by the manager and supported by a history entry that clearly states the reason why filing a NFTL will either hamper collection or is not proper, due to doubt as to liability. The approving manager must document their concurrence in ACS Comments or AMS History. (See IRM 5.19.4.5.2 for more situations where an NFTL should not be filed.)

Example:

A BMF sole proprietor requires credit access but is no longer incurring trust fund tax liability. The taxpayer could be effectively put out of business by the filing of a NFTL, though a NFTL might generally be filed as part of an installment agreement.

5.19.4.5.3 (08-04-2014)

NFTL Filing Decisions

1. This section contains the instructions for pre-filing actions and filing criteria when the decision is to file an NFTL.

5.19.4.5.3.1 (08-04-2014)

Before Filing NFTLs

1. Be sure a written warning of NFTL filing is evident on each module to be included on the NFTL: CPs 504 or 523 that are displayed on ACS on the MOD Screen under 4TH NOT CYC or on ACSWeb on the Module detail screen; an ACS LT11 or LT39; or a Correspondex letter referring to NFTL filing, e.g., Letter 2603C; or CPs 77, 90 or 297.

Note:

If a written warning is needed before filing a NFTL on an ACS case, do not use an LT11 unless there is an intent to levy as a follow-up action. Use an LT39 or a Correspondex letter other than Letter 1058C.

Note:

Though no longer a sufficient notice prior to levy, the CP504 and CP523 are valid NFTL warning letters.

2. Document additional warnings of NFTL filing made during taxpayer contacts.
3. If there is undelivered mail and no evidence of any prior taxpayer contact, check readily available sources, e.g., those on IDRS, for a possible better address. If one is found, on ACS use History Code OL39 to send an LT39 to a different address or on ACSWeb overlay it on the Letters screen. Select LT39, click the "Other address" button, then click "submit" to issue OL39.
4. The possible filing of an NFTL is a strong incentive for many taxpayers to pay their tax quickly. Advise taxpayer of:
 - Government's need to file a NFTL
 - Credit bureau's routine research of public records for this information
 - Possibility of poor credit and/or denials of personal loans and credit cards
 - A letter that will be sent by certified mail after the NFTL is filed with more information about the NFTL and taxpayer rights.
5. A case resolution may be possible that avoids immediate NFTL filing per IRM 5.19.4.5.2, (e.g., a short-term payment extension rather than an installment agreement). If the account is on ACS, document in ACS Comments or AMS History warnings to the taxpayer about NFTL filing if he or she fails to meet the commitment.
6. Tax modules with NFTLs filed are identified as follows:
 - A. On IDRS, a TC582 posts to each affected tax period when an NFTL is filed through the Automated Lien System (ALS).
 - B. The ACSWeb Case Overview and AMS Account Summary screen displays an Alert literal LIEN if an NFTL has been filed on all of the ACS modules; an asterisk to the right of the LIEN means not all ACS modules have a NFTL filed indicator. Check the tax module screen that displays the literal LIEN for each module on which a NFTL has been filed.
7. Employees GS-6 or higher (GS-8 if not in Compliance/Collection) are delegated authority to request NFTL filing. For cases on ACS (status 22) where the only issue is NFTL filing, not manager approval, issue the NFTL following the procedures in IRM 5.19.4.5.1 through IRM 5.19.4.6.4.
8. For employees who do not have delegated authority to request a NFTL and the only issue is the NFTL filing, reassign the case to E9.

5.19.4.5.3.2 (01-01-2016)

Filing Criteria

1. When determining whether an account meets NFTL criteria, do not include any amount(s) owed for the individual SRP (assessed on IMF accounts under MFT35 or MFT65 for mirrored individual SRP assessments.)
2. **Installment agreement** -- In general, if an installment agreement does not meet Guaranteed, Streamlined, or In Business Trust Fund Express, (See IRM 5.19.4.5.1.1) file NFTL when BOTH of the following conditions exist:

- A. Aggregate assessed balance is at or above \$10,000, excluding any individual SRP balances.

Note:

For information on NFTL determinations and accounts meeting guaranteed, streamlined or in-business trust fund express criteria see IRM 5.14.5

- B. A Collection Information Statement (CIS) is required

Note:

No CIS is required for payment extensions up to 120 days, or for streamlined IMF installment agreements, so an NFTL is not required. However, warn the taxpayer that a NFTL may be filed if he/she does not perform agreed-upon actions timely, or if it is determined that collection is at risk.

Note:

NFTLs may be filed when an installment agreement is pending (TC971 AC043), in connection with granting an installment agreement, and during the rejection process. However, there are exceptions. See the Note in "a" above IRM 5.12.2.3.1

3. **Currently Not Collectible** -- in general, file a NFTL when BOTH of the following conditions exist:

- A. Aggregate assessed balance is at or above \$10,000, excluding any individual SRP balances.

B. Account is being closed using unable to locate (cc03), unable to contact (cc12) or hardship (cc24 through 32) provisions

4. **Reassignments to the Queue (TFQU)** - File a NFTL when the aggregate assessed balance is \$10,000 or more, excluding any individual SRP balances.

Reminder:

Ensure pre-filing requirements in IRM 5.19.4.5.3.1 are met.

5. **Continuous Wage Levies, (CTLV)** – In general file a NFTL when the aggregate assessed balance is \$10,000 or more, excluding any individual SRP balances, except when the taxpayer asks for the continuous wage levy to be left in place that would otherwise meet streamlined installment agreement criteria. If a taxpayer agrees to a continuous wage levy, has a total unpaid balance of assessment less than \$25,000, excluding any individual SRP balances, and the balance due will be satisfied in 60 months or less, a NFTL determination is not required.

6. **E9 cases** -- These are older accounts with an aggregate assessed balance at or above \$10,000, excluding any individual SRP balances, that are reassigned to E9 for follow-up to a systemically issued LT39. E9 also may have cases manually reassigned there by employees who are GS-5 or below. See IRM 5.19.5.3.7 for information about the LT39 Reminder Notice program, and IRM 5.19.5.5.8 for details about E9 processing.

7. **Collection at risk** – in general file a NFTL if collection is at risk, such as:

- A creditor plans to seize the taxpayer's assets or the taxpayer is preparing to sell a business or real property.
- The taxpayer is about to file bankruptcy. Check with local Insolvency Unit. The taxpayer and/or attorney may have to be contacted to determine bankruptcy status.

Note:

An NFTL must be filed BEFORE, not AFTER, the taxpayer files for bankruptcy, so learning when the taxpayer plans to file is crucial to the NFTL decision. Filing a NFTL after the taxpayer files for bankruptcy violates the bankruptcy automatic stay of collection actions against the debtor's property or property of the bankruptcy estate and could subject the Service to damages.

Note:

See IRM 5.19.4.5.2(1) Note for additional guidance for filing a NFTL when there is evidence of a situation where collection is at risk.

8. **Subsequent liabilities** - If a NFTL has been filed and there are subsequent liabilities, file an additional NFTL when the aggregate assessed balance is \$10,000 or more, excluding any individual SRP balances. Be sure a warning of NFTL filing is evident on each module per IRM 5.19.4.5.3.1(1).

Note:

Managerial approval is required before filing a NFTL on subsequent modules when the combined amount of the subsequent liabilities reflected on the NFTL will total less than \$2,500.

9. **Any ACS Inventory** - You may consider NFTL filing from any ACS inventory where the taxpayer has:

- Broken a promise,
- Been warned of possible NFTL filing,
- There is an indication that filing the NFTL immediately will result in collecting the balance due.

10. **NFTL Refiling** - A NFTL refiling determination is required in the following situation:

- Entity is in IDRS Status 22, ACS,
- Collection Statute Expiration Date (CSED) on at least one verified module expires within 11 months,
- Module(s) nearing CSED has a lien indicator.

Note:

See IRM 5.12.8, Notice of Lien Refiling, for more information about this process

5.19.4.5.3.3 (08-04-2014)

Appeal Rights for NFTLs

1. If you are filing an NFTL and have personal contact with the taxpayer, tell the taxpayer that a letter will be sent by certified mail after the NFTL is filed with more information about the NFTL and taxpayer rights. (See IRM 5.19.8.2(1) which states that taxpayers must be kept informed of their rights to appeal collection actions.)

Note:

The letter has a Toll-Free ACS call site telephone number. It identifies the Operations Manager, as the contact, but the response address is to the campus.

- A. Be alert for taxpayers that do not understand the NFTL and its impact. Explain it as needed.
- B. If the taxpayer expresses objections regarding NFTL filing and criteria in IRM 5.19.4.5.3.2 or IRM 5.19.4.5.2.1 do not apply, treat it as Collection Appeal Program (CAP) BEFORE filing the NFTL and follow procedures in IRM 5.19.8.
- C. If the decision still is to file a NFTL, arrange for the taxpayer to speak with a manager as the first step in the appeal process (see IRM 5.19.8). Taxpayers may appeal the proposed filing of a NFTL under CAP.

Reminder:

Once filed, ACS has no authority to release liens or withdraw NFTLs. For further guidance, see IRM 5.19.4.6.4 for NFTL Withdrawals and IRM 5.19.4.6.5 for Lien Releases.

5.19.4.5.3.4 (01-01-2015)

When Filing an NFTL Requires Approval

1. Managerial approval is required when a decision to file a NFTL on an account where the aggregate assessed balance is less than \$10,000 has been made. The approving manager must document their approval in ACS Comments or AMS History.

Note:

Managerial approval is not required if a NFTL has already been filed and this is a new module under \$10,000

Example:

An example of when it might be appropriate to file a NFTL on an account where the aggregate assessed balance is below \$10,000 is at risk situation where the taxpayer is selling real property.

- 2. Managerial approval is required before filing a NFTL on *subsequent* modules when the combined amount of the subsequent liabilities reflected on the NFTL will total less than \$2,500
- 3. Managerial approval is needed prior to filing an NFTL where the AAB is \$10k or greater, but less than \$10K after removal of the individual SRP balances.

**5.19.4.6 (01-11-2008)
Procedures for Filing NFTL**

- 1. Use the procedures in the following subsections to file a NFTL.

**5.19.4.6.1 (01-01-2016)
How to File a NFTL**

- 1. When a Notice of Federal Tax Lien (NFTL) will be filed on a taxpayer account containing **only notice status** modules:

If	Then
A CP504 or equivalent has not been issued on each module to be included on the NFTL	1. Send a Correspondex letter referring to NFTL filing, e.g., 2603C,2271C or 4624C. Show that payment is required 17 days from the date of the letter 2. Document IDRS and suspend account for 31 days. Note: If there is personal contact with the taxpayer, verbally advise the taxpayer that a NFTL will be filed, but say a letter will be issued confirming that fact. Send Correspondex letter.
A CP504 or equivalent has been issued less than 31 days ago	Suspend account for the balance of the 31 days.
A CP504 or equivalent has been issued 31 days or more ago	1. Verify the correct liability if following-up after the account has been suspended. 2. Complete Form 12636. 3. For each tax module to be included on the NFTL, list the MFT, Tax Period, assessment date(s) and the unpaid balance due for each tax module next to the most recent assessment date. Enter .00 next to any earlier assessment dates that appear on the same module. This requires a careful review of each TXMOD as there may be partial payments. If so, interim payments apply to the older assessment. Reminder: Do not include any individual SRP modules, MFT35/MFT65 on the Form 12636. 4. If the requesting employee is NOT a GS-6 or higher (GS-8 if other than Compliance/Collection), forward the Form 12636 to a manager or designated employee for approval. Print the names of the requesting employee or manager (if needed) to ensure legibility, include the requesting employee number in the box titled "ICS Assignment/T-Sign Number" , and provide a telephone number. 5. Forward completed forms to the Centralized Lien Processing Operation (CLO). The address for the lien unit may be found under the who/where tab on SERP, http://serp.enterprise.irs.gov/databases/who-where.dr/als.dr/case-processing-lien-units.htm

Note:

A directory of Automated Lien System contacts, including telephone and fax numbers is on SERP, listed in the Who/Where Directory under the title: Automated Lien System (ALS) Units – Contacts.

- 2. For status 22 accounts where you have access to ACS, 15 or fewer tax modules will be on the NFTL request, no modules contain an unreversed TC470, and the case does not require manager approval for other reasons, e.g., a hardship CNC, input History Code FM 10. In other situations,
 - A. When the case requires manager approval, e.g., a hardship CNC, reassign to a manager for approval. Only input History Code FM10 after managerial approval is received and documented in ACS Comments or AMS History by approving manager.
 - B. If there are more than 15 tax modules on the NFTL request, the automated system cannot process it. Handle it manually using Form 12636 per (1) above.
 - C. Accounts that have modules with an unreversed TC470 require manual NFTL filing. Prepare Form 12636 per (1) above.

Reminder:

Do not include any individual SRP modules, MFT35/MFT65 on the Form 12636.

- 3. When NFTL filing requires managerial approval:
 - A. Document ACS Comments or AMS History.
 - B. Reassign case TOCO,,APRLREQ
 - C. The approving manager must document ACS Comments or AMS History.
 - D. Only input FM10 after managerial approval is received.
- 4. If the account contains both notice status and Status 22 modules and you have access to ACS, there are options for filing the NFTL. It depends on if and when the taxpayer had been issued an CP504 Notice or equivalent.

If	Then
A CP504 or equivalent has not been issued on each module to be included on the NFTL or a CP504 or equivalent has been issued less than 31 days ago	Issue a Correspondex letter referring to NFTL filing, e.g., 2603C,2271C or 4624C. Show that payment is required 17 days from today's date. Create a suspense file, following-up in 31 days to request NFTL filing, and immediately dispose of the case. If a written notice was sent less than 31 days ago, create a suspense file to follow-up 31 days after the written notice to request NFTL filing, and immediately dispose of the case. Note:

	Another option is to accelerate the notice modules to ACS and schedule a follow-up to request FM10 and dispose of the case after all modules are in Status 22. Key is to ensure the NFTL is filed, but not prematurely.
A CP504 or equivalent has been issued 31 days or more ago	Input History Code FM10 twice, and identify in comments the notice modules to be included in the NFTL. If you need approval for NFTL filing, recommend this action to a manager or designated employee. NOTE: If there are more than 15 tax modules on the NFTL request or the account contains modules with an unreversed TC470, the automated systems cannot process it. Handle it manually using Form 12636 per (1) above. Reminder: Do not include any individual SRP modules, MFT35/MFT65 on the Form 12636.

Reminder:

The taxpayer MUST have been warned of the NFTL filing for EACH module included on the NFTL

5.19.4.6.2 (01-01-2016)

Special NFTL Filing Considerations

1. There are certain conditions which require special procedures when filing a NFTL. Cases meeting the criteria as listed below require the input of History Code FM10 twice and ACS Comments or AMS History must be documented accordingly. The duplicate FM10 entries cause ACS Comments or AMS History to be researched for unique filing instructions.

Note:

A second FM10 will generate when there is a CAF indicator present on the account. This does not eliminate the requirement to document AMS history with appropriate information as described in (5) below.

Note:

When updating AMS histories with special NFTL filing conditions, employees must enter those comments using the issue code for "Liens" .

2. If the taxpayer owns real property other than the primary residence (e.g., vacation or rental property) and the NFTL filing is required, request an additional NFTL if the property is located in a county other than that of the primary residence.

A. If you are requesting NFTL filing for notice status tax years, fill out additional Forms 12636 indicating address, including county, of the additional property. Obtain manager or designated employee approval, if necessary, then forward to the Centralized Lien Processing Operation (CLO). The address for the lien unit may be found under the who/where tab on SERP, <http://serp.enterprise.irs.gov/databases/who-where.dr/als.dr/case-processing-lien-units.htm> .

Reminder:

Do not include any individual SRP modules, MFT35/MFT65 on the Form 12636.

B. If you are requesting a NFTL filing for tax years that are in Status 22 (ACS), enter address of the property, including county, in comments. Input History Code FM10 twice. If you need approval for NFTL filing, recommend this action to a manager or designated employee.

3. If the taxpayer has a new address , and a NFTL is required, only enter the new address on IDRS using CC ENREQ in accordance with Rev. Proc. 2010-16, otherwise use the last known address, LKA, and document AMS history that the LKA was used because the criteria outlined in Rev. Proc 2010-16 was not met.

If	And	Then
Account contains only notice status modules		Complete Form 12636 per IRM 5.19.4.6.1(1) with the new address and fax to the Centralized Lien Processing Operation (CLO). The address for the lien unit may be found under the who/where tab on SERP, http://serp.enterprise.irs.gov/databases/who-where.dr/als.dr/case-processing-lien-units.htm Reminder: Do not include any individual SRP modules, MFT35/MFT65 on the Form 12636.
Account contains at least one Status 22 module	Address was updated via CC ENREQ	1. Document new address in ACS Comments or AMS History. 2. Input History Code FM10 twice.
Account contains at least one Status 22 module	Address was NOT updated via CCENREQ	A. Document new address in ACS Comments or AMS history and provide explanation as to why address wasn't updated. B. Input History Code FM10

4. Where the address is a P.O. Box, attempt to obtain a street address, if possible, from the taxpayer or from a third party with current knowledge about the taxpayer. In ACS, consider an LP47, Address Information Request, to the post office, or call the current employer. Otherwise, use the P.O. Box rather than an uncorroborated street address.

If	Then
A street address is obtained	Complete Form 12636 per IRM 5.19.4.6.1(1) with the new address and fax to the Centralized Lien Processing Operation (CLO). The address for the lien unit may be found under the who/where tab on SERP, http://serp.enterprise.irs.gov/databases/who-where.dr/als.dr/case-processing-lien-units.htm Reminder: Do not include any individual SRP modules, MFT35/MFT65 on the Form 12636.
P. O. Box address is the only address available	Request lien filing under that address, per IRM 5.19.4.6.1

5. IRC 6320 gives taxpayers the right to request a hearing after the filing of a Notice of Federal Tax Lien. The taxpayer must request a CDP hearing no later than 30 days after the expiration of five business days after the date the NFTL is filed. The date the NFTL is filed is the date the NFTL is received by the recording office. Because the Service does not ordinarily obtain this date from the recording office, the Service uses an estimated filing date on the Letter 3172 to provide the taxpayer with a "must file" date (the date by which the IRC 6320 hearing request must be submitted). The estimated filing date is calculated by adding 3 business days to the NFTL mailing date. In other words, the Service assumes that the recording office will receive the NFTL 3 business days after it is mailed. The "must file" date on the letter is then determined by adding 5 business days plus 30 calendar days to the estimated filing date. Letter 3172 is used to notify the taxpayer of their appeal rights and deadline for response. This letter MUST be issued to all taxpayers identified on the NFTL **and** to their authorized representatives.

- A. Employees MUST identify situations where the Letter 3172 (DO) must be sent to someone OTHER THAN the primary taxpayer at the entity address.
- B. Employees MUST enter the name(s) and address(es) of each person identified who is not the primary taxpayer in ACS comments or on the NFTL request document, Form 12636, to be sent to the Centralized Lien Processing Operation (CLO). The address for the lien unit may be found under the who/where tab on SERP, <http://serp.enterprise.irs.gov/databases/who-where.dr/als.dr/case-processing-lien-units.htm>

Note:

Common situations involving need for contacting a person who is not the primary taxpayer are when the taxpayer has an authorized representative for one or more tax modules on which the NFTL will be filed, or when the assessment for any module to be on the NFTL includes a spouse or other person not residing at the primary address. If the ACSWeb Case Overview and AMS Account Summary shows an SDS alert, check the Spouse Data Screen as it may have a different address for a liable spouse.

- C. If a NFTL will be filed only on notice status modules per IRM 5.19.4.6.1(1), enter on the NFTL request document, Form 12636, the literals LETTER 3172 followed by the name and address of each ADDITIONAL person who must be issued the Letter 3172(DO).

Note:

History Code FM10 must be entered twice when filing a NFTL when a Letter 3172 is sent to someone other than an authorized third party already listed on the CAF.

- D. If a NFTL will be filed on status 22 (ACS) modules per IRM 5.19.4.6.1(2), or on both notice and ACS modules per IRM 5.19.4.6.1(3), enter in AMS History the literal LETTER 3172 followed by the name and address of each ADDITIONAL person who must be issued the Letter 3172(DO). Enter FM10 twice, alerting ACS Support in the service center to check ACS Comments or AMS History for additional information. If you need approval for NFTL filing, recommend this action to a manager or designated employee. In perfecting the NFTL for filing, ACS support will forward the information to the lien unit.

Note:

If a representative is not authorized to receive information on all of the tax modules included on the NFTL, the specific tax modules for which that person is authorized must be shown in ACS Comments or AMS History comments or on the Form 12636.

Reminder:

Strict adherence to these procedures is the only way that all persons are notified timely of their statutory right to request a hearing. Failure to do so can have serious consequences in processing the affected accounts.

5.19.4.6.3 (08-04-2014)

Perfecting Entity Name/TIN Before NFTL Filing

- There may be instances where the name on the NFTL does not agree with what is listed on the balance-due account.
 - Avoid the use of initials.
 - If the taxpayer's name on the balance-due account is incorrect, correct the Master File.
- If the entity has an invalid TIN, i.e., there's an asterisk after the TIN, and a valid TIN is found, correct the Master File before filing a NFTL. An account with the corrected TIN should merge with the existing ACS case; then, file the NFTL. If a valid TIN is not found, use the invalid TIN and asterisk.
- When it is evident that the NFTL is intended to reach an individual or corporate taxpayer operating under a trade name, both the individual and trade name should appear as the taxpayer's name.
 - Use "d/b/a" for "doing business as" as a second name line when an individual is actually doing business as a sole proprietor under a trade name.
 - Use t/a for "trading as" where a partnership or corporation operates under a trade name other than the partnership or corporate name.
- See IRM 5.12.7.5.3 when filing an NFTL on a Limited Liability Company (LLC).
- If multiple tax periods are present, but name line is different for each assessment, list each assessment separately with its related name line, so separate NFTLs are filed. This situation occurs frequently on IMF liabilities where taxpayers have divorced and remarried.
- The names of third parties that may be shown on the Balance Due Notice (e.g., an accountant, "c/o", etc.) should never appear on the NFTL. Do not enter the names of officers on an NFTL against a corporation.
- When the taxpayer is a corporation, prepare the NFTL showing the words "a corporation" after the corporate name. When preparing the NFTL through ALS, "a corporation" will automatically appear on the printed NFTL when the entity type of corporation is selected during input. File the NFTL only in the personal property filing location unless it is known that the taxpayer owns real property in which case file an NFTL in the recording office where the real property is located.
- When a taxpayer is a partnership, the NFTL should show the words "a partnership" after the partnership name AND list the names of all known general partners. When preparing the NFTL through ALS, "a partnership" will automatically appear on the printed NFTL when the entity type of partnership is selected during input. File an NFTL in the personal property filing location for the partnership. File in other locations if there is evidence that either the partnership or one or more of its general partners owns real property there.

Note:

Many states permit the formation of a limited liability partnership that has no general partners. In these states, no partners should be listed on the NFTL

5.19.4.6.4 (02-18-2015)

Post-NFTL Filing Calls and NFTL Withdrawals

- IRC § 6323(j) gives the Service the authority to withdraw a Notice of Federal Tax Lien (NFTL) under the following conditions:
 - the filing of the notice was premature or otherwise not in accordance with the Service's administrative procedures (IRC § 6323(j)(1)(A));
 - the taxpayer entered into an agreement under IRC § 6159 to satisfy the tax liability for which the NFTL was imposed by means of installment payments, unless such agreement provides otherwise (IRC § 6323(j)(1)(B));
 - withdrawal of such notice will facilitate the collection of the tax liability (IRC § 6323(j)(1)(C)); or
 - with the consent of the taxpayer or the National Taxpayer Advocate, the withdrawal of such notice would be in the best interest of the taxpayer (as determined by the National Taxpayer Advocate) and the United States (IRC § 6323(j)(1)(D)).
- Taxpayers may call in response to the NFTL filing CDP Letter 3172. Despite previous notices and other contact and collection actions, the taxpayer may feel that Letter 3172 is the first and only notification issued about the NFTL. This perception is not a basis for lien withdrawal. The text of Letter 3172 and enclosures are available on the Electronic Publishing website: <http://publish.no.irs.gov/catlg.html>.

Note:

If the case left ACS after NFTL filing, e.g., reassignment to the queue, research the archived account, refer to IRM 5.19.5.3.10

3. Letter 3172 provides an ACS telephone number so we can explain the basics: why we file NFTLs, why we did so in this case if information is available, and its effect. This may resolve some taxpayers' concerns and avoid unnecessary appeals. If detailed ACS information is not available, most often we filed using the routine criteria in IRM 5.19.4.5.2. Why we file NFTLs and their effect are mentioned in IRM 5.19.4.5.1, as is a list of IDRS notices and ACS letters that refer to NFTL filing.

Reminder:

See Delegation Order 5-4 for information on who has the authority to approve withdrawal of the NFTL. Refer to Publication 4235, Collection Advisory Group Numbers and Addresses, for the proper routing of a request for Withdrawal of Notice of Federal Tax Lien.

4. IRC § 6323(j) gives the Service the authority to withdraw a Notice of Federal Tax Lien (NFTL) under the following conditions:
- the filing of the notice was premature or otherwise not in accordance with the Service's administrative procedures (IRC § 6323(j)(1)(A));
 - the taxpayer entered into an agreement under IRC § 6159 to satisfy the tax liability for which the NFTL was imposed by means of installment payments, unless such agreement provides otherwise (IRC § 6323(j)(1)(B));
 - withdrawal of such notice will facilitate the collection of the tax liability (IRC § 6323(j)(1)(C)); or
 - with the consent of the taxpayer or the National Taxpayer Advocate, the withdrawal of such notice would be in the best interest of the taxpayer (as determined by the National Taxpayer Advocate) and the United States (IRC § 6323(j)(1)(D)).
5. Determine from the taxpayer contact whether the NFTL filing was erroneous, or whether the taxpayer is requesting the withdrawal for other reasons. If the NFTL filing appears to have been erroneous on the Service's part, or if there is a significant urgency to the taxpayer's request, reassign the case TOR0 and alert your manager. Access the case immediately, contact the Advisory for guidance or assistance if necessary, and call the taxpayer within 48 hours
6. Examples of erroneous NFTL filing are

Note:

See IRM 5.12.3.9 for more information on erroneously filed NFTLs.

:

- The NFTL must be withdrawn immediately if the taxpayer has filed for bankruptcy and the NFTL was filed when the automatic stay was in effect (filing not in compliance with Bankruptcy Code)
- The entity is a Limited Liability Company (LLC) that the taxpayer tells us is owned by one person and is a disregarded entity, i.e., it elected not to be taxed as a corporation. The Federal tax liability pertains to a taxable period for which the entity was disregarded and pertains to this entity. In this case, the owner is liable, not the company, even though the assessment is in the name of the LLC.

Note:

Amendments to the Treasury Regulations changed the rules with respect to the assessment and collection of employment taxes and certain excise taxes. A single-member LLC that is disregarded for federal tax purposes is regarded and treated as a separate entity for purposes of certain excise taxes and employment taxes. The amendments are effective for excise tax periods beginning on or after January 1, 2008 and for wages paid on or after January 1, 2009 with respect to employment taxes. See IRM 5.1.21.7.6 through IRM 5.1.21.7.6.2. For these liabilities, therefore, the Service should list the name of the single-member LLC, not the owner, on the NFTL.

7. A taxpayer who had a NFTL filed after being granted an installment agreement may allege that such filing was not a condition of the agreement. Documentation including the Form 433D and history should be reviewed to determine if withdrawal should be recommended. See IRM 5.12.9.3.2(2) for additional information whether withdrawal should be recommended.
8. Denying the taxpayer's request for NFTL withdrawal can be appealed under the Collection Appeals Program (CAP). See IRM 5.19.8.4.16 for detailed information about how to process CAP requests.
9. Taxpayers have the right to appeal the filing of a Notice of Federal Tax Lien under Collection Due Process. See IRM 5.19.8 for detailed information about taxpayer appeal rights and how requests are submitted and processed. To help avoid a formal appeal, consider having the taxpayer discuss the issue with your manager. In filing an appeal:
- Letter 3172 is mailed to the taxpayer's last known address, enclosures included Form 12153, Request for a Collection Due Process or Equivalent Hearing, and related publications, and the address where to file the appeal.
 - If the taxpayer became aware of the NFTL through other means, e.g., being turned down for a loan, the window to request a CDP or equivalent hearing may have expired. The 30-day period to request a CDP hearing on NFTL filing begins the day after the fifth business day after the NFTL is filed (delivered to the recording office).

Note:

Ensure the Letter 3172 has been sent to the taxpayer's LKA.

- Taxpayers who do not request a CDP hearing within the 30-day period may request an equivalent hearing using Form 12153 or other written statement. The taxpayer must indicate they wish an equivalent hearing if their request for a Collection Due Process hearing is not timely. The taxpayer may indicate this request by marking the "Equivalent Hearing" box on Form 12153. See IRM 5.1.9.3.2 for additional information regarding the requirements for filing CDP and equivalent hearings.
 - If the taxpayer does not have the Letter 3172, the taxpayer should file the CDP hearing request with the office identified on the NFTL. If the taxpayer does not have a copy of the NFTL, file the appeal with ACS Support in the campus for the taxpayer's filing jurisdiction and BOD, i.e., Fresno/Kansas City for W & I, or Cincinnati/Philadelphia for SB/SE.
10. See IRM 5.12.9 for more detailed information about NFTL withdrawals.

5.19.4.6.4.1 (08-04-2014)**Withdrawal of NFTL for Direct Debit Installment Agreements**

- This section provides procedural direction for withdrawing NFTLs for taxpayers entering into Direct Debit Installment Agreements (DDIAs) or electing to convert existing installment agreements into DDIA's for the purpose of obtaining NFTL withdrawals.
- On April 7, 2011, the policy regarding withdrawals under IRC 6323(j)(1)(B) was expanded to address situations in which a taxpayer enters a direct debit installment agreement (DDIA) to satisfy the liability.

3. A taxpayer making payments under any other type of installment agreement does not qualify for consideration for withdrawal under this IRM provision unless he converts to a DDIA and meets the conditions specified below.

Note:

Taxpayers are not precluded, however, from requesting a withdrawal under any provision of the IRC 6323(j) .

4. Qualifying taxpayers are identified as

- Individual Master File (IMF);
- Business Master File (BMF) (income tax only; or
- BMF out of business (any type of tax).

5. These taxpayers will generally receive a withdrawal of the NFTL if the following conditions in (6) through (10) are met:

6. The aggregate unpaid balance of assessments on the DDIA is \$25,000 or less at the time of the request.

- A. The unpaid balance of assessments includes tax, assessed penalty and interest, and all other assessments on the tax modules. It does not include accrued (i.e., unassessed) penalty and interest.
- B. If pre-assessed taxes are included, the pre-assessed liability (including tax, penalty, and interest up to the date of expected assessment) plus unpaid balance of other assessments must be \$25,000 or less.

7. The taxpayer is in compliance with other filing and payment requirements.

8. The total tax liability will be fully paid in 60 months or the agreement will be fully paid prior to the Collection Statute Expiration Date (CSED), whichever comes first.

Note:

For liabilities consisting of multiple assessments with different CSEDs, the agreement must fully pay each assessment before its respective CSED or within 60 months, whichever comes first.

Note:

Use Integrated Data Retrieval System (IDRS) Command Code (CC) ICOMP to determine the pay off time frame.

9. The taxpayer requests the withdrawal in writing. Form 12277, Application for Withdrawal of Filed Notice of Federal Tax Lien, is the preferred format for the taxpayer's request; however, any written request that provides sufficient information may be used for processing (see IRM 5.12.9.4).
10. The DDIA is active and at least three consecutive electronic payments (generally received on a monthly basis) have been processed under the DDIA. Also, there have been no defaults in payment under this, or any previous, DDIA or any such default was not caused by the taxpayer.
11. The taxpayer did not previously have a withdrawal of NFTL for any of the modules included in the DDIA (e.g., TC 583 dc 03 on module). This excludes previous withdrawals for improper filing under IRC 6323(j)(1)(A) (e.g., TC 583 dc 02 on module).
12. A DDIA is normally indicated by a 03 in the Agreement Locator Number (ALN). A regular IA that is converted to a DDIA will have the ALN updated. If a taxpayer states they have a DDIA but the ALN does not show 03, request the taxpayer provide documentation of the DDIA (e.g., an acknowledgement letter from the IRS, copies of bank statements showing the withdrawals, etc.).
13. If a taxpayer defaults on making payment under the DDIA after the NFTL is withdrawn, a new notice of NFTL may be filed, if appropriate.

Note:

The above criteria apply only to a taxpayer's eligibility for withdrawal consideration. They do not impact the criteria for a taxpayer's eligibility for a DDIA.

14. If the taxpayer discontinues the DDIA and/or requests it be converted to a regular IA after the NFTL is withdrawn, a new NFTL may be filed.

5.19.4.6.4.2 (02-18-2015)

Withdrawal of Notice of Federal Tax Lien after Release

1. This section provides procedural direction for withdrawing NFTLs IRC 6323(j)(1)(A) and IRC 6323(j)(1)(D) after the underlying lien has been released.
2. Requests for withdrawal of NFTLs on liens that have been released may be considered if the conditions in IRM 5.19.4.6.4.2.1 and/or IRM 5.19.4.6.4.2.2 are met.
3. Requests will be reviewed by the employee assigned other balance due modules of the taxpayer. If the taxpayer owes no other modules or the case is not assigned, the request is to be forwarded to the CLO for review.
4. Since this withdrawal occurs after the original tax liability was satisfied, no adjustments will be made to the taxpayer's account to abate the Transaction Code (TC) 360 lien fees previously assessed. Also, no additional lien fee will be charged to the taxpayer's account for the cost of the withdrawal filing.

5.19.4.6.4.2.1 (01-03-2012)

Post-release NFTL Withdrawals Under IRC 6323(j)(1)(A)

1. A request for withdrawal of a NFTL under IRC 6323(j)(1)(A) will generally be granted when the following conditions apply:

- The taxpayer requests the withdrawal in writing

Note:

Form 12277, Application for Withdrawal of Filed Notice of Federal Tax Lien, is the preferred format for the taxpayer's request; however, any written request that provides sufficient information may be used for processing (See IRM 5.12.9.4); and

- The taxpayer demonstrates that the original NFTL filing was improper or otherwise not in accordance with IRS procedures. A withdrawal under this provision may be issued whether a certificate of release was issued or the NFTL self-released.

5.19.4.6.4.2.2 (01-03-2012)

Post-release NFTL Withdrawals Under IRC 6323(j)(1)(D)

1. A request for withdrawal of a NFTL under IRC 6323(j)(1)(D) where the underlying lien has been released will be considered if the following conditions apply:

- The taxpayer requests the withdrawal in writing;

Note:

Form 12277, Application for Withdrawal of Filed Notice of Federal Tax Lien, is the preferred format for the taxpayer's request; however, any written request that provides sufficient information may be used for processing (See IRM 5.12.9.4).

- The taxpayer fully satisfied the liabilities on the NFTL;
- A certificate of release was issued; and
- The taxpayer is in compliance with filing requirements.

2. For purposes of this section, "fully satisfied" includes:

- Tax liability was fully resolved by payment or credit offset;
- Most circumstances where the tax assessment was abated because the taxpayer is no longer liable for the tax (e.g., amended return filed, reconsideration of additional assessment, innocent spouse determination, or judicial ruling);
- Abatement of penalty and/or interest due to reasonable cause resulted in zero balance; or
- The taxpayer completed terms of an offer in compromise, including any related collateral agreements.

3. "Fully satisfied" generally does not include:

- Expiration of the statutory period for collection;
- Discharge of taxes in bankruptcy; or
- NFTLs that were improvidently or erroneously released and are subject to revocation.

4. For purposes of this section, "in compliance with filing requirements" includes:

- All required Individual Master File (IMF) and Business Master File (BMF) returns, including information returns, for the prior three years have been filed;
- Current Estimated Tax Payments and Federal Tax Deposits (FTDs) have been paid.

5. If the taxpayer has an unfiled return during any of the past three years, or appears to be delinquent with FTDs or Estimated Tax Payments, further investigation may be necessary as determined on a case-by-case basis. The taxpayer will be considered to be in compliance if the return was, or can be, closed for one of the following reasons:

- Not liable for the tax period;
- Income below the filing requirement;
- No longer liable for filing.

Note:

The taxpayer may be requested to supply additional information, as necessary, to complete this determination.

6. Generally, withdrawals will not be granted for self-released liens under IRC 6323(j)(1)(D) unless extenuating circumstances are present. The determination to grant such request will be made on a case-by-case basis and with managerial approval. Examples of possible extenuating circumstances are as follows:

Example:

A taxpayer is attempting to secure a license required for their vocation (e.g., realtor, insurance sales), but the record of the self-released NFTL is impeding their ability to obtain the license. A review of the account shows the tax liabilities listed on the NFTL were reported as uncollectible due to economic hardship of the taxpayer for most of the ten-year collection period, and the taxpayer had no assets of value. The statutory period for collection on the liabilities has expired. The taxpayer is in compliance with current and the prior three years' tax obligations. Withdrawal of the NFTL on the self-released lien may be granted.

Example:

The taxpayer has tentatively been offered an employment position if the NFTL on the self-released lien is withdrawn. The lien self-released due to statute expiration, and the taxpayer is in compliance with all current filing requirements. There is no indication the taxpayer had the ability to make payments, had any assets, or paid unsecured creditors instead of the IRS. Withdrawal of the NFTL on the self-released lien may be granted.

Example:

The taxpayer owes tax liabilities that were not included on the self-released lien and are not on any open NFTL. The taxpayer is now in a position to restructure a loan to pay the open liabilities but the NFTL on the self-released lien is hindering that process. The taxpayer is in compliance with current filing requirements. A withdrawal of the NFTL on the self-released lien may be granted.

7. To consider self-released liens for withdrawal, the taxpayer must be in compliance with filing requirements, as stated above, and the statutory period(s) for collection for the liability(ies) on the NFTL must have expired. Liens that self-released in error and are subject to revocation do not qualify for withdrawal under these procedures. NFTLs that are comprised of a mix of fully satisfied and expired liabilities should be evaluated on a case-by-case basis. NFTLs that contain liabilities that have not been satisfied or expired are not subject to withdrawal under these procedures; however, taxpayers may receive consideration of the withdrawal by following established procedures for requesting a withdrawal of a filed NFTL.

5.19.4.6.5 (08-04-2014) Lien Releases

1. Under IRC 6325(a) a lien release must be issued within 30 days after determining that the taxpayer's outstanding obligation covered by the NFTL (including any interest, additional amount, addition to the tax, or assessable penalty, together with any additional costs that may have accrued) is fully satisfied, unenforceable or supported with a bond.

Note:

See IRM 5.12.3.3.1.2 regarding the necessity of a manual lien release. Employees of functions with access to the Automated Lien System (ALS) will input lien release requests in these situations. For those functions that do not have access to ALS, determine the Centralized Lien Processing Operation (CLO) lien release contact on the intranet by going to:

- IRS Homepage;
- SERP;
- Who/Where;
- Lien-Centralized Lien Processing

An internal use only telephone number is also provided along with the contact information provided on the CLO website. Ensure all E-mail communications regarding liens are via secure E-mail.

2. The lien is not released until the liability is satisfied in some form (e.g., payment or tax abatement), becomes legally unenforceable, e.g., beyond Collection Statute Expiration Date - CSED, or the Service (under IRC 6325(a)(2) accepts a bond furnished by the taxpayer to ensure payment of liability.
3. When all accounts on the NFTL are satisfied, a record of satisfaction is downloaded to ALS which generates a lien release. This information then downloads to IDRS where a TC583 is posted to all affected accounts.
4. Answer general questions about lien releases and withdrawals, and requirements for each as it applies to the specific entity. For issues of a very technical or complex nature, or where the taxpayer/third party seeks an immediate lien release in exchange for payment, advise the taxpayer/third party to call the Lien Payoff/Release number found in the POD Listing on SERP.
5. See IRM 5.12.3.6 for information on partial release of liens. Refer all partial lien requests to CLO.

5.19.4.6.6 (12-12-2008)

Tax Lien Discharges and Subordinations

1. Inquiries may be received through correspondence or calls requesting information on what they need to do to get a lien 'released' or discharged in order to refinance their mortgage or perhaps they are selling their property and need the lien released to complete the sale. Employees can assist callers by providing them with information on how to apply for a Certificate of Discharge of Property from Federal Tax Lien or a Certificate of Subordination of Federal Tax Lien, depending on the circumstance. Additionally, the Advisory Unit Contact List is available on SERP, under the Who/Where tab by clicking on "Advisory Unit Contact List" .

Note:

Technical questions regarding tax lien discharges or tax lien subordination should be handled by Advisory.

5.19.4.6.6.1 (02-18-2015)

Tax Lien Discharge Information

1. Taxpayers should apply for a certificate of discharge of a tax lien if they are giving up ownership of the property, such as selling the property, and are willing to pay the value of the lien interest to the Service. Without a tax lien discharge, the taxpayer may be unable to complete the home ownership change and the ownership title will remain clouded. A taxpayer may also request a discharge if the value of the taxpayer's remaining property encumbered by the tax lien is equal to at least twice the amount of the federal tax liability secured by the lien and any encumbrance with priority over the tax lien.
2. To apply for a tax lien discharge, taxpayer's must follow directions in Publication 783 , Instructions on how to apply for a Certificate of Discharge from Federal Tax Lien. Taxpayers should be encouraged to complete the Form 14135 when applying for a Certificate of Discharge. The request should be mailed to the appropriate Collection Advisory Group. See Publication 4235 , Collection Advisory Group Numbers and Addresses.

5.19.4.6.6.2 (02-18-2015)

Tax Lien Subordination

1. In some cases, a federal tax lien can be made secondary to another lien, such as a lending institution's. That process is called subordination. Taxpayers should apply for a subordination of a lien if they are refinancing or restructuring their mortgage and cannot full pay the lien. Without lien subordination, taxpayers may be unable to borrow funds. Lending institutions generally want their lien to have priority on the home being used as collateral.
2. To apply for a certificate of lien subordination, taxpayers must follow directions in Publication 784 , How to Prepare an Application for a Certificate of Subordination of Federal Tax Lien. Taxpayers should be encouraged to complete the Form 14134 when applying for a Certificate of Lien Subordination. The request should be mailed to the appropriate Collection Advisory Group. See Publication 4235 Collection Advisory Group Numbers and Addresses.
3. For Information regarding Purchase Money Mortgages and/or Purchase Money Security Interests refer taxpayers to Publication 785, available on irs.gov web site. For additional inquiries refer the taxpayer to Advisory.

Exhibit 5.19.4-1

Levy Enforcement Action Flow Chart

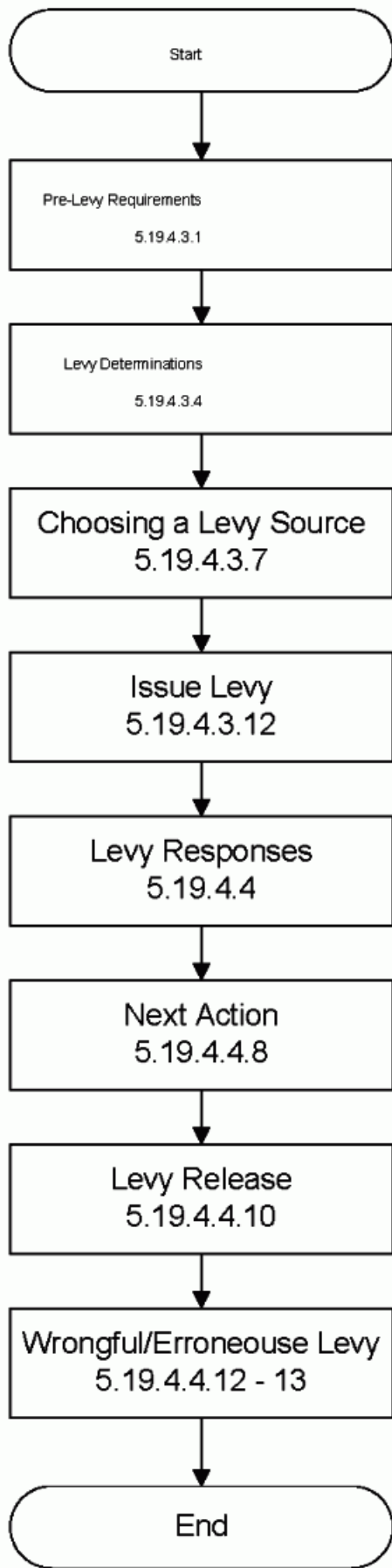


Exhibit 5.19.4-2
Lien Enforcement Action Process Flowchart

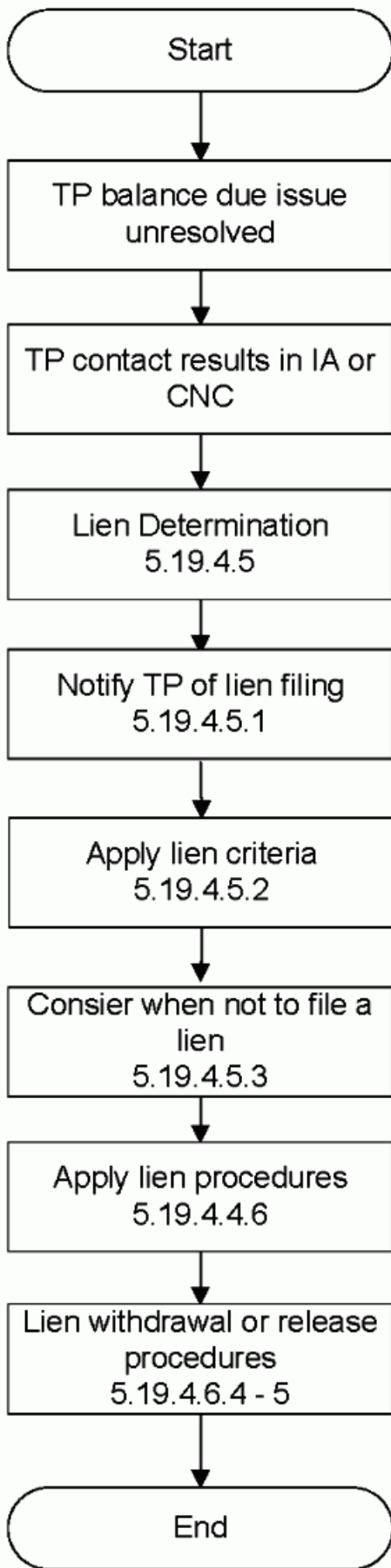


Exhibit 5.19.4-3
IDRS Input of CTLV

Establish a continuous wage levy, CTLV, on IDRS by using CC IAGRE. Be sure to input the following:

- A. Use Agreement Locator Number, ALN, XX08. This identifies the account as a continuous wage levy on the Installment Agreement Account Listing (IAL).

- B. Suppress all reminder notices.
- C. Suppress the default notice.
- D. Turn of auto skip.
- E. Do not charge a user fee
- F. Date payments will be received (monthly).
- G. Amount that will be received (monthly). If the levy source sends payments on a weekly or bi-weekly basis, calculate the monthly total of these payments.
- H. Frequency of payments [i.e. monthly, bi-weekly (every two weeks) or weekly]
- I. Agreement Review Date (Cycle) - as directed in IRM 5.19.4.4.6(7)
- J. Name, address and phone number of levy source.

Note:

Do not input a TC971 AC 063 on balance due accounts included in continuous levies.

Note:

During weekend processing TC 971 AC 898 will be systemically generated on all modules included in the CTLV.

Exhibit 5.19.4-4

C1P/C1G/C1Z Values and Meanings

C1P – Valid values:	
0	Unconfirmed
1	Matched (Record matched – address found)
2	No match (Record could not be matched – no address match)
3	Invalid Zip (Record contains invalid zip code)
4	Foreign
C1G – Reflects the address hygiene software zip general return code.	
-	Address match is successful (value is blank.)
A	Apartment number is required but is missing or invalid.
B	Address information is blank.
E	External match- matched on the auxiliary file.
H	House number not found on street.
M	Multiple matches were found – note that if the zip return code is 'C' this is a successful match.
S	Street name not in zip code.
X	Code-1 master file is expired.
Z	Zip code not found in database.
C1Z – Reflects the address hygiene software zip code return code.	
A	Altered – the zip code was changed due to an address match.
B	Blank – the zip code was blank and could not be calculated from the address.
C	Confirmed – the zip code input matches the address input – match successful.
I	Invalid – the zip code is not valid and a valid zip code could not be computed from the address
O	Original – the input zip code is valid but the address could not be determined uniquely.

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 5. ACS Inventory

5.19.5 ACS Inventory

- 5.19.5.1 [ACS Overview](#)
- 5.19.5.2 [What Is ACS?](#)
- 5.19.5.3 [Research on ACS](#)
- 5.19.5.4 [Procedures for Contact Function](#)
- 5.19.5.5 [Procedures for Research Function](#)

Manual Transmittal

November 17, 2014

Purpose

(1) This transmits a topic based revision to IRM 5.19.5, Liability Collection, ACS Inventory to incorporate procedural changes based on ACA provision 5000A.

Material Changes

(1) This IRM has only been updated for the Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) (IRC §5000A), as identified below. Content unrelated to the ACA provisions was not reviewed for currency or accuracy.

- IRM 5.19.5.3.8 New section on Affordable Care Act Shared Responsibility Payment and ACS Case Processing
- IRM 5.19.5.3.8.1 New section on Individual Shared Responsibility Payment (5000A)
- IRM 5.19.5.3.8.2 New section on Employer Shared Responsibility Payment (4980H) for future use
- IRM 5.19.5.4 Contact section updated to add procedures for Shared Responsibility Payment and MFT35
- IRM 5.19.5.5 Research section updated to add procedures for Shared Responsibility Payment and MFT35
- IRM 5.19.5.5.7 R7 function updated to add procedures for Shared Responsibility Payment and MFT35
- IRM 5.19.5.6 Investigation section updated to add procedures for Shared Responsibility Payment and MFT35
- IRM 5.19.5.7 Locator processing updated to add procedures for Shared Responsibility Payment and MFT35
- IRM 5.19.5.8 Manual locator processing updated to add procedures for Shared Responsibility Payment and MFT35
- Exhibit 5.19.5-4 IRM Updated to add abbreviations for Shared Responsibility Payment and MFT35

(2) Editorial changes were made throughout this IRM to update website addresses and IRM references.

Effect on Other Documents

This material supersedes IRM 5.19.5 , dated September 12, 2014.

Audience

Small Business/Self Employed (SB/SE) and Wage and Investment (W&I)

Effective Date

(01-01-2015)

Cheryl Cordero
Director, Filing and Payment Compliance

5.19.5.1 (08-15-2014) ACS Overview

1. This section explains the Automated Collection System (ACS). It also provides guidance for cases that may not require telephone contact with the taxpayer to arrive at closure.
2. ACS handles incoming calls if the account has at least one module meeting the following criteria:
 - a TDA status, Master File status 22, 24, and 26
 - or with a - V freeze
 - or with a - W freeze
 - or a TDI
3. If you receive incoming calls or make calls to taxpayers or their representatives, follow procedures outlined in other applicable chapters of IRM 21, such as IRM 21.7.1.4 for BMF adjustments, IRM 5.19.1 for balance due, and IRM 5.19.2 for return delinquencies.

Caution:

To complete procedures in this section, you must have access to ACS.

5.19.5.2 (08-20-2013)

What Is ACS?

1. Automated Collection System (ACS) is a computerized system that maintains balance-due accounts and return delinquency investigations.
2. With some exceptions, balance-due accounts and return delinquency investigations are issued to ACS at the conclusion of normal service center notice routines. The exceptions, which are assigned directly to Collection Field Function, are listed in Exhibit 5.19.5-9. Manually generated assignments such as Non-Master File (NMF) and Return Compliance Program (RCP) cases are not worked in ACS.

5.19.5.2.1 (02-08-2013)

ACS Security

1. The ACS System is password protected. You will need to complete an Online 5081 requesting access. A password will be systemically issued through this process. You are responsible for the security of that password. Password security requirements are the same as those for IDRS.
2. The password must be formatted as below:
 - contain eight characters
 - contain at least one alpha character
 - contain at least one upper case alpha character
 - contain at least one numeric character
3. Passwords are not visible at any time. You will receive error messages if you enter a password incorrectly, and your userid may become revoked. If your userid becomes revoked, notify your manager and/or Site System Analyst. Userids are revoked and/or deleted after a certain number of days of inactivity.
4. You can also receive an error message "Invalid Sign on Attempt" if you enter an employee number or function incorrectly, the system may lock up. If the workstation becomes inactive, notify your manager.

5.19.5.3 (08-15-2014)

Research on ACS

1. Balance due cases are shown on IDRS as Status 22; return delinquency cases are in Status 3 on IDRS. The assignment code for both is AOTO0000.
2. When cases are issued to ACS, the system analyzes for levy sources, undeliverable mail codes, telephone numbers, and other characteristics. The system prints letters for mailing and assigns cases to the proper team, function, or units. A small percentage of cases meeting specific criteria are placed on an Action List for ACS Support function to research.
3. Inventory is divided among teams designated A to Z. Each team's inventory is assigned to one of four functions. Each of the functions listed below is composed of 10 units that act as holding bins for ACS accounts awaiting action:
 - Contact (C) - Handles contact with taxpayers through the ASPECT Telephone System or the Predictive Dialer System.
 - Investigation (I) - Searches for taxpayers or assets and follows up on case processing.
 - Research (R) - Responds to taxpayer correspondence and works cases requiring special handling, including initial levy issuance.
 - Service Center (S) - Inputs IDRS actions, performs research and follow-up actions, processes responses to ACS-generated letters and levies for all teams.
 - Hold (H) - For SB/SE and WI Functions
 - Enforcement (E) - Future Use
 - Various (V) - For the SB/SE Hybrid Site
 - Business (B) - For SB/SE Headquarter Use
 - Project (P) - For SB/SE Headquarter Use
 - Locator (L) - For W&I Headquarter Use
 - Kilo (K) - SBSE Inventory
 - Miscellaneous (M) - WI Locator Functions
 - Wage (W) - For W&I Headquarter Use
 - FERDI (F) See IRM 5.19.18
 - Oscar (O) See IRM 5.19.6.21
4. Team inventories are established using the last three digits of the Taxpayer Identification Number. Also, there are specialized sites that work specific types of nationwide inventory. (e.g., FERDI, High Income Non-Filers and International.
5. Accounts can be assigned systemically or manually to all functions or units.
6. ACS is designed to do systemic next-case processing. This processing allows the system to select cases to be worked by priority.
7. The following screens are available on ACSWeb:

ACSWeb Navigation list Options

- A. **Case Overview** - displays select entity information, notes field and phone number fields. The Entity Address will appear in the AMS Disclosure and/or Account Summary Window, if the case was accessed through AMS, Next Case or Predictive Dialer.
- B. **Levy & Release** - displays the Levy View Summary screen. Selecting the Levy View Summary screen allows the user to do the following:
 - Add new levy.
 - Issue levy
 - Edit/View levy

- Delete levy
- Issue a manual levy release
- Send a letter to a selected Levy Source.
- View just "INFO" only sources or just levy sources
- Compare up to three like sources. See IRM 5.19.4.3.6.1 when determining which sources to delete.
- Access the Levy Verification Screen to confirm and/or delete levy sources at the same time.

Note:

To take an action on an existing levy source, the user must first click on the levy.

C. **Levy Review** - displays the Levy Review Data screen. Only employees who are profiled for levy review will have access to this option. Selecting the Levy view Summary screen allows the user to do the following

- Issue levy
- Cancel levy
- Suspend levy

D. **History Codes** - displays all ACS History Codes in a scrollable list and the current follow up date. Users may also enter journal entries, cancel and/or correct actions.

E. **Comments** - displays all ACS Screen 1 and Screen comment history written to the ACS Mainframe in a scrollable list. This is a view only screen and can not be edited.

Note:

ACS Comment History is now written to AMS History through the AMS Checklists, issues and/or narratives.

F. **ACS Modules** - displays a summarized view of all ACS Tax Modules and calculates the Assessed Total of all ACS Tax Modules displayed.

Note:

To view specific module summary data, double click the module. To exclude a specific module from an action, IE: Levy/Lien/Letter, remove the check mark from the Include box and then click on update.

G. **Financial Statement** - displays the primary Financial Statement. This screen is display only and can not be edited.

Note:

Financial Information must be added on the AMS System.

H. **Spouse Information** - Displays the Spouse Information. This screen is display only and cannot be edited.

I. **Reassign Case** - Displays the Reassign Case screen. Cases can either be reassigned transferred, (TFQU and TFRO) from this screen.

J. **Letters** - displays the letter screen and the entity address from ACS. Letters are issued by selecting the appropriate radio button and selecting the letter type from the drop down list.

K. **Third Party** - Displays third party information added during locator research. Users will be able to add, delete and modify information. The following letters will be sent from this screen: LP61 ,LP62 and LP64.

8. On ACS Green Screen the entity screen appears first when a case is accessed. Each case has a total of nine screens. The screens can be accessed by moving the cursor to the entry line and inputting either the screen number or the three letter mnemonic as follows:

- Screen 1 - Entity Screen - ENT or S1
- Screen 2 - Comment/History Screen - COM or S2
- Screen 3 - Levy Screen - LVY or S3
- Screen 4 - Module Screen - MOD or S4
- Screen 5 - No Longer Available
- Screen 6 - No Longer Available
- Screen 7 - Spousal Information - SPS or S7
- Screen 8 - No Longer Available
- Screen 9 - Third Party Contact - TPC or S9.
- Screen 10 - Levy Review Data - LRD or S10

Note:

This screen is only available for employees who are profiled for levy review.

9. Employees will be able to view levy source information on the National Levy Source database on ACS. For information on accessing the National Levy Source information, please refer to User Guide on SERP.

10. At local option, IDRS Correspondex letters may be used in place of ACS LTs. Enter OADT,xx,nnnnC, to show that a non-ACS letter has been sent.

Note:

xx equals follow-up days for the letter if any; nn equals the Correspondex letter sent.

5.19.5.3.1 (12-01-2007)

ACS General Case Processing

1. A case is systemically assigned into the ACS data base.
2. Some cases systemically bypass ACS and go directly to Cff, Collection Function field. Exhibits 5.19.5-9 and 5.19.5-10 list cases that bypass the Field Queue or ACS.

3. When Next-Case processing, the system displays an account with an expired follow-up date in a function/unit based on priority code. This process continues until all cases with an expired follow-up date have been displayed.

5.19.5.3.2 (08-15-2014)

Systemic Case Assignment

1. ACS assigns new entity receipts as follows:
 - A. Those with systemic LT11s are assigned to R5;
 - B. Those meeting SCCB Action List criteria are assigned to S1;
 - C. Those accelerated to ACS for an installment agreement or continuous wage levy defaulted because of a new module or other debit are assigned to R6;
 - D. Defaulted installment agreements with a TC971 AC069 on at least one module are subject to routine new case analysis, i.e., it may have an LT16 issued. Then, it may be assigned to R5 if a levy source is available, to Contact if no levy source but a telephone number, or to I2 if no levy source and no telephone number;
 - E. Undelivered mail cases are assigned to I2 when there is no available phone number and levy source;
 - F. Cases returned from the Field queue are assigned to R8/R9.
2. After contact with a taxpayer or third party, reassign the case to appropriate function/unit for follow-up (e.g., TOR5, TOI4).
3. Manual or systemic actions TFQU,AOTO7000/TFRO, AOTO8000/TFRO, AOTO6501/TFRO, AOTO6566 and batch action TFQU,AOTO7000 will now result in case transfer to function/unit S9 (with a follow up date 28 days into future, and action history TOS9,28,99999 (for manual or systemic), or TOS9,28,88888 (for batch action).
4. Accounts identified in declared disaster areas, -O Freeze, will be reassigned to R1,xx,DST.
 - A. All real-time and systemic letters, LT, levies (LV) and liens (FM10) actions are blocked on these accounts. **Only exceptions: LP68**
 - B. When the end date expires for the disaster a systemic LT16,DSTEXP will generate. The cases will remain in R1 and will be worked through inventory processing.
 - C. See IRM [5.19.5.5.2](#) for additional information on handling accounts with a DST alert.

5.19.5.3.3 (08-15-2014)

ACS History Codes Research

1. History Codes record actions taken by the call site or ACS Support. Consistent use nationwide assists with case review. Use these codes to generate a document overnight at campuses, to enable direct system upload to IDRS, and to record as journal entries taxpayer and third party contacts.
2. Certain History Codes systemically generate follow-up days, and others require you to enter number of follow-up days manually. ACS recognizes only the follow-up date associated with last code input.

Example:

TOI6 has a same-day follow-up unless specified otherwise, while LV01 has a systemic 47-day follow-up.

Note:

All deadline dates, target dates or parameters are counted by calendar days not business days. See IRM 5.19.1.1(9)

3. IRM 5.19.1.1(9) and Exhibit 5.19.5-7 contains a list of all ACS history codes and an explanation of their use.
4. Exhibit 5.19.5-8 contains a list of all ACS definers and literals and an explanation of their use.
5. Exhibit 5.19.5-4 contains a list of all ACS letters.
6. Exhibit 5.19.5-5 identifies SCCB Action List category codes that display in the history code section if a new case has been assigned to the SCCB for research or for association of files.
7. DYUP Alert (Daily Updates) - To notify users that daily activity (**CADE2 Update**) has occurred on an ACS case, the alert blocks certain activities like sending letters, issuing levies, filing liens, and closing cases with NCxx, RDxx, and TFxx actions. If you attempt one of these actions you will receive an error message and need to wait for the weekend update before trying again. **84 ACTION TEMP BLOCKED – DYUP ALERT** If the scheduled follow up date has expired. Input OADT,28,DYUP.

5.19.5.3.4 (12-03-2013)

Correction of ACS History Codes

1. Correcting an error depends upon the History Code entered, whether the case is still on your screen or must be recalled and when the error is identified.
2. History Codes beginning with FM, LP, LT, LV, NC, PO, OL, RD, or TF either generate paper output at the service center or are systemically uploaded to another system. They can be canceled systemically only on the day they are requested.
 - A. Enter History Code CL (Cancel Line) followed by the number of the line that displays the incorrect History Code. The most recent History Code is on line 01, so the correction would be CL01. The next oldest History Code is immediately above on line 02. This continues up through line 07, after which the History Codes scroll to the ACS Green Screen Comments screen.
 - B. To cancel a History Code, it must be on the ACS Green Screen Entity Screen or ACSWeb History Code Screen.
 - C. A systemic follow-up date will not be canceled when History Code CL is used. Be sure to verify that the follow-up or call-back parameter is correct.
 - D. All ACS correspondence is printed at the Centralized Print Sites, CPS; therefore support is no longer able to manually pull letters or levies.
3. History Codes beginning with TO, OC, CS, AL, DL, AC, DC, or SC are journal entries that are corrected in the following manner:
 - A. If a CS00 (or PF6, ACS Green Screen), was entered, make corrections to or add to previous entries as necessary.
 - B. If an ALnn was entered to add new levy source, use DLnn to delete levy source added in error or use CS to correct name/address of the levy source.
 - C. If DLnn was entered erroneously, thereby deleting a levy source, reestablish levy source with ALnn. There is no way to retrieve detailed information on Levy Screen once levy source is deleted.
 - D. Correct erroneous History Codes TO, OC, or other journal History Codes by re-entering correct code and correct follow-up. Also consider entering MCxx where it would be helpful in highlighting corrections for the benefit of subsequent employees.
 - E. If an ACnn was entered to add a contact to third party screen, use DCnn to delete levy source added in error or use CS to correct name/address of the third party.

F. An action history item of "SCLV" indicates the levy was systemically cancelled during the levy review process.

Note:

For ACSWeb use the History Code/Selection for CLXX and MCXX

4. History Code ZAP updates ACS files nightly. If entered in error and identified the same day, enter History Code CL to cancel the action. If identified on a later day, the next IDRS update should re-establish the entity or tax module that was removed in error, but ACS will treat it as a new entity or new tax module. Generally, we use ZAP when working balancing lists.

5.19.5.3.5 (12-01-2007)

Documenting Comments and Notes Field

1. Make comments brief but understandable to anyone with some ACS knowledge. Record only the information that each employee accessing the case needs to know. Use approved Standard Abbreviations for Use in Account Management Services, AMS and/or ACS in Exhibit 5.19.5-6.

Reminder:

ACS employees nationwide, Quality and other reviewers, and revenue officers read Comments. Using non-standard abbreviations or locally devised shorthand may make it difficult for others to understand what happened on the case.

2. All documentation must be done on AMS using checklists or by adding an appropriate issue and narrative. You do not need to add the date, the last 4 digits of your ACS employee number, nor the three letter (alpha) designation for your call site. AMS automatically includes the date and provides your SEID and a link to the Discover Directory to identify you and your site.
3. Do not duplicate the recording of ACS actions on IDRS unless specifically required by the IRM.
4. The notes section is used to record information such as Power of Attorney. This can also be used to alert employees of special situations.
5. Document comments during a taxpayer contact. Documentation during an interview is more accurate and thorough, and facilitates summarizing key points and commitments before concluding the call. For complex cases or for older cases requiring a recap, employees may take notes on paper, then edit and add to AMS history immediately after the contact.

5.19.5.3.6 (07-01-2010)

POA/CAF Letters and the RAF

1. When specifically authorized to receive copies, authorized representatives must be sent copies of any letters that are issued to the taxpayer. When a CAF alert is present on ACS, programming will research the CAF to determine which modules should be included in POA copies of letters issued to taxpayers. During batch processing the POA letter will be systemically sent as appropriate. Continue for procedures when POA information is known but no CAF alert is present on ACS (e.g., a Form 2848 was recently received and has not yet posted to the CAF).
2. A Centralized Authorization File (CAF) indicator displays in the Alerts Section of the ACS Green Screen Entity Screen or the Case Overview Screen on ACSWeb if there is an authorized representative for **one or more** tax modules on ACS. The Tax Module Screen displays a CAF for **each** module that has an authorized representative.
3. When the CAF indicator is displayed, research IDRS to identify the authorized representative and the extent of that person's authorization.
4. When sending the taxpayer an LT letter, also send a "copy" to the authorized representative if that person is authorized to receive notices on at least one ACS module and there is no CAF indicator present in ACS Alerts.
5. Overlay the ACS entity address with the authorized representative's name and mailing address on lines 2, 3 and 4 of the Entity Green Screen or ACSWeb Letter Screen. Precede the authorized representative's name with the literal C/O and enter History Code POnn, where nn = the LT letter number. Use the definer space after the History Code to identify the authorized representative as much as possible. History Code POon causes the letter to display the words POA COPY. When used to send the POA a copy of the LT11, the letter generated with History Code PO11 will be sent by regular mail, not certified, return receipt requested.
6. If the representative is authorized to receive notice for some modules on ACS, remove the asterisk on the Tax Module Screen from those tax modules for which the representative has no authorization. Confirm the removal using History Code CS00 before paging to any another screen or requesting a letter. If you are excluding tax modules from two or more MOD screens, a separate CS00 entry is required for each screen. After confirming the screen changes with the CS00, overlay the authorized representative information on the Entity Screen and request the letter. Document in Comments the module(s) for which the representative is authorized.

Reminder:

The address overlay must be the last change before requesting the letter.

7. The Reporting Agents File (RAF) identifies taxpayers and the agents that taxpayers authorize to file Forms 941 and 940 on their behalf electronically or by using magnetic tape. This section summarizes common ACS issues related to the RAF. If needed, more detailed RAF information is in IRM 21.1.3.5 , Reporting Agents File (RAF) and Form 8655, Reporting Agents Authorization.
 - A. Reporting agents can receive tax information. They often handle the taxpayers' federal tax deposits and can discuss factual details about the return that may help resolve the delinquency. RAF information is not on ACS. If a third party self-identifies as the reporting agent for the taxpayer or an employee of the reporting agent, you may discuss basic filing and tax deposit issues. You must verify the agent's status before divulging taxpayer tax information.

Example:

Third parties often volunteer information without our needing to respond with specific amounts and dates. If working the case properly requires our sharing the taxpayer tax information, verify the reporting agent's status on IDRS.

- B. You can verify whether the taxpayer authorized magnetic tape or electronic filing: On CC ENMOD, RAF/FTD-CD= will have a value of 1 (941), 2 (940) or 3 (941/940), or on CC ACTRA, these same codes display after MTC (magnetic tape code). If these fields are blank, returns are not filed on magnetic tape or electronically.
- C. Research the RAF using CC RFINQ with the taxpayer's EIN. Among the information displayed will be the reporting agent's name and EIN, and a Notice indicator (Y or N) whether the taxpayer authorized us to send tax information to the agent. If needed, researching RFINQ using the agent's EIN and a definer R displays the agent's name and address.
- D. Separately, the taxpayer may designate the reporting agent as an authorized representative, so the agent also may have a CAF code.
- E. CAF and RAF authorities are different. An authorized representative (CAF) is sent copies of all letters sent to taxpayers and fully represents the taxpayer for the stated tax periods to the extent authorized, including providing financial information, discussing payment arrangements, etc. A reporting agent (RAF) can discuss basic information about the Form 941 or 940 tax return and related federal tax deposits beginning with the first tax period shown on RFINQ until revoked. A telephone discussion may be sufficient if the issue is a misplaced deposit or an error on the tax return, but otherwise the reporting agent does not represent the taxpayer, and generally should not be sent copies of ACS taxpayer letters. If RFINQ has a Notice Indicator Y, a letter to a reporting agent more likely would provide a requested transcript with filing and deposit information.

5.19.5.3.7 (10-13-2011)

Reminder Notices

1. The Service is required by law to notify taxpayers in writing at least annually about balance-due accounts. This program was expanded to issue reminders more frequently and to alert taxpayers to possible lien filing.
2. LT39 letters are issued systemically to balance due taxpayers based on Business Operating Division (BOD) and the cycle of the last written notice to the taxpayer. The system determines the last written notice based on the latest LTnn letter. If there is no LTnn letter, then it looks at the latest 4TH NOTICE CYCLE from among ACS balance-due notices. If there is none, then it uses the most recent NOTICE CYCLE.
3. Reminder notices are issued systemically as follows:
 - A. Priorities 0, 1 and 2 - If there is an expired follow-up date, every 25 weeks from the last written notice to the taxpayer or from the ACS establishment cycle, whichever is later.
 - B. Priorities 3, 4 and 5 - If there is an expired follow-up date, every 52 weeks from the last written notice to the taxpayer or from the ACS establishment cycle, whichever is later.
4. All balance due inventory is subject to having the LT39 generated, but only those cases with an aggregate assessed balance of \$10,000 or more will be reassigned to function/unit R7 with a 25 day follow-up to make a lien determination. See IRM 5.19.5.5.7.
5. When the entity has a CAF indicator in the ACS Alerts and the third party is authorized to receive notices, ACS will also systemic generate an LT39 to the Power of Attorney.
6. Some taxpayers already have contacted the Service and case resolution is pending, so the letter may be unnecessary or confusing to them. Review the LT39 letter text in Exhibit 5.19.5-4. The text notes that a letter must be issued periodically and that a call from the taxpayer may not be necessary. Verify that no further information is needed from the taxpayer and apologize for any confusion that the letter may have caused.

5.19.5.3.8 (01-01-2015)

Affordable Care Act (ACA) Shared Responsibility Payment (SRP) and ACS Case Processing

1. This section discusses how the Shared Responsibility Payment for IMF and BMF Accounts relates to ACS case processing

5.19.5.3.8.1 (01-01-2015)

IMF - Shared Responsibility Payment (5000A)

1. See IRM 5.19.1.4.6 Affordable Care Act
2. **Important:** These modules are blocked from enforcement action such as levy and Notice of Federal Tax Lien (NFTL), manual and systemic. These modules are systemically excluded when levies are generated and/or NFTLs filed on an Entity.

Note:

It will not be necessary to exclude the MFT 35 module entering an asterisk on the module when issuing a levy on ACS Module Screen or S4.

3. Standalone MFT 35 modules will be blocked from going to the enforcement functions, such as I6, I8, R5 and R7 inventories. Note: As of January 2015 (E2-Manual LT11, E3-Systemic Levy, E4-Manual Levy, E5-Levy Follow-up and E9-Liens.)

All ACS Letters in IRM Exhibit 5.19.5-2 advising of possible enforcement will have a disclaimer for all SRP (MFT 35) modules.

4. **Do not** close standalone module(s) MFT 35 under the Tolerance (NC09), Deferral (NC09), , Unable to Locate (NC03), Decedent (NC08) or Unable to Contact (NC12). See Flowchart Below:
5. Closing Code NC35 - (Recessed) has been designated for Individual Shared Responsibility Payment (5000A). **Important:** This closing code is only for MFT35.
 - A. Standalone MFT35 Module(s) requires managerial approval and will not close systemically.
 - B. Input History Code TOC0,05,NC35.
 - C. Management will input History Code NC35,,NCAPP.
6. Closing an ACS Account with a MFT35 Module:

IF	And	Then
The account has an MFT 35	a FERDI Account	IRM 5.19.18
The account has an MFT 35 and no other modules	Working any ACS functions	Input TOC0,05,NC35
The account contains both MFT 35 and TDA-MFT 30 module(s)	Working any ACS functions <ul style="list-style-type: none"> • Account meets Tolerance per IRM 5.19.1.1.6 (1) • Accounts meets Deferral per IRM 5.19.1.1.6(2) and all levy sources are exhausted 	Input TOC0 Then Input NC09
The account contains both MFT 35 and TDA-MFT 30 module(s)	Working I2 and I4 functions	Follow normal procedures in <ul style="list-style-type: none"> • IRM 5.19.5.6.2 I2 - Attempts to Locate Taxpayer - Overview or • IRM 5.19.5.6.3 I4 - Final Attempts to Locate Taxpayers or Assets - Overview
The account contains both MFT 35 and TDA-MFT 30/31 module(s)	Working R4 function	Follow normal procedures in <ul style="list-style-type: none"> • IRM 5.19.5.5.4 R4 - Insolvency and Technical Services Issues
The account contains both MFT 35 and TDI-MFT 30 module(s)	Working I2 and I4 functions TDI's can be closed per IRM 5.19.2	Follow normal procedures in <ul style="list-style-type: none"> • IRM 5.19.5.6.3 I4 - Final Attempts to Locate Taxpayers or Assets - Overview to close the TD(s) • Input TOC0,05,NC35 for MFT35

The account contains both MFT 35 and TDI-MFT 30 module(s)	Working I2 and I4 functions TDI's cannot be closed per IRM 5.19.2	Follow normal procedures input TOI7,05,TFQU
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5.19.5.3.8.2 (01-01-2015)

BMF - Employer Shared Responsibility Payment (4980H)

1. For Future Use

5.19.5.3.9 (08-21-2014)

Identity Theft Alert (IDTHF) and ACS Case Processing

1. An Identity Theft Alert "IDTHF" is placed on ACS accounts where a TC971 with any of the following Action Codes are posted to the Entity:

- AC 501 - **Taxpayer Identified:** Identity Theft Affecting Tax Administration
- AC 504 - **Taxpayer Identified:** Identity Theft Not Affecting Tax Administration
- AC 505 - IRS Data Loss Incidents
- AC 506 - **IRS Identified:** Identity Theft Affecting Tax Administration
- AC 522 - Tax-Related Identity Theft, Case Status (Initial Claim/Suspicion and Supporting Documents)
- AC 523 - Misuse of Dependents SSN
- AC 524 - Locking SSN's with No Filing Requirements

Note:

For accounts with a TC971 ac 524 handle as normal for ACS processing per IRM .IRM 10.5.3.2.14

2. The presence of the IDTHF does not mean that there is an active identity theft issue. The alert will remain on the account until the 971-5XX is reversed. In many cases, the IDT issue has been resolved.
3. Identity Theft inventory is handled by the ACS Support sites and is housed in the "O" functions .
4. When processing ACS inventory cases that contain an **IDTHF ALERT** and/or AMS comments indicate there is an unresolved IDT Issue, for ACS functions outside "O" functions refer to the following If/Then Chart:

IF	THEN
There is no reserved TC971-522 on the account and no subsequent TC971-501/506	Move the case TOO1 with a 01 follow - up.
There is an unversed TC 971-522 and a subsequent TC 971-501 A. Check the secondary date of the 522 and 501 actions codes. If they contain the same tax period, this indicates the IDT issue has been resolved. B. If the tax periods are not the same, this indicates that the tax period containing the TC 971-522 has not yet been resolved.	 A. Proceed with normal processing. B. Move the case TOO9,01,REVIEW
AMS comments indicate an active IDT issue e.g., comments state the taxpayer has submitted substantiation documentation and: A. There is no TC 971-522 present	1 Input TC 971 AC522 containing the miscellaneous field PNDCLM and input the tax year of the IDT incident into the secondary date field. Move the case TOO1 with a 01 follow - up.
There is only a TC971-506 on the account and no subsequent IDT codes	Proceed with normal processing. The IDT issue has been resolved.

5. Cases with an IDTHF Alert do not qualify for systemic levy. Review the account to determine what modules are covered by the IDT issue if it has been resolved or reversed (TC 971 AC522 or TC 971 AC50X) and there is a balance due remaining. See IRM 5.19.4.3.4 for making levy determinations on cases with an IDTHF Alert.
6. Do not move the case to the O function simply because of the presence of the IDTHF Alert. If there is an un-reversed TC 971-522 and no subsequent TC 971-50X then the case should be moved to the O function because this indicates that case has not yet been resolved. Document AMS history indicating case determination (e.g., , IDT issue resolved 971-501 posted, levy issued or open IDT issue 971-522 moving to O1 inventory, no levy issued). If the case is resolved, follow normal procedures.

5.19.5.3.10 (11-10-2010)

ACS Case Inventory

1. This section describes the different functions used to assign and work ACS cases.

5.19.5.3.10.1 (12-01-2007)

Service Center Inventory

1. This section discusses the Service Center (S) function.
2. Service Center ACS Support researches and inputs actions on IDRS as a result of an action list or a call site Action Request, correspondence processing, etc. Specific functional procedures can be found in IRM 5.19.6.
3. There are 10 inventories S0 through S9:
 - S0 - Manager inventory - Dispositions requiring managerial approval are reassigned to this inventory.
 - S1 - Action List - Accounts requiring initial service center processing are assigned to S1. The service center researches suspense files, IDRS, performs an initial case action, and reassigns account for follow-up.
 - S2 - Automated Telephone Number Research (TNR) - This inventory holds accounts waiting for telephone number research, TNR. National Office Use Only.
 - S3 - For W&I - MMIA - Manual Monitored Installment Agreement.
 - S4 - Correspondence follow-up - This inventory holds accounts where the taxpayer has responded in writing to the Service Center ACS Support functions.
 - S5 - Installment Agreement Correspondence follow-up - This inventory generally consists of accounts waiting for completion of installment agreement analysis.

- S6 - Reserved
- S7 - Accounts meeting Taxpayer Advocate Service criteria
- S8 - Collection Due Processing (CDP)
- S9 - Accounts are systemically assigned to S9 when an account transfer takes place. (e.g., TFQU/TFRO) .

Note:

These inventory assignments may not be the same in all service centers. Check with local management on the assignment of work in your service center.

5.19.5.3.10.2 (04-26-2013)

Contact Inventory

1. This section discusses the Contact function.
2. Contact cases require outgoing calls to taxpayers and third parties regarding balance due and return delinquency accounts. Categories are assigned based on type of case (TDA/TDI), module balance, file source, MFT or inventory type.
3. There are 10 contact case inventories, C0 through C9:
 - C0 - Managerial inventory for cases requiring approval
 - C1 - IMF TDA/ Combo Cases
 - C2 - BMF TDA/Combo Cases
 - C3 - IMF TDI
 - C4 - BMF TDI Cases
 - C5 - Locator Research Results (From the I4 and I5 Functions Only)
 - C6 - Reserved
 - C7 - High Income Non-Filer (HINF)
 - C8 - Payroll Tax (MFT 941/944) cases
 - C9 - Cases with a POA Indicator, no levy source and a phone number.
4. C1 through C9 are assigned systemically based on the above.

5.19.5.3.10.3 (12-01-2007)

Research Inventory

1. This section discusses the Research function.
2. Research units are used as holding areas for:
 - Further contact with other organizational functions (Taxpayer Advocate Service, Appeals)
 - Cases where taxpayer has been contacted or additional information is needed from within ACS before resolution or collection activity can resume.
3. There are 10 research unit inventories, R0 through R9:
 - R0 - Managerial inventory for cases requiring approval
 - R1 - Suspense Cases - Processes taxpayer correspondence and ACS Listings, and disaster cases.
 - R2 - Taxpayer Advocate Service Cases, Congressional and cases requiring special handling. (Worked by ACS Support)
 - R3 - Exam and CID referrals. Necessary computations for these cases are completed and ensured that they are accurate
 - R4 - Collection Appeals, decedent, bankruptcy, tax court cases, and OIC.
 - R5 - Take initial levy action
 - R6 - Pending and rejected installment agreements, defaulted continuous wage levies, and incomplete actions by other offices that require follow-up taxpayer contact, e.g., accounts accelerated from notice status.
 - R7 - Lien Determinations (Follow-Up to LT39)
 - R8 - Cases returned from queue systemically.
 - R9 - Cases returned from the queue manually.
4. When ACS Support in the service center rejects an input request from the call site, it may be returned to R0 for follow-up.

5.19.5.3.10.4 (08-15-2014)

Enforcement Function

1. This section is for future use.

5.19.5.3.10.5 (12-01-2007)

Investigation Inventory

1. This section discusses the Investigation function.
2. Investigation workload is divided by characteristics of case such as balance due, type of tax, or type of actions required on the account. Generally, attempts are made to locate the taxpayer or his/her assets, or take specific actions to resolve the account.
3. There are 10 Investigation unit inventories, I0 through I9:
 - I0 - Managerial inventory for cases requiring approval

- I1 - Payment Processing
- I2 - Cases requiring research of third-party data bases, directories, or calls/letters to third parties in an effort to locate taxpayers or assets
- I3 - Reserved
- I4 - Final attempts to locate taxpayer, assets, or source of information on balance-due or mixed accounts prior to initiating a currently-not-collectible, transfer to field, or transfer to queue. Cases are assigned to I4 after research in I2 has proved fruitless or after you have determined that contact with third-party sources would not be helpful.
- I5 - Final attempts to locate taxpayer or source of information on return delinquencies. Basically I5 receives work in same manner as I4.
- I6 - Cases requiring follow-up on levies, including issuing next appropriate levy
- I7 - Cases requiring transfer to the queue.
- I8 - Pre-levy actions, usually an LT11
- I9 - Reserved

4. When ACS Support in service center rejects input request from call site, it may be returned to I0 for follow-up.

5.19.5.3.10.6 (05-02-2008)

Locator Inventory - Wage and Investment Only

1. This section discusses the Locator function.
2. There are ten Locator Units - L0 through L9 for call site use:
 - L0 - Reserved
 - L1 - Manual Accurant Locator Research - W&I ACS houses cases that have been processed through the Locator GII application.
 - L2 - TDI - Post Locator Closure Determination - W&I ACS houses cases that have been through the Locator GII process. All required research has been completed and contact attempts made.
 - L3 - TDA - Post Locator Closure Determination - W&I ACS houses cases that have been through the Locator GII process. All required research has been completed and contact attempts made.
 - L4 - Reserved
 - L5 - Manual Levy Workload - W&I ACS houses cases determined to be ineligible for systemic levy by the ACS System.
 - L6 - Manual Levy Follow Up Workload - W&I ACS houses cases for manual levy follow up that have been deemed ineligible for systemic levy.
 - L7 - Reserved
 - L8 - Reserved
 - L9 - Reserved

5.19.5.3.10.7 (08-15-2014)

Wage Inventory - Wage and Investment Only

1. This section discusses the Wage Investment function
2. There are ten Wage Units - W0 through W9 for call site use only..
3. When contacted by taxpayers, follow normal procedures and move the case to the next appropriate function.
4. W0 - WI ACS cases closed by National HQ using GII.
5. W1-8 - Reserved for WI testing process
6. W9 - WI is using function unit W9 to delay letter issuance on new accounts (H5) to help control call volumes. When an incoming call or correspondence is received, no special case processing is required; work the cases as you would any other case. There is no need to leave the case in W9; take the next appropriate action.

5.19.5.3.10.8 (11-05-2013)

Kilro Small Business Self Employed Inventory Only

1. This section discusses the Kilro function
2. There are ten Kilro Units - K0 through K9 for Support Site use:
 3. K0 - Managerial inventory for cases requiring approval.
 4. K1 - Reserved
 5. K2 - Reserved
 6. K3 - Inventory - Return Preparer Misconduct See IRM 5.19.6.19.3 .
 7. K4 - Reserved
 8. K5 - Reserved
 9. K6 - Reserved
 10. K7 - Reserved
 11. K8 - Reserved
 12. K9 - Reserved.

5.19.5.3.10.9 (08-15-2014)

Miscellaneous Inventory - Wage and Investment Only

1. This section discusses the Miscellaneous functions
2. There are ten Miscellaneous Units - M0 through M9 for WI Support for use:
3. M0 - Managerial inventory for cases requiring approval.
4. M1- Manual Accurant Locator Research - W&I ACS Support houses cases that have been processed through Locator GII application. See IRM 5.19.6.20.1
5. M2 - Reserved
6. M3 - Return Misconduct See IRM 5.19.5.6.20.3.
7. M4 - Appeals and Insolvency/Technical Services Issues See IRM 5.19.6.20.4
8. M5 through M9 - Reserved

5.19.5.3.10.10 (11-05-2013)

Oscar Inventory - SBSE and WI Identity Theft Inventory

1. This section discusses the Oscar function. See IRM 5.19.6.21
2. There are ten Oscar Units - O0 through O9 for the Support Sites.
 - O0 - Managerial inventory for cases requiring approval.
 - O1 - Identity Theft Pending Claims
 - O2 - ACSS IDT Correspondence
 - O3 - Fast-Track IDT Cases
 - O4 - ASFR/SFR IDT Referrals
 - O5 - AUR IDT Referrals
 - O6 - Other Functional IDT Referrals
 - O7 - Exam IDT Referrals
 - O8 - Referrals to CPAT/DITA
 - O9 - Back-End IDT Case Processing

5.19.5.3.10.11 (05-02-2008)

Business Inventory - Small Business Self Employed Only (Headquarters Use)

1. This section discusses the Business function.

5.19.5.3.10.12 (05-02-2008)

Program Inventory - Small Business Self Employed Only (Headquarters Use)

1. This section discusses the Program function.

5.19.5.3.10.13 (12-03-2013)

Hold Small Business Self Employed and Wage Investment Inventory

1. This section discusses the Hold function
2. There are ten Hold Units - H0 through H9:
 - H0 - Reserved
 - H1 - **Headquarters' Accounts - No action should be taken on these accounts.**
 - H2 - Reserved
 - H3 - Reserved
 - H4 - Reserved
 - H5 - Letter Leveling: During ACS Weekly Batch processing cases requiring a LT11 or LT16 will be placed into to the H5 inventory. Then during the week based on a percentage determined by HQ, each day during the week these letters will be issued.

Note:

Employees may see the following history codes: TOH5,,LT11 or LT16 and then during the week you will see the letter issued and the case moved to the appropriate function/unit. By Saturday all accounts will be moved out so that the new receipts can be moved into the inventory.

- H6 - New Receipts with an ASMT Alert
- H7 - The H7 function house accounts moved from R5 and I6 functions where a systemic levy was blocked when the Identity theft indicator is set. When blocking an account from systemic levy, the account will be reassigned to H7.
- H8 - The H function house accounts moved from R7 function where a systemic lien was blocked when the Identity theft indicator is set. When blocking an account from systemic lien, the account will be reassigned to H8.
- H9 - IRSN accounts

5.19.5.3.10.14 (08-20-2013)

Various Inventory - (Headquarters' Use Only)

1. This section discusses the Various functions.
2. There are ten Various Units - V0 through V9 for support use:
 - V0 - Headquarters' Use Only

- V1 - Headquarters' Use Only
- V2 - Headquarters' Use Only
- V3 - Headquarters' Use Only
- V4 - Headquarters' Use Only
- V5 - Headquarters' Use Only
- V6 - Headquarters' Use Only
- V7 - Headquarters' Use Only
- V8 - Headquarter's Use Only
- V9 - Headquarters' Use Only

5.19.5.3.11 (12-01-2007) Requesting ACS Archives

1. Archived information primarily includes comments, history codes, levy sources and taxpayer telephone numbers. It does not have information about individual tax modules that ACS processed.
2. Archives retain only the latest ACS closure for an entity, with newer closures replacing older ones. The most recent entity closure is usually retained in archives for up to two years.
3. Archived accounts display immediately; enter the TIN followed by the literals ARC, e.g. 123-45-6789,ARC. Archived accounts display in a different color.
4. No history, comments or other changes are possible to archived accounts.

5.19.5.3.12 (08-21-2014) Telephone Techniques and Communication Skills

1. These Procedures are for ACS Call site and ACS Support. Field Assistance and Accounts Management should follow procedures in IRM 21.1.1.7.
2. The Internal Revenue Service Restructuring and Reform Act of 1998 (IRS RRA 98), Section 3705(a), provides identification requirements for all IRS employees working tax related matters.
3. You must provide, in a professional and courteous manner, the following information when you communicate with a taxpayer.
 - By telephone contact, provide your Title (e.g., Mr., Mrs., Ms., Miss), Last Name and the IRS HSPD-12 (SmartID Card) 10 digit Personal Identification (PID) Number, or your First Name, Last Name, and your 10 digit (SmartID Card) PID Number.
 - By correspondence, provide your generated Integrated Data Retrieval System (IDRS) or other unique letter system number. If an IDRS/unique number is not generated, use all 10 digit PID from your IRS HSPD-12 (SmartID Card) and must provide a phone number.
4. When speaking to the taxpayer, advise the taxpayer that you must verify his or her identity by asking for his or her current street address, city, state, zip code, date of birth and the taxpayer identification number. IRM 5.19.1.1.1
Disclosure Overview: Verifying Identity of Contact Party for complete authentication Procedures.

REMINDER: Do not accept any collect calls.

Note:

Do not use IRS jargon when communicating with the taxpayer.

5. Employees should:
 - Speak to the caller in a pleasant, courteous, and professional manner indicating a willingness to help, by using an appropriate phrase such as "May I help you?" or "How can I help you?"
 - Do not threaten the use of violence or use or threaten the use of other criminal means to harm the person, reputation or property of any person.
 - Do not use obscene or profane language regardless of any that may be used by the person contacted.
 - Do not unnecessarily probe children to secure information.
 - Do not indicate during contacts with third parties that the contacts relate to collecting delinquent taxes or securing delinquent returns.
6. When an assistor receives a call from a Spanish speaking individual and is unable to complete Disclosure Authentication or obtain Oral Disclosure Consent due to limited (or no) English language, it is appropriate to transfer the call to the Spanish gate.

REMINDER: A transfer of this type is only used when the assistor cannot be understood (by all parties) nor can the assistor understand all parties to obtain the required disclosure authentication or answer the taxpayer's/representative's question.

7. If an individual is calling in a language other than Spanish, when the assistor cannot be understood (by all parties) nor can the assistor understand all parties to obtain the required disclosure authentication or answer the taxpayer/representative's questions, offer Over-the-Phone Interpreter Service (OPI). Follow the guidelines in IRM 5.19.1.2.3(6).
8. The objective of the telephone contacts is to resolve the case or to move the case toward resolution, using the following reference:
 - A. Working balance due accounts see IRM 5.19.1.
 - B. Working return delinquency accounts see IRM 5.19.2.
9. If you must place the taxpayer on hold while researching an inquiry, provide the reason for placing the taxpayer on hold, ask for permission and wait for a response. Advise the taxpayer of the promised wait time and return to the taxpayer within that time frame.

Note:

When placing the taxpayer on hold, use the hold feature, not the mute feature. Do not unplug from the teletset.

10. The service is under no obligation to determine if the taxpayer is using a cordless device, e.g., cell phone, cordless phone. However, if you become aware it is a cordless device (e.g., you know that the number the taxpayer is calling from is a cell phone because he/she has previously told you it is, or he/she mentions during conversation that it is a cell phone) then you may advise the taxpayer of the risks of using a cordless device to discuss tax information. Cordless devices use unsecured lines, and the conversation may be heard on another device. If the taxpayer does not agree to cordless use, the IRS employee should advise the taxpayer to call back on a more secure land line.
11. If a caller requests to speak to a manager, follow procedures in IRM 5.19.1.2.1.(1)

Note:

While you should exhibit patience with customers, you are not expected to be subjected to abusive language. If the customer is being verbally abusive, explain that you are willing to help and request that the caller remain calm in order to resolve the issue. If the customer continues with the abusive language, explain that if the caller does not discontinue the abusive language, the call will be terminated. If the caller continues the abusive language, terminate the call and inform your manager.

12. When a taxpayer is calling ACS as a result of a message left by the Predictive Dialer System, the application name will show on the teletset identifying the type of call. ACS CR's should use the case reference number (CRN) to access the case. To ease any concerns that the taxpayer may have, you may also provide the taxpayer with the last four digits of his/her TIN (Social Security Number/Employee Identification Number). Then, request that the taxpayer verify the first five digits as outlined in IRM 5.19.5.3.11. Afterward, continue with normal disclosure procedures.
13. Conclude the contact courteously, generally by thanking the caller for calling.
14. At times, phone calls to the ACS call site, will be received when systems are unavailable.
 - A. Periodically we experience system outages affecting Accounts Management System (AMS), ACSWeb, and/or IDRS. In most circumstances, the system(s) is down for a short period of time.
 - B. You are required to take calls and provide assistance. To ensure that calls are handled consistently, the following guidelines should be utilized.
 - C. We must always make an attempt to address and/or resolve the issue(s) with available resources. Even with limited system access, we may be able to answer questions.
 - D. Request a call back only if available systems do not allow resolution of the issue. The example below should be used during initial contact:
 - E. Provide the taxpayer your name and badge number. Then advise "We are unable to access all of the information on your account due to system issues. However, I may be able to assist you. What is the nature of your call?"

Note:

Make a reasonable attempt to assist the taxpayer by securing the TIN to ensure direction provided to the taxpayer is accurate.

- Assist the caller to the extent that available systems will allow.
- If unable to assist the caller, request a call back in 2 hours including information they may need to resolve their case.

Use the following course of action:

If	Then
IDRS is down: (AMS and ACSWeb will not be available)	Research ACS Green Screen and available CFOL command codes. Input comments on ACS Green Screen if in ST22.
AMS is down: (ACSWeb will not be available)	Research IDRS and ACS Green Screen. Input comments on ACS GREEN Screen if in ST22 and input a history item on IDRS.
ACSWeb/ACS Green Screen is down:	Research IDRS and AMS. Input narrative on AMS and a history item on IDRS.

15. Outgoing Calls:

- A. When initiating an outgoing phone call, the taxpayer may be reluctant to give you his/her Taxpayer Identification Number (TIN). To ease any concerns that the taxpayer may have, provide the taxpayer with the last four digits of his/her TIN (Social Security Number/Employee Identification Number). Then, request that the taxpayer verify the first five digits. After verifying the TIN, see IRM 5.19.1.1.1 for other disclosure guidelines. Outgoing calls - when leaving a message, state the hours of operation as: 8:00 a.m. to 8:00 p.m. Monday - Friday.
- B. If an answering machine is reached and the assistor has no reason to believe the phone number does not belong to the taxpayer but the number has never been confirmed.

- A. Identify yourself as a representative from the Internal Revenue Service,
 - B. Leave a message for the taxpayer, by name, asking the taxpayer to call the appropriate phone number W&I or SB/SE within one business day,
 - C. Include the Case Reference Number (CRN) found on the ACS entity screen for the taxpayer to reference when calling back. Advise the taxpayer when calling back not to enter the CRN at the taxpayer identification prompt, but stay on the line for the next available assistor.

C. If an answering machine is reached and the established cycle on the case is within 50 cycles of the current cycle:

- A. Identify yourself as a representative from the Internal Revenue Service,
- B. Leave a message for the taxpayer asking the taxpayer to call the appropriate phone number W&I or SB/SE within one business day,
- C. Include the Case Reference Number (CRN) found on the ACS entity screen for the taxpayer to reference when calling back. Advise the taxpayer when calling back not to enter the CRN at the taxpayer identification prompt, but stay on the line for the next available assistor.

D. If an answering machine is reached but the assistor cannot reasonably identify the phone as belonging to the taxpayer and/or the established cycle on the case is over 50 cycles:

A. DO Not identify yourself or the Internal Revenue Service,

B. Leave a message for the taxpayer, by name, asking the taxpayer to call the appropriate phone number within one business day,

C. Include the Case Reference Number (CRN) found on the ACS entity screen for the taxpayer to reference when calling back. Advise the taxpayer when calling back not to enter the CRN at the taxpayer identification prompt, but stay on the line for the next available assistor.

E. Do not leave confidential tax information on a voice mail message or an answering machine message.

F. Do not provide taxpayers/third parties with the telephone numbers of functional areas.

G. Select the appropriate Left Message to Call Back Procedures based upon the applicable type of cases:

If	Then
TDA/Mixed Modules w/Levy Source	See IRM 5.19.5.4.1.5(1)
TDA/Mixed Modules w/no Levy Source	See IRM 5.19.5.4.1.5(2)
IMF TDI Only	See IRM 5.19.5.4.1.5(3)
BMF TDI Only	See IRM 5.19.5.4.1.5(4)

H. Employees will not interrupt their calls and conversations with taxpayers, third parties and/or other IRS employees to take an incoming call on their personal cell phones. This includes incoming and outgoing phone media such as text messages and emails. All personal cell phones should be silenced in order to avoid distractions and disturbances during working hours.

5.19.5.4 (01-01-2015) Procedures for Contact Function

1. This section provides procedures for the Predictive Dialer and Contact Function.
2. Refer to IRM 5.19.5.3.8.1 first if the account contains a MFT 35 Shared Responsibility Payment module, prior to proceeding with the Contact procedures.

5.19.5.4.1 (09-03-2010) Predictive Dialer Procedures

1. The system is outbound calling technology in which calls are placed without an attending agent on the originating telephone line. If contact is made, the dialer transfers the call along with the ACS cases to a waiting agent. If contact is made with an answering machine, an automated message is left. When a busy signal or no answer is received, the dialer updates the account and reschedules the case to the predictive dialer queue for another attempt.
2. If contact is made with a taxpayer, third party or executor/administrator, see IRM 5.19.1, when working balance due cases and see IRM 5.19.2 when working return delinquencies. Exception: When handling Predictive Dialer outcalls, taxpayer information will not be solicited from third parties. Instead, the assistor will leave a message with the third party requesting a call back from a liable party.
3. Campaigns are used to generate the outbound calls to the taxpayer. They are designed for several different Business Organizations to address the respective Business Organization's requirements. The selection criteria for the campaigns will be based on but not limited to: function, unit, team, IRS site, Business Operating Division (BOD), Individual Master File (IMF) cases, Business Master File (BMF) cases, Taxpayer Delinquency Account(TDA), Taxpayer Delinquency Investigation (TDI), tax form type, selection code, zip code, and telephone numbers.
4. Downloads are copies of the various ACS databases. The copies are sent to the predictive dialer each night as part of a nightly batch job. The information contained in the download is used for campaign record selection.
5. The Upload program captures specific system results of calls and sends the information back to the mainframe to be placed in the ACS comments field. Based on the results of the upload program, a Systemic Case Assignment Program is run to move cases to the next approximate function. *Exhibit 5.19.5-9*

5.19.5.4.1.1 (09-03-2010) Attempts Made - Privacy Manager Reached, Telephone Number is Wrong (TELWR), Not in Service (NIS) or Disconnected (DISC)

1. Telephone completion codes have been established on the dialer. They are Privacy Manager (Priv Mgr), Telephone Number is Wrong (Tel Wrng), Not in Service or Disconnected (Other Tele Issue), Connection Result in Dead Air (Dead Air), Party Hangs Up Either During Initial Introduction or Anytime During Call (Hung Up), Connection is Fax machine (Fax Machine), and Employee Cannot Hear the Entire Operator Intercept Message Being Played (Bad Operator Intercept). The codes are used when a call cannot be completed for one of the above reasons.
2. Privacy Manager Options is when identification must be made by the caller to the individual being contacted either by displaying the phone number and/or name. If this information is not automatically provided, the caller is prompted to supply it or the call will be disconnected. This information is not automatically passed by the dialer. For Privacy Manager no additional call attempts should be made. Notate in the AMS Comments "Privacy Manager" and take the next action per the chart in paragraph 3.
3. For the other telephone issues delete the phone number from ACS and IDRS using: CC: TELED, document bad number in AMS comments along with the reason (TWELR, NIS, or DISC) and follow chart below.

IF	And	Then
	Alternative number is available.	Try alternative phone number if never tried and time zone permits. If alternative number results in a busy or no answer notate on AMS Comments that attempt made to alternative number and leave case in C Function.
TDA/ Mixed Modules accounts where PD reached privacy manager, taxpayer hung up, dead air, fax number, bad operator intercept, wrong number, disconnected, or not in service	No alternative number, levy source available and all TDA modules contain a date in the PRI NOT Field on ACS modules screen (S4) or the FNL Notice column on Modules Summary Screen located on AMS or the SEC FNL Not field on the Module Detail Screen on AMS	Reassign TOR5,xx, (xx = remainder of follow-up for LT if not expired)
	No alternative number , levy sources available but TDA Modules DO NOT contain a date in the PRI FNL NOT Field or the SEC FNL NOT Field	A. For SB/SE Call Sites- Issue LT11 on required modules. See IRM 5.19.4.3.1 Figure 5.19.4-1 for instruction on excluding necessary modules.
	No alternative number, no productive levy sources and UD Mail	Reassign TOI4
	No alternative number, no productive levy source and No UD Mail	Reassign case TOI4 and issue LT16
TDI modules where PD reached privacy manager, taxpayer hung-up, dead air, fax number, bad operator intercept, wrong	Alternative number is available	Try alternative phone number, if never tried and time zone permits. If alternative number results in a busy or no answer notate on AMS comments that attempt made to alternative number and leave case

number, disconnect or not in service.		in C Function.
TDI modules where PD reached privacy manager, taxpayer hung-up, dead air, fax number, bad operator intercept, wrong number, disconnected, or not in service	A. IMF TDI - UD Mail B. IMF TDI - No UD Mail	<ul style="list-style-type: none"> For SB/SE Call Sites - Reassign case TOI5 and issue LT16 For W&I Call Sites - Reassign TOI5 and issue LT26
	BMF TDI - UD Mail	Reassign Case TOI5
	BMF TDI - No UD Mail and meets 6020b criteria account does not have Employment Code F, G or T and has a module with MFT 01, 10 or 11 within last three years and LRA with same MFT of delinquent module between ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ and/or delinquent module has a credit balance between ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ .	Reassign TOI7,,TFRO8600 Issue LT18
	BMF TDI - No UD Mail does meet 6020b criteria LRA and/or credit balance greater than ≡ ≡ ≡ ≡ ≡ ≡ or open modules older than 3 years	Reassign TOI7,,TFQU
	Case does not meet 6020b criteria and No UD Mail	Reassign TOI5,, Issue LT16

**5.19.5.4.1.2 (12-01-2007)
Power of Attorney (POA)**

- The C9 function contains cases that require a call to a POA. The name of the POA should be in the notes section. Enter the POA's phone number in the POA phone field.
- Any category H POA should not be used for the primary collection contact person.

**5.19.5.4.1.3 (02-08-2013)
Contact Made Inadvertently With Taxpayer Instead of Power of Attorney (POA)**

- If contact is made with the taxpayer when it should have been made with the POA, apologize to the taxpayer, ask if the POA is still in effect and verify the POA's phone number. Input POA information in the Notes Area if necessary (per CFINQ), and place the POA's phone number in the POA phone number field. Follow instruction below:

A. Send case to CN inventory

Note:

Any category H POA should not be used for the primary collection contact person. For all BODs, resolve the account with the taxpayer.

- If you must leave a message for the POA to call back:

A. Follow procedures in IRM 5.19.5.4.1.4(2) and

B. Select the appropriate procedures based upon the applicable type of case per the chart below

If	Then
TDA/Mixed Modules W/Levy Source	See IRM 5.19.5.4.1.5(1)
TDA/Mixed Modules W/O Levy Source	See IRM 5.19.5.4.1.5(2)
IMF TDI Only	See IRM 5.19.5.4.1.5(3)
BMF TDI Only	See IRM 5.19.5.4.1.5(4)

- If attempt to contact the POA results in a busy or no answer, reassign case TOCN,,TC2POA.

**5.19.5.4.1.4 (09-03-2010)
Leaving Messages On An Answering Machine**

- Below is the message to be used for outcalls when using the Predictive Dialer's Automated Messaging Feature, when an answering machine is reached, on any new receipt account, any account within 50 cycles of the established cycle or when there is no reason to believe the phone number does not belong to the taxpayer, but the number has never been confirmed:

- "This is a call from the Internal Revenue Service. It is important you respond to this message by calling 1-877-XXX-XXXX by the end of the day. Our Hours of Operation are 8 a.m. to 8 p.m. Monday through Friday. Please provide the following case reference number when returning this call. Thank you."

- Below is the message to be used for outcalls when using the Predictive Dialer's Automated Messaging Feature, when an answering machine is reached and the establishment cycle on the case is over 50 cycles and/or the phone number cannot be reasonably identified as belonging to the taxpayer:

- "This is a call from an automated Service. It is important respond to this message by calling 1-877-XXX-XXXX by end of the next business day. Our Hours of Operations are 8 a.m. to 8 p.m. Monday through Friday. For privacy reasons please provide the following case reference number when returning the call. Thank you."

- If an answering machine is reached and the establishment cycle on the case is within 50 cycles of the establishment cycle: "This is a call from the Internal Revenue Service. It is important you respond to this message by calling 1-800-829-XXXX by the end of the next business day. Our Hours of Operations are 8 a.m. to 8 p.m. Monday through Friday. For privacy reasons please provide the following case reference number when returning the call. Thank you."

- If an answering machine is reached but the assistor cannot reasonably identify the phone as belonging to the taxpayer and/or the establishment cycle on the case is over 50 cycles: "This is a call from an automated Service. It is important you respond to this message by calling 1-800-829-XXXX by the end of the next business day. Our Hours of Operations are 8 a.m. to 8 p.m. Monday through Friday. For privacy reasons please provide the following case reference number when returning the call. Thank you."

- Select the appropriate Left Message to Call Back Procedures based upon the applicable type of cases:

If	Then
TDA/Mixed Modules W/Levy Source	See IRM 5.19.5.4.1.5(1)
TDA/Mixed Modules W/O Levy Source	See IRM 5.19.5.4.1.5(2)
IMF TDI Only	See IRM 5.19.5.4.1.5(3)
BMF TDI Only	See IRM 5.19.5.4.1.5(4)

**5.19.5.4.1.5 (10-24-2011)
Left Message To Call Back**

- For TDA/Mixed Modules with a productive levy source, document a message was left to call back (LMTCB) and follow chart

- B. Set a specific deadline to file all delinquent returns.
- C. Warn of upcoming action, specifically IRC Section 6020(b) action.
- D. If account does not have Employment code F, G or T and has a module with MFT 01, 10, 11 or 14 within last three years and LRA data with same MFT of delinquent module between ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ or less and/or delinquent modules has a credit balance between ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ , reassign case TOI7,xx,TFRO8600, where xx stands for the deadline plus 25 days.
- E. If the case is ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ , reassign case TOI7,xx,TFQU, where the xx is the deadline date plus 25 days
- F. If the taxpayer is not liable, see IRM 5.19.2.6.5.4 .

5.19.5.4.1.7 (09-03-2010) Dialer Contingency Procedures

1. Below are contingency procedures for running the dialer in the event of system issues:
 - If IDRS is down (AMS and ACSWeb will not be available) shut the dialer down.
 - If AMS is down (ACSWeb will not be available) shut the dialer down.
 - If ACSWeb/ACS Green is down, Shut the dialer down.

5.19.5.4.2 (08-15-2014) Working Contact Inventory

1. If taxpayer has both IMF and BMF cases on ACS, enter TIN in notes to cross reference other account. Document in AMS comments actions taken on the cases and coordinate between both cases. If the IMF taxpayer is a partner or sole proprietor and has existing BMF liabilities, input of TC130 per 5.19.10.3.3 if one is not already present to ensure that credits are not refunded to the taxpayer. When you must transfer either account to revenue officer or queue, you must reassign all unresolved periods on entity.
2. In resolving cases involving incoming calls from taxpayers assigned to other call sites, do the following:
 - A. If it can be resolved immediately but requires manager approval, reassign it to a manager unit with a 5 day follow-up, then give an entity screen print to the manager. The manager will TIN access it before the follow-up date, and either approve or reject it. If a follow-up outgoing call may resolve the reason for rejection, make the call.
 - B. If it cannot be resolved immediately, e.g. the taxpayer is seeking a loan, looking for documents, or needs to file a tax return prior to an installment agreement, any follow-up action belongs to the site that owns the case, not the site that took the incoming call. This also applies where the manager does not approve a disposition, and the taxpayer cannot be recontacted by telephone. If the taxpayer believes the case is resolved and it is not, document AMS history and reassign to R6.
3. When ACS Support in a service center rejects an input request from the call site, it may be returned to a call site manager inventory for follow-up. Generally, ACS Support enters History Code MCXX to show cancellation of the request.
4. On outgoing calls it may be necessary to provide an identifying number to help locate the case when the call is returned. This applies to outgoing taxpayer calls that reach an answering machine or a third party, and on calls made directly to third parties.
 - A. Determine whether the identifying number you leave should be the taxpayer's TIN or the Case Reference Number (CRN). The CRN is a unique ten-digit number generated randomly by ACS solely for ACS use. It displays on the Case Overview screen under the TIN and taxpayer name on AMS; it also is used on ACS letters LP47 and LP64. The CRN is not based on taxpayer information, so using it is not a disclosure issue.
 - B. Provide the TIN when the contact is with third parties who say they need a valid TIN to properly research their records, e.g. a bank employer.
 - C. Provide the CRN when encountering answering machines, or third parties who do not require the taxpayer's TIN to provide a response, e.g., a neighbor or third party who answers at an unverified taxpayer telephone number.
 - D. If leaving the Case Reference Number advise the person when calling back not to enter the CRN at the taxpayer identification prompt, but to stay on the line for the next available assistor.
 - E. ACS cases are accessed with either the TIN or the CRN.
5. If you reach an answering machine on an outgoing call to a telephone number that you reasonably believe belongs to the taxpayer, but the number has never been confirmed or the established cycle on the case is within 50 cycles of the established cycle, identify yourself as an IRS employee and leave the CRN in the following situations:
 - A. The number is the taxpayer's residence;
 - B. The number is the taxpayer's business and you reasonably believe that the message will only be accessed by the taxpayer. **EXAMPLE:** A message is left on the taxpayer's individual voice mailbox or the taxpayer has a one-person business with no other employees; or
 - C. If the outgoing call reaches an answering machine but does not meet these conditions, identify the taxpayer's name on the message, if considered necessary to get the message to the taxpayer, along with the CRN; however, do not identify that the IRS is the caller, regardless of whether third-party notification requirements have been met. If the message reaches a third-party, not the taxpayer, and the third party returns the call, it is not a third-party contact per [IRM 5.19.5.8\(9\)\(3\)](#) because the intent was to reach the taxpayer. However, our ability to solicit information about the taxpayer will depend on whether the third party notification requirement has been met.
6. Using the general rule of meaningful disclosure under IRC section 6304(b)(4):
 - A. You should identify yourself as representing the IRS if you reach the intended taxpayer or third party, or your intent is to reach the taxpayer or third party but you get his/her answering machine.
 - B. If you reach the intended third party, however, and the call is for the **sole** purpose of obtaining location information about the taxpayer (taxpayer's place of abode, his/her telephone number at such place, or his/her place of employment), you should state your name but **not** identify yourself as an IRS employee unless you are asked who you represent. For further information on Third Party Contacts refer to [IRM 5.19.5.8\(9\)](#) and [IRM 5.19.5.8\(7\)\(c\)](#).

Note:

Generally, a contact with a neighbor or landlord is for the sole purpose of obtaining location information. However, a contact with a possible employer or bank intends to confirm employment or an account, so it is **not** for the **sole** purpose of obtaining location information. Therefore you should identify yourself as an IRS employee. These contacts may lead to location questions if the taxpayer no longer is employed or the bank account is closed, but if it wasn't the **sole** purpose of the contact, identify yourself as IRS.

- C. You may identify yourself as an IRS employee in any case that involves only a return delinquency as section 6304(b)(4) applies only where we are collecting unpaid tax, not determining liability.
 - D. In other situations where you are dealing with an intermediary in trying to reach the taxpayer, e.g., a third party who answers the telephone at the taxpayer's residence, or the taxpayer's secretary at work, you should not identify yourself as an IRS employee unless asked who you represent.
 - E. Disclosing that you are an IRS employee does not make the call a reportable third-party contact unless you also solicit any information about the taxpayer.
7. When securing Power of Attorney (POA) information, document in the notes section the name of the POA and put the POA phone number in the POA Phone Field. Transfer the account TOCN.

5.19.5.5 (01-01-2015) Procedures for Research Function

1. This section provides procedures for the Research function.
2. Refer to IRM 5.19.5.3.8.1 first if the account contains a MFT 35 Shared Responsibility Payment module, prior to proceeding with the Research procedures.
3. Refer to IRM 5.19.5.3.9 for cases in the Research functions with an IDTHF Alert before taking any case action.

5.19.5.5.1 (09-12-2014) R1 - Suspense Cases

1. Use the R1 function to maintain cases requiring additional research which cannot be resolved immediately.

Note:

Do not send accounts to R1 based on the taxpayer making a promise or commitment, such as, a return, correspondence etc.

2. The ACS comments must be reviewed to determine the following:

- Internal research was completed/pending and
- The taxpayer's issue was resolved.

3. Use the appropriate guidelines to process cases maintained in the R1 function as follows:

- Disaster Cases (DST) IRM 5.19.5.5.1.1
- Offer in Compromise Cases (OIC) IRM 5.19.5.5.1.2
- Reconsiderations, Claims, Pending Adjustments or Credits with a posted TC 470 IRM 5.19.5.5.1.3
- Pending Adjustments, Offsets or Credits without a TC 470 posted IRM 5.19.5.5.1.4
- Accounts with Open control bases on TXMODA IRM 5.19.5.5.1.5
- CAWR cases IRM 5.19.5.5.1.6
- Certain 6020b cases IRM 5.19.5.5.1.7
- ESTAB, Records of Account or Similar Document requests IRM 5.19.5.5.1.8
- Cases with open Exam TC420 (-L Freeze) IRM 5.19.5.5.1.9

4. Update ACS comments or AMS histories with enough information so the next employee assigned the case can take the appropriate action.

- Case Type
- Actions Taken
- Next action needed, if applicable

5.19.5.5.1.1 (08-15-2014) R1- Disaster

1. Depending on the severity and scope of a disaster, Headquarters Program Analysts may post Alerts on SERP outlining the appropriate guidelines to use when the IRS extends tax relief to taxpayers affected by a disaster.
2. A -O freeze may be systemically set on taxpayer's accounts in the covered disaster area. The freeze causes the suppression of some Master File and most IDRS notices, and prevents new accounts from moving to ACS.
3. Cases already on ACS receive a disaster (DST) indicator (based on the -O freeze from IDRS). This freeze prevents ACS from sending out systemic letters, liens, or levies (except LP68 levy release).
4. ACS weekly processing extends the follow-up date to either the disaster end date or ten days after the system date (whichever is later). This prevents the accounts from appearing in the "Next Case inventory."
5. ACS established a program that places disaster status on accounts based on the disaster zip code list prior to receiving official notification from IDRS. This helps to prevent unwanted case actions when a -O freeze is established.
6. If the Disaster Relief Memorandum provides for individual assistance, Grant filing and payment relief to taxpayers located outside of the federally declared disaster memorandum, which self-identify as an affected taxpayer.
7. For ACS Contacts on Disaster accounts follow IRM 5.19.1.4.8 Disaster/Emergency Relief.
8. ACS Case Processing:
 - A. Defer all enforcement activity and other case actions on taxpayers, who self-identify as impacted by the disaster, until the expiration of the declared disaster period as outlined in the Disaster Relief Memorandum.
 - B. Suspend enforcement activity and other case actions for the length of the -O freeze period when the IRS decides to implement a systemic freeze (-O freeze, DST Alert)
 - C. Reinstate installment agreements, without charging a user fee, when contacted by taxpayers who defaulted due to the disaster. Update next payment due cycle to the date the taxpayer promises to start making payments.

D. Follow normal procedures for taxpayers who are unable to pay if the taxpayer says they cannot keep their agreement. Add a complete history to DI/AMS, (Desktop Integration/ Accounts Management Service), on why the user fee was waived.

E. Resume Collection Activity at the expiration of the suspension of enforcement period (accounts with expired disaster end dates). Establish "soft contact" start-up procedures in the impacted disaster area by issuing an LT16 notice with 25 day follow up and then move to the next appropriate function as shown in the table below:

IF	AND	THEN
TDA /Combo	<ul style="list-style-type: none"> Available Levy Source 	<ul style="list-style-type: none"> Reassign case to I8 Issue LT16
TDA /Combo	<ul style="list-style-type: none"> No available levy source Available phone number 	<ul style="list-style-type: none"> Reassign case to CN Issue LT16
TDA /Combo	<ul style="list-style-type: none"> No available levy source or phone number 	<ul style="list-style-type: none"> Reassign case to I2 Issue LT16
TDI	<ul style="list-style-type: none"> Available phone number 	<ul style="list-style-type: none"> Reassign case to CN Issue LT16
TDI	<ul style="list-style-type: none"> No available phone number 	<ul style="list-style-type: none"> Reassign case to I2 Issue LT16

Note:

HQ may systemically issue the LT16 soft notices and move cases to the next appropriate function, to satisfy notice requirements when a disaster covers a significant geographical area and affects a large number of taxpayers (requiring the establishment of a –O freeze), Telephone contact is not required prior to resuming case actions.

Note:

If applicable, grant additional time to file based on the taxpayer's unique situation.

**5.19.5.5.1.2 (09-12-2014)
Processing OIC Cases**

1. Accounts containing a posted TC480 with a –Y freeze are considered open OIC cases. Process open OIC cases using the If/Then chart below:

IF	THEN
All Modules are in Status 71	Input History Code OADT,60,PNOIC Note: Allows time for case to fall out of ACS Inventory
One or more of the Modules are in Status 22	A. Follow guidelines in IRM 5.19.1.7.2 (10) to prepare and forward Form 4442, Inquiry Referral to the appropriate COIC site. B. Input history code OADT,30,OIC to allow COIC time to process the Form 4442. C. If modules are still in Status 22 after the follow up date initiate a new Form 4442 as there are no internal contact numbers COIC.

2. Accounts containing a TC 480 without a –Y freeze are considered closed OIC cases. Review modules for one of the following transactions posted after the TC480 to identify the type of OIC closure

- TC 481-Offer Rejected
- TC482-Offer Returned/Withdrawn
- TC483-TC480 posted in error
- TC781-Defaulted Offer (TC780/TC781)
- TC788-Fully satisfied offer (TC780/TC788)

3. Process closed OIC cases using the IF/AND/THEN chart below:

IF	AND	THEN
TC 481, TC482, TC483 or TC 781 is posted after the TC480	All modules are in Status 22	Resume enforcement action as appropriate, which could include manual issuance of levies or LT11 but maintain case R1 inventory. Note: TC480 indicator does not allow for systemic levy processing, manual issuance is required.
TC 481 or TC 482 is posted	All modules are not	A. Prepare a Form 4442 Inquiry Referral. Provide the taxpayer's name, phone number, Social Security Number and document the periods that require ST22 input. Fax to the appropriate COIC site. B. Input history code OADT,60,PNOIC to allow for status 22 post

after the TC 480	in Status 22	C. When all mods are in ST22, resume enforcement action as appropriate, which could include manual issuance of levies or LT11. Use the appropriate guidelines such as IRM 5.19.4.3.11 for manual levy instructions. Note: TC480 indicator does not allow for systemic levy processing, manual issuance is required.
TC 483 is posted after the TC 480	New TC 480 is pending on the account	Input history code OADT,60,PNDIOC Note: Allows time for TC 480 and – Y freeze to post. Case should fall off of ACS Inventory.
TC 781 is posted after the TC 480 (and TC 780)	All modules are not in Status 22	A. Input history code OADT,60,OIC Note: Allows time for module balances to zero out and close to status 12. Case should fall off of ACS Inventory. B. If after 60 days the account is not closed, contact MOIC using the Offer in Compromise (OIC) Campus Compliance Locations for the Monitoring of Accepted Offers C. Request MOIC input the appropriate transactions to expedite case closure.

5.19.5.5.1.3 (09-12-2014)

Processing Reconsiderations, Claims, Pending Adjustments or Credits with a Posted TC 470

- Open reconsiderations, claims, pending adjustments or credit cases may contain a posted TC 470 and W- freeze. Various closing codes (CC) are used with a TC470 to classify the type of case such as: CC 90 for pending adjustments or no closing code for pending claims as shown in Doc 6209, TC 470 Closing Codes chart.

Note:

There is no systemic reversal for a TC 470 with various closing codes when input on accounts in status 22, 24 or 26 however, if a TC470 was input when the case was in a different status then the TC 470 may expire systemically after a certain number of cycles. See Doc 6209, TC 470 Closing Codes chart. (Example: If a TC 470 cc 90 was input when a case was in status 21 then the TC 470 cc 90 expires after 26 cycles).

- Take the following actions on open cases:
 - Set an initial follow up for 120 days for case resolution
 - Update case an additional 60 days if there is no indication the case is completed (reversal input or adjustment completed)
- Closed reconsideration, claims, pending adjustment or credit cases are those accounts containing a TC 470 without a W- freeze. Review modules for one of the following to identify the type of closure
 - Posted TC 472 No CC
 - Posted TC 29X or TC 30X**
 - Credit or zero balance and module is in Status 12
 - TC 470 originally input on cases in statuses other than 22, 24 or 26 and it expired systemically.
- Use the If/And/Then chart below to take actions on closed cases (TC470 no W- Freeze):

IF	AND	THEN
TC 472 no CC or TC 29X or TC30X is posted to account	All mods are in zero balance (status 12)	Update case for an additional 30 days to allow it to fall off ACS Inventory
TC472 no CC or TC29X or TC 30X Is posted to account	TC472 no CC or TC29X or TC 30X Is posted to account Balance due remains on some or all of modules	Continue compliance processing by taking the next appropriate action.
Credit or zero module balance (Status 12)		Update case for an additional 30 days to allow it to fall off ACS Inventory Note: Actions must be taken to resolve any credits
TC 470 input on a case when in a status other than 22, 24 or 26.	TC 470 expired systemically based on Doc 6209	A. Identify type of case by TC 470 CC using Doc 6209. (Reconsideration, claim etc.) B. Identify actions taken and determine if case is resolved C. If necessary, contact appropriate area using Form 4442 to request update whether case is still open and request new TC 470 be input. D. If case is still open, input OADT, 60, TC 470 E. If case is closed then continue Compliance processing by taking the next appropriate action.

- Research open TC470 with W- freeze cases, with dates older than one year, to identify if actions are required to resolve the case. Use the IF/THEN chart below to take the appropriate actions:

IF	THEN
Actions are needed to resolve case	A. Prepare Form 4442, Inquiry Referral and forward to the appropriate area for resolution. B. Update case for an additional 30 days
	A. Reverse TC470

No actions needed to resolve case.	B.	Continue with compliance processing
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6. Use the IF/THEN chart below to continue compliance processing for cases with TC 470 over a year old without an open control base or cases with TC 470 and no W-Freeze:

IF	AND	THEN
Balance due of all accounts is below tolerance.	N/A	Reassign case TOC0 immediately followed by action history NC09 on ACSWeb. Note: Use NC19 for LLC-SMO IRM 5.19.5.6.3.8
Requested action was not taken	Taxpayer's issue was not resolved.	Attempt to resolve taxpayer's issue (i.e., locate payment/credit, input adjustment, etc.)
Balance due remains on account after adjustment,	<ul style="list-style-type: none"> LT11 was not issued Levy sources are available. 	Issue the LT11 per IRM 5.19.4.3.1
Balance due remains on the account after adjustment	<ul style="list-style-type: none"> LT11 was issued Levy sources are available. 	Issue the levy as appropriate. Refer to IRM 5.19.4.3.4
Balance due of all accounts are below deferral	Levy sources are exhausted.	Reassign case TOC0 immediately followed by action history NC09 on ACSWeb. Note: Use NC19 for LLC-SMO IRM 5.19.5.6.3.7
Balance due remains on account after adjustment,	<ul style="list-style-type: none"> Levy sources are exhausted New telephone number is available. 	Enter history code TOCN,,OC2TP.
Balance due remains on the account after adjustment	<ul style="list-style-type: none"> No new telephone numbers Levy sources are not available or have been exhausted 	Enter the following history code as applicable: <ul style="list-style-type: none"> TOI2 for telephone number research TOI4 for locator services research.
TDA is resolved and only TDI modules remains	N/A	Enter History Code TOI5

5.19.5.5.1.4 (08-15-2014)

Processing Payment Tracers, Credit Transfers, and Pending Adjustment or Offsets Without a TC 470 Posted

1. Use the IF/Then chart below to process Payment Tracers, Credit Transfers, and Pending Adjustment or Offsets without a TC 470 posted (The maximum follow up time is 10 days to input the necessary action)

IF	THEN
Action will close case (Status 12)	Input OADT, for 25 days for the action to post
Action will not close case	Reassign case to the correct inventory Example:TOI8,25,LT11

5.19.5.5.1.5 (08-15-2014)

Processing CAWR Assessment Cases

- A CAWR assessment case is identified by a "CAWR" alert posted to ACS/ACSWeb. The alert remains on the database even after the CAWR issue is resolved.
- To identify if the CAWR case is completed, review IDRS to identify whether a TC290 for .00 or TC 291 is posted to the affected modules.
- After review is completed, use the IF/Then chart below to take the appropriate actions:

IF	THEN
TC 290 .00 or TC 291 is posted to affected modules	Take the next appropriate action to resume compliance monitoring
TC 290 .00 or TC 291 is not posted to affected modules	Input OADT, for 90 days for actions to post

5.19.5.5.1.6 (08-15-2014)

Processing cases with Open Control Bases on TXMODA

- Use CC TXMODA to determine if there are open controls on IDRS. Follow IRM 21.5.2.3 and Exhibit IRM 21.3.5-1.
- ALWAYS** contact employee with an open control base prior to taking any action on a case, except in the following instances:

- Open control is to one of the AUR system control numbers, XX88002501, xx88002000, XX88005601
- HISTORY item but NO OPEN control.
- Control in "B" or "M" monitoring status.
- Control nullified unpostable with category code NLUN
- Control is to a clerical unit (frequently distinguished by zeros in the last five digits of the employee number)

Note:

Continue processing these cases

- Use IUUD: IDRS UNIT & USR DATABASE to identify the controlling employee and route FORM 4442 to the employee for case update.

Note:

Do not initiate F4442 if the processing time for the issue/request has not expired.

4. Update AMS comments with actions taken on open control base as follows:

- A. Enter history code OADT,30, with the literal addressing area the F4442 was sent: EXAMS, ASFR, COIC or CAWR. I.e. OADT,30, EXAMS.
- B. If the follow up date expires and the case still has an open control assignment, attempt telephone follow up with the controlling employee prior to sending another Form 4442.

**5.19.5.5.1.7 (09-12-2014)
Processing Certain 6020(b) Cases**

1. Take the following actions for 6020(b) cases, with an assessment, and the taxpayer responded they were not liable without providing a signed copy of the return. See IRM 5.19.2.5.5.3(11) Exception, BMF Substitute for Return A6020(b) Program Referrals (Forms 940, 941, 943 or 944)
 - A. Set initial follow up for 60 days.
 - B. Update case for another 30 days if no indication adjustment was input.

**5.19.5.5.1.8 (09-12-2014)
Processing ESTAB, Records of Account or Similar Account Document Requests**

1. Take the following actions when a request for ESTAB, record of account or similar document requests are made
 - A. Set a follow up for 25 days. (This is the maximum time frame allowed)
 - B. Reassign case to the appropriate function after follow up has expired.

**5.19.5.5.1.9 (09-12-2014)
5.19.5.5.1.9 Processing Cases with open Exam TC 420 (-L Freeze)**

1. Research Audit Information Management System (AIMS) using CC AMDIS to identify the Exam status code.
2. Follow in Exhibit 21.5.10-1 for field Exam cases and Exhibit 21.5.10-2 for campus Exam cases to take the next collection action or make the appropriate referral.
3. Set a follow up date that corresponds to the status and issue of the open Exam based on the exhibits. **Example:** Case in (Field) AIMS status code 51 less than 30 days, set follow up to allow 60 days from date of status.

**5.19.5.5.2 (07-01-2010)
R2 - Taxpayer Advocate Service/Congressional**

1. When an ACS (Status 22) case meets the Taxpayer Advocate Service (TAS) criteria, and the issue cannot be resolved within 24 hours or steps are not taken to resolve the issue within 24 hours then, initiate the TAS case in accordance with IRM Part 13.1.7.2. Reassign the case to R2 with a next day follow-up if immediate action must be taken and forward the referral or with a 30 day follow-up as directed locally if waiting for a response from the Taxpayer Advocate Service's office.
2. See your ACS manager for assignment, follow-up, and disposition of Taxpayer Advocate Service cases in accordance of [IRM 13.1.19.5](#)
3. If the R2 follow up has expired, check IDRS for a control base established by a TAS office; if a control base is open; contact the TAS office assigned and request the status. Check the TAS Campus Directory. If an additional follow-up is requested by TAS, extend the follow-up date by the number of days requested by TAS, and secure the TAS employee's name and telephone number. Input history code OADT,XX,TASHLD indicating the number of days requested to extend the hold. Document the ACS case with pertinent information obtained from the TAS employee.

Note:

If the follow-up date has expired with no response from TAS, add another 14 days and make another attempt to contact TAS to request the status of the case. Leave the case in R2. If there is no response from TAS after the 14 days have expired, elevate the issue to the ACS Support TAS Manager who will contact the TAS caseworker's manager for resolution, OADT the case for an additional 7 days. If no response is received from the TAS caseworker's manager after 7 days have expired, move the account out of R2 into the next appropriate function for ACS processing. Ensure all actions taken on the account are documented clearly on AMS.

4. If the control base is closed or if there is no control based established by TAS, move the account out of R2 into the next appropriate functions for ACS processing. **Important** FERDI cases must be moved to F1.

Note:

If the taxpayer specifically requests TAS assistance, the case should be automatically referred to the Local Taxpayer Advocate (LTA) office for review. The LTA or his/her designee will determine if the case meets TAS case criteria or if routine assistance from the Operating Division or Functional Unit will resolve the taxpayer's concern.

5. The TAS office will work account related IRS Legislative Affairs Congressional cases; the Local Taxpayer Advocate is responsible for contacting the ACS Support Liaison for updating ACS (Status 22) accounts.
 - A. All Congressional inquiries received in an Operating Division or Functional Unit will be forwarded to the Local Taxpayer Advocate for control and assignment.
 - B. IRS Legislative Affairs will refer account-related Congressional's to the appropriate Taxpayer Advocate Service Office.
 - C. Congressional correspondence are controlled and worked in the TAS office. The TAS office will contact the ACS Support Liaison to request suspension of collection actions, i.e., release of Federal Tax Levy. The ACS Support Liaison will move the account to R2 (or S7 if the request was received as an OAR) and document ACS comments. Once the Congressional is closed, the TAS office should contact the ACS Support Liaison with the closing actions taken on the Congressional case. The ACS Support Liaison will document ACS with information secured from the TAS office. If the ACS follow-up date has expired, the ACS Support employee will contact the TAS employee for a status update and take the next appropriate action, i.e. move the accounts out of R2 (or S7 if an OAR) into the next appropriate function for ACS processing.

Note:

If the follow-up date has expired with no response from TAS, add another 7 days and make another attempt to contact TAS to request the status of the case. If there is no response from TAS after 7 days expire, elevate the issue to the ACS Support TAS Manager who will contact the TAS caseworker's manager. Ensure all actions taken on the account are documented clearly on AMS.

[Next](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 6. ACS Support

5.19.6 ACS Support

- 5.19.6.1 [ACS Support Overview/What is ACS Support](#)
- 5.19.6.2 [Time Reporting](#)
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- 5.19.6.6 [Automated Lien System \(ALS\), Overview](#)
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- 5.19.6.11 [Receiving and Sorting Incoming Mail](#)
- 5.19.6.12 [TDA/TDI Correspondence](#)

Manual Transmittal

December 18, 2014

Purpose

(1) This transmits revised IRM 5.19.6, Liability Collection, ACS Support.

Material Changes

- (1) IPU 14U1488 issued 10-15-2014 IRM 5.19.6.14(3) clarified potential information to be added in the Comments section of the Levy Response ACSWeb application.
- (2) IPU 14U1488 issued 10-15-2014 IRM 5.19.6.17.4 added new (3) and (4) to provide guidance on processing deceased and foreign UD NFTLs. Renumbered remaining paragraphs accordingly.
- (3) IPU 14U1488 issued 10-15-2014 IRM 5.19.6.20 added new (2) instructing to refer cases to "M0" in lieu of "S0" when processing this inventory.
- (4) IPU 14U1488 issued 10-15-2014 IRM 5.19.6.22.6(3)b added Note instructing to retain hard copy correspondence to forward to Independent Review.
- (5) IPU 14U1488 issued 10-15-2014 IRM 5.19.6.23.1 added new (5) instructing to correct the designated payment code (DPC) when the taxpayer's payment was erroneously marked as a levy payment. Also added Note after new (5) to issue a 549C if the account is paid in full after correcting the DPC. Renumbered remaining paragraphs accordingly.
- (6) IPU 14U1488 issued 10-15-2014 IRM 5.19.6.23.1(11) added a new Reminder to attempt to contact the taxpayer by telephone prior to sending a letter.
- (7) IPU 14U1488 issued 10-15-2014 IRM 5.19.6.26.4(2)b added Note advising W&I ACSS no longer sends their cases to CPAT. Account adjustments are completed by W&I ACSS.
- (8) IPU 14U1543 issued 10-31-2014 IRM 5.19.6.11(10) changed follow-up timeframe when reassigning cases "TOS4" from "30" to "60" days.
- (9) IPU 14U1543 issued 10-31-2014 IRM 5.19.6.12.1(2) and (4) changed follow-up timeframe when reassigning cases "TOS4" from "30" to "60" days.
- (10) This IRM has also been updated to include the Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) (IRC §5000A), as identified below:
 - IRM 5.19.6.6.2(1) added new Note to address not including or adding MFT 35 modules to a NFTL.
 - RM 5.19.6.7.3(3) added new Note to address not including MFT 35 modules on a levy.
 - IRM 5.19.6.12.1 Affordable Care Act (ACA), insert new section. Renumbered existing sections.
 - IRM 5.19.6.12.1.1 Individual Shared Responsibility Payment (SRP) -- MFT 35 (IMF Only), insert new section.
 - IRM 5.19.6.12.1.2 Reserved, insert new section.
 - IRM 5.19.6.23.1 Researching LEVYPMT Transcripts and Open LEVY Control Bases, insert new paragraph (7) with Caution and new Reminder and Note in (10).
- (11) Editorial changes were made throughout this IRM to update website addresses, legal references, and IRM references.

Effect on Other Documents

This material supersedes IRM 5.19.6, dated October 5, 2012. The following Interim Guidance numbers are incorporated into this IRM: 13U0673, 13U1182, and 13U1613.

Audience

Automated Collection System Support (ACSS) site employees in the Small Business / Self Employed (SB/SE), and Wage and Investment (W&I) Campuses.

Effective Date

(01-01-2015)

Cheryl Cordero
Director, Filing and Payment Compliance

5.19.6.1 (06-17-2014)

ACS Support Overview/What is ACS Support

1. Automated Collection System Support (ACSS) is a Compliance Operation, supporting ACS Call-Sites, resolving correspondence from taxpayers, their representatives, and/or third party contacts. These include Taxpayer Delinquent Accounts (TDA) with a balance due and/or Taxpayer Delinquency Investigations (TDI) with delinquent returns.
2. There are five ACS Support sites.
 - Atlanta Campus (W&I)
 - Cincinnati Campus (SB/SE)
 - Fresno Campus (W&I)
 - Kansas City Campus (W&I)
 - Philadelphia Campus (SB/SE)
3. ACS Support is responsible for working the "O" and "S" inventories. See *IRM 5.19.6.21, Oscar "O" Inventory*, and *IRM 5.19.6.22, S - Inventories*, for the inventory descriptions.
4. W&I ACSS works select "M" and "R" inventories. See *IRM 5.19.6.20, M Inventories - W&I Only*, and *IRM 5.19.5.5, Procedures for Research Function* for guidance on processing these inventories.
5. SBSE ACSS works the "K3" and "R2" inventories. See *IRM 5.19.6.19.3, K3 Inventory - Return Preparer Misconduct* and *IRM 5.19.5.3, R2 - Taxpayer Advocate Service/Congressional* for guidance on processing these inventories.
6. ACS Support duties consist of:
 - Perfecting of flagged levy requests and NFTL requests -- daily.
 - Processing action lists -- weekly.
 - Perfecting levies -- daily
 - Processing action requests -- daily.
 - Performing account actions from correspondence.
 - Processing paper levy responses.
 - Processing TAS & CDP cases.
 - Processing ACS undelivered mail.
 - Processing balancing lists.
 - Processing TDI returns.
7. W&I and SBSE have designated individuals serving as coordinators/liaisons. The contact information can be located on SERP under the Who/Where tab and then selecting applicable coordinator link (e.g., ACS Support Liaisons or ACS CDP Coordinators).
 - ACSS Liaison
 - CDP Coordinator
 - Collection Appeal Program (CAP) Coordinator
 - Identity Theft Coordinator
 - NLS Coordinator
 - SITLP Liaison
 - TAS Liaison

Note:

The contact information for the Identity Theft Coordinator can be located on SERP under the Identity Theft Liaisons or ITAR Liaisons and then selecting the "W&I ACS" or "SBSE ACS" link.

5.19.6.2 (06-17-2014)

Time Reporting

1. The Work Planning and Control (WP&C) System tracks time expended and volume of work processed by work code.
2. For a complete description of each OFP listed below, go to <http://ofp.web.irs.gov>. See *IRM 25.14.1, Integrated Management Planning and Information System (IMPIS) Work Planning & Control, Production Control and Performance Reporting*, for more information about the WP&C.
3. Report ACS Support work under Organization Code 76000 using functions 790, 810 and 820.
4. The following program codes are used by both SB/SE and W&I for ACS Support work.

Caution:

Only codes approved by National Office may be used for reporting of work.

- 64000 ACSS Clerical
- 64011 ACSS Liaison
- 64012 ACSS TAS Inquiries
- 64110 ACSS Financial Analysis (CIS - Collection Information Statement)

- 6412x TDA - Balance Due taxpayer correspondence
- 6413x TDI - Return Delinquency taxpayer correspondence
- 6414x Levy and LP responses (Third Party Correspondence)
- 64160 Forms 3870,4159 &4442
- 6417x Other ACS Support Inventory
- 64180 TRIS - Voice Balance Due (VBD) listings
- 6430x ACS NFTLs, levies and letters
- 64304 Undeliverable Notice of Levy and LP59 letters to levy sources
- 64400 CDP - Front end
- 64410 CDP - Back end
- 64420 Collection Appeal Program (CAP)
- 6450x ACS Miscellaneous listings (includes ACS Balancing List, ACS Error lists, ACS Aged lists, TNR - VV list)
- 64610 LEVYPYT Transcripts
- 64620 C Open Levy Control Bases
- 6470x ACS Action lists
- 6471x ACSS Identity Theft
- 6475x ACSS Return Preparer Misconduct
- 64800 ACS Action requests
- 64810 - IA User Fee Reduction (W&I KCSC only)
- 6490x ACS Undeliverable mail

5.19.6.3 (10-05-2012)
ACS Support Research

1. Systems used by ACS Support include the following:

- IDRS
- ACS
- AMS
- ALS
- SERP
- ADR
- GII
- RTR
- EUP for TDS access

2. In addition to the IRM 5.19.6, the following IRMs are used for processing work performed in ACS Support:

- IRM 2.3, IDRS Terminal Responses
- IRM 2.4, IDRS Terminal Input
- IRM 5.19.5, ACS Inventory
- IRM 5.19.4, Enforcement Action
- IRM 5.19.1, Balance Due
- IRM 5.19.2, Return Delinquency
- IRM 5.19.7, Campus Collection Programs (ADR undeliverable mail processing)
- IRM 5.19.8, Collection Appeal Rights
- IRM 5.19.9, Automated Levy Programs
- IRM 5.19.10, Collection Operations Transcript Processing
- IRM 5.19.11, Withholding Compliance Program
- IRM 5.19.12, Centralized Case Processing - Liens
- IRM 10.5.3, Identity Protection Program

Note:

Additional procedures are contained throughout IRM 21, Customer Account Services (CAS) and other IRMs

5.19.6.3.1 (06-17-2014)
Mandated IAT Tools for ACS Support

1. This section provides information on mandated IAT tools for ACSS Employees.
2. IAT provides tools that simplify research, reduce keystrokes, eliminates repetitive typing, and increases the accuracy of regular work processes.
3. If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, following established procedures. See the IAT Website , for how to report/fix problems with IAT tools.
4. Additional IAT tools will be added to the following list when one is deemed beneficial and seen as adding quality to the ACSS work processes.
5. IAT tool users can visit the IAT Website to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts
6. The mandatory IAT Tools are:

- Credit Transfer: Automates the transfer of credits from one module to another.
- Erroneous Manual Refund (EMT): Assists in monitoring manual refunds
- Fill Forms: Automates and assists with the generation of various IRS forms.

Note:

If a form is available through AMS and the IAT Fill Forms tool, use the AMS form as it will upload the completed form details into the AMS history. This will eliminate the need to manually document the form details into AMS history.

- Letters: Allows the user to send any "C" or "SP" Letter listed in the Correspondex Index.
- Manual Refund: Researches the account for duplicate erroneous refund conditions and accounting accept/reject conditions. The data will auto-populate Form 5792, *IDRS Generated Refund*, or Form 3753, *Manual Refund Posting Voucher*, based on the user's completion of the Form preference box.
- REQ54: Assists user with input of REQ54 adjustments.
- REQ77: Assists with the automation of command code REQ77; used to input audit/action trail codes on IDRS.
- X-Claim: Assists the user with inputting and adjusting Form 1040X, *Amended Returns*.

7. The suggested use IAT tools are Payment Tracer and Compliance Suite.
8. Additional information for each tool, including job aids, can be located on the IAT website at <http://iat.web.irs.gov/JobAids/iat.asp>.

**5.19.6.4 (10-05-2012)
ACS Letter/Levy Mailout**

1. ACS outgoing correspondence consists of the following items:
 - Taxpayer letters (LT) Run Number NOT22.
 - Third party letters (LP) Run Number NOT22.
 - Form 668-W(c), *Notice of Levy on Wages, Salaries, and Other Income*- Run Number NOT21.
 - Form 668-A(c), *Notice of Levy* - Run Number NOT21.
 - Form 8519, *Taxpayer Copy of Notice of Levy* - Run Number NOT21.
2. See Exhibit 5.19.6-1 for a complete list of letters, levies, mailer envelopes, return envelopes and required inserts.
3. ACS notices are printed and mailed from the Correspondence Production Services (CPS) sites. Generally, SBSE ACS notices are processed by Detroit - CPS (East) and W&I notices are processed by Ogden - CPS (West). ACS generates outgoing correspondence weekly for new accounts and daily for items requested in ACS real-time.
4. ACS generated correspondence is dated seven days from the request date, excluding weekends and Holidays.

Note:

Levy Releases, LP68, are dated 5 business days from the request date.

5. Some banks, local businesses and major nationwide employers have requested that levies and related correspondence be mailed to a centralized address. See IRM 5.19.4.3.5 for a description of how levy sources are created. See IRM 5.19.4.3.8 regarding centralized mail addresses and see IRM 5.19.4.3.9 for information on levy source address availability on SERP.

Reminder:

ACS employees are required to make sure that addresses are complete including zip codes before requesting the levy or letter. For rural areas a street or post office box may be necessary.

6. If a letter/LP, levy, or NFTL is not mailed for any reason, reject the action on ACS as follows:
 - For letter or LPs, enter "MCLT,01, LTnn" or "MCLP,01,LPnn" . For a levy, enter "MCLV,LVnn" . For a NFTL, enter "MCFM,CMTmm-dd" . "nn" is the letter, LP, or levy number.
 - Enter the reason for not mailing the original notice in AMS history.
 - Reissue the notice; **OR** assign the account back to the originating function (S, C, R, or I) if the notice will not be reissued.

Note:

DO NOT reissue the notice if the Status changed (no longer TDA or TDI status) or there are new comments or account activity that make the correspondence unnecessary. Notate in AMS comments the reason the notice was not reissued.

**5.19.6.4.1 (07-12-2004)
Signatures on ACS Letters and Levies**

1. ACS letters and levies, with the exception of LT/ST 11, contain the signature of an ACS call site operations manager; one for each ACS Support campus:
 - Philadelphia call site operations manager (PSC ACS Support)
 - Detroit call site operations manager (CSC ACS Support)

- Kansas City call site operations manager (KCSC ACS Support)
 - Fresno call site operations manager (FSC ACS Support)
2. Signatures are stored in the national electronic library and are accessed when letter/levy print jobs are processed.
 3. If a call site operation manager retires, gets new job, etc., the signature must be updated with new operations managers name.
 4. The signatures for ACS products are updated by the User Support function in each of the four campuses in (1) above.

5.19.6.4.2 (07-08-2008)

Securing new/revised Signatures for ACS Letters and Levies

1. When notified of a change in name, request the new ACS operations manager to write their signature within the box using black ink. See Exhibit 5.19.6-2.

Note:

This page can be printed from SERP and used for routing to the User Support function.

2. It is best to secure an original signature not a faxed one. If the call site operations manager is off site they should mail it to the ACS Support department.

5.19.6.4.3 (07-12-2004)

Routing signature change to local User Support Function

1. Deliver the request for signature change to your campus User Support function.
2. An ICS/ACS print (IAP) computer specialist will digitize the signature and load it on the print system library.
3. The digitized signature for all LT/ST & LP/SP letters generated by NOT22 is placed in library NRPS.ACSA.PSEGLIB with the external segment name of S1ACSCS. The computer specialist will use ELIXIR software to convert the signature into a page segment (pseg), and rotate the pseg 180 degrees.
4. The digitized signature for levies generated by NOT21 is placed in library IRSX.SYSx.LOCAL.PSEGLIB with the external segment name of S1ACSCB.

Note:

x represents a support site literal E(CSC), F(FSC), G(KCSC), J(PSC). Effective July 2, 2007, ACS notices that require printing and mailing are generated from one of the Correspondence Production Services (CPS) sites.

5.19.6.4.4 (07-08-2008)

Verification of signature change

1. ACS Support should verify that the signature change was made by the User Support function and that it is printing correctly (meaning it is placed in the proper position on the letter and is not printed upside down).
2. If any problems are discovered, contact the computer specialist immediately.

5.19.6.5 (10-15-2010)

Certified Mail Process

1. The ACS LT11 is mailed certified, return receipt requested. On July 2, 2007 the Correspondence Production Services (CPS) sites assumed responsibility for the printing and mailing of ACS notices. This is now accomplished through its Notice Delivery System (NDS). Also, an automated Return Receipt Request process using a new U.S. Postal Service (USPS) system called Bulk Proof of Delivery (BPOD) was instituted. These implementations eliminated the manual work involved with processing the ACS notice output and replaced the CDP Certified Mail System (CDP-CMS).
2. The BPOD service involves CPS sending a request file to USPS to obtain delivery notification instead of sending USPS Form 3811 (Green Cards) on all return receipt requests. USPS provides delivery results back in a series of electronic files including signature images. The CPS NDS allows the mailing status Transaction Code (TC 971-069) to systemically post to IDRS. The TC 971-069 will be posted to IDRS only when a CDP notice is physically presented to USPS for mailing (previously it posted when the CDP notice was issued from ACS). In addition, NDS generates a certified mail listing to be presented to USPS for proof of mailing. This is a listing of data corresponding to the actual notices that are delivered to USPS for mailing. The USPS stamped certified mail listings will be returned to the ACS Support function at each campus for future CDP hearing use if needed.
3. An additional feature of NDS allows the obtained delivery status information (TC971 - AC 066, 067,068) to be systemically posted to IDRS and the signature image to be stored in a repository. This process is referred to as Inbound Return Receipt Automation (IRRA). The Certified Mail Repository (CMR) stores this information.

5.19.6.6 (06-17-2014)

Automated Lien System (ALS), Overview

1. The following sections provide instructions for printing, perfecting and quality reviewing Notice of Federal Tax Liens (NFTLs) requested via ACS for input to the campus portion of the Automated Lien System (ALS).
2. NFTLs are requested on ACSWeb by using history code FM10. Certain conditions exist which require special procedures when filing a NFTL. In these cases employees will enter the history code FM10 twice, creating multiple requests.
3. When a CAF indicator is present or there are mixed modules, a second FM10 will systemically generate. The variable action history will reflect the reason for the second FM10. For example, when the CAF indicator is present, the CAF number for the POA is populated.
4. The FM10 requests are downloaded to the ALS-ACS Perfection program. When there are multiple FM10s, multiple requests will download.
5. Process NFTL requests within five workdays of receipt.

Note:

Any NFTL request not perfected will be rejected from ALS. See *IRM 5.19.6.6.7* for information on how to handle NFTLs that are rejected during the perfection process.

6. To assist with processing NFTL requests, refer to *IRM 5.19.12, Centralized Case Processing - Liens*, and the Automated Lien System (ALS) User Guide which can be found on SERP under the "IRM Supplements" tab.

5.19.6.6.1 (10-15-2010)

Systemic Batching of Liens

1. There are two ways to batch NFTLs.
 - A. Input size of batch and the system will automatically calculate the number of batches.

B. Bypass size by pressing enter and input the number of batches and the system will automatically calculate the size of the batch.

Note:

Using the first method ensures the system automatically batches the entire inventory. If the second method is used, verify there is no inventory remaining to be batched.

2. The system will then ask you if you are ready to begin batching.
 - Answer with "Y" if yes.
 - Answer with "N" if you want to re-size your batches.
3. The system will automatically assign a batch number to each of the batches.
 - The system will ask for the employee's login to be input.
 - The system will then ask if you are ready to print.
 - Type "Y" for yes and the batch will be printed.
 - Type "N" for no and you will need to re-input the login name.
4. Each batch will print out with 2 cover sheets. The cover sheet will show the batch number, the employee it is assigned to and the volume of the batch. One cover sheet should go with the batched NFTLs and is distributed to tax examiners to work. The second cover sheet should be retained until the batch is completed and then destroyed.

**5.19.6.6.2 (01-01-2015)
Processing NFTL Requests**

1. Each NFTL request contains the following information:
 - Area Office location.
 - Taxpayer's name.
 - Taxpayer's address.
 - Tax Periods.
 - TIN.
 - Unpaid balance of assessment as shown on ACS.
 - NFTL request date.

Note:

MFT 35 modules are never to be included or added to a NFTL. If you receive a NFTL request with a MFT 35 module listed, reject the NFTL request on ACS using "MCFM,,CMTmm-dd" and reassign back to the manager function of the originator. Add AMS narratives.

Note:

If you receive a NFTL request with more than 15 tax modules, reject the NFTL request on ACS using "MCFM,,CMTmm-dd" and reassign back to the manager function of the originator for manual processing as outlined in IRM 5.19.4.6.1(2)b, *How to File a Lien*. Add AMS narratives.

2. Research each NFTL request on IDRS for the following items:
 - Assessment dates.
 - Balance due amounts.
 - Valid entity type (individual, corporation, etc.)
 - Civil penalty reference codes.
 - Valid name line(s) and address.

**5.19.6.6.3 (10-05-2012)
Perfection of Taxpayer's Name and Address**

1. If the NFTL is for a Corporation or Partnership and is not reflected in the name line, write corporation or partnership after the name.
2. A corporation can be identified from the following indicators:
 - A Form 1120 filing requirement on ENMOD, INOLE, etc.
 - One of the following words in the first name line, INC., Incorporated, Corporation, Corp., Ltd., Limited, and Association.
3. A partnership can be identified from the following indicators:
 - A Form 1065 filing requirement on ENMOD, INOLE, etc.
 - More than one person's name included in the name lines.
 - Any name line which includes, PTR., Partner, or General Partner.

Note:

If the entity is a partnership, do not include the names of individual partners on ALS. The NFTL will be filed in the partnership's name and address only.

4. If a BMF entity does not clearly fall into the category of corporation or partnership, code it as a sole proprietor.
5. ENMOD may contain numerous name lines. The IMF name lines on the NFTL must match the IMF name line for the tax modules listed on the NFTL. If different, use the information from ENMOD.
6. Compare address with ENMOD. If a new address is found, including "AP" and "PN", edit the NFTL with the new address.

**5.19.6.6.4 (10-05-2012)
Perfection of Assessment Date, Module Balances and Civil Penalty Reference Codes**

1. You can file one NFTL for multiple modules against the same taxpayer. Each module is listed separately.
2. A module can have more than one unpaid assessment transaction code, (TC150, 240, 290, 300 or 765). Annotate each unpaid assessment transaction date.
 - Enter the unpaid balance due for each module next to the most recent assessment date. See the NOTE and REMINDER listed below under item #4.
 - Enter .00 next to any earlier assessment dates that appear on the same module.

Note:

Do not add the civil penalty reference codes when the TC 240 is part of a non MFT 55 module.

3. ALS will accept up to 15 assessments on one NFTL. If more than 15, reject on ACS using "MCFM,,CMTmm-dd" and reassign the case back to the manager function of the originator for manual processing as outlined in IRM 5.19.4.6.1(2)(b), *How to File a Lien*. Reject the NFTL request in ALS and document AMS history with rejection information.
4. Compare balance due for each module with balance due on SUMRY. If different, notate new balance.

Note:

If only accruals are due, calculate the amount to the date of the NFTL request using CC INTST and notate on the NFTL request.

Reminder:

When necessary, compute restricted Failure to Pay (FTP) penalties and/or restricted interest using the date of the NFTL request and notate the amount on the NFTL request. See IRM 20.1 *Penalty Handbook*, and IRM 20.2 *Interest*, for guidance on how to compute restricted interest and penalties. Penalties/interest should be assessed or abated as appropriate.

5. If the assessment transaction code is a TC 240 (Civil Penalty), notate the civil penalty reference code on **MFT 55 modules only** .
6. If any module is in status 12 or 72, line through it. If all the modules are in status 12 or 72, mark the NFTL request, "reject." . Document AMS history with rejection information.
7. NFTLs filed on Form 2290 , *Heavy Highway Vehicle Use Tax Return*, modules should be prepared using the period beginning date (e.g., 07-01-2012) rather than the period ending date (e.g., 06-30-2013). This is very important when there is more than one period for a specific TIN. The period beginnings must be used to separate each assessment to ensure that we receive the module satisfaction indicator from the master file when each module is satisfied.

5.19.6.6.5 (06-17-2014)

Perfection of Multiple Requests for the Same Taxpayer

1. Multiple requests can either be:

- systemically generated, based on conditions present on an account, or

Note:

The variable action history will contain the reason for the systemically generated multiple FM10.

- input by an employee when a condition exists which requires special processing. See IRM 5.19.4.6.2 , *Special NFTL Filing Considerations*.

Note:

Comments providing special instructions for processing the NFTL request will be found on AMS under the issue code for "Liens" when an employee inputs multiple FM10s.

2. The ACS NFTL programming will systemically generate a second FM10 in the following instances:

- when there is a CAF indicator present on the account (ACS variable action history will reflect the CAF number for the POA), or
- when there are mixed modules on an account for which the NFTL is being filed. For example, there are TDA modules for an MFT 30 and MFT 29 or MFT 31 on an account. (ACS variable action history will reflect "MIXMODS").

3. When the CAF indicator is present, the authorized POA information is pulled directly from the CAF and forwarded with the NFTL request to the ALS-ACS Interface program. The POA information will be displayed after the NFTL information is perfected. Verify the POA information and if there are no changes, accept by using CTRL A.

4. When the multiple FM10 are the result of 'mixed modules', care must taken to ensure that the appropriate taxpayers are listed on the NFTL.

5. For all other multiple NFTLs (FM10 appears in ACS history twice) research AMS comments for special instructions.

- POA not on CAF
- Real property in more than one filing jurisdiction
- An ex-spouse living at a different address
- A street address for an entity with a PO Box
- Additional modules on IDRS that are not on ACS

6. Annotate or attach a print to the NFTL request with the additional information found.

7. Input the additional information on ALS.

8. If AMS narratives do not show a reason for the employee-generated multiple FM10, line through the NFTL request and reject the NFTL on ACS:

- Input "MCFM,,CMTmm-dd" and note on ACS comments why it is being rejected.
- Input "TOxx,01,REJFM10" (xx - manager function of area that input the FM10 in history).

Note:

If NFTL is being rejected on ACS, it should also be rejected on ALS.

5.19.6.6.6 (10-15-2010)

ALS Data Perfection Screen - General

1. After securing all the above information from IDRS, access the ACS/ALS database and perfect each NFTL record using the NFTL request. For each NFTL record on ALS, the cursor appears at the first element to be perfected.
2. Perfect the taxpayer name by entering the appropriate entity type codes:
 - A. 1- Individual - Use for all IMF and IRAF taxpayers.
 - B. 4- Corporation
 - C. 7- Partnership - Use when the entity is clearly a partnership.
 - D. 9- Sole Proprietorship
3. When there are no more NFTLs to perfect, the message "NO ADDITIONAL TINS" is displayed.
4. For each NFTL perfected, destroy the ALS printout after quality review.
5. NFTLs that cannot be perfected should be rejected on ALS and ACS. To reject a NFTL on ACS, input action code "MCFM,,CMTmm-dd".

5.19.6.6.7 (06-19-2012)

Stale Lien Rejection Report

1. Effective June 11, 2012 when NFTLs are not perfected within 5 days after being loaded to ACSS/ALS a report, "Potentially Stale Lien Summary" , will generate advising there are NFTLs that need to be perfected by close of business or the NFTLs will be rejected. NFTLs not perfected by close of business will be rejected.
 2. Account information for rejected NFTLs will be provided in the "Stale Lien Rejection Report" .
 3. ACSS sites are responsible for addressing all accounts listed **for their site** contained on the Stale Lien Rejection Report by close of business the same day the report generates. The site must provide E-mail confirmation to HQ that new requests for NFTL have been input.
 4. If an account is still open on ACS, status 22, employees will need to take the following actions:
 - A. Input an action history: "MCFM,,STALELIEN" .
 - B. Review AMS history for any annotations of special NFTL instructions. If present, follow procedures in IRM 5.19.4.6.2.
 - C. Input a new FM10.
 - D. Update AMS history.
- Note:**
- When updating AMS histories with special NFTL filing conditions, employees must enter those comments using the issue code for "Liens" .
5. For those accounts that have closed off of ACS, no longer in status 22, employees will be required to prepare a Form 12636 , *Request for Filing or Refiling Notice of Federal Tax Lien* to manually request the NFTL.

- A. Update AMS history on account that original NFTL request was rejected as a stale NFTL.

Note:

When updating AMS histories with special NFTL filing conditions, employees must enter those comments using the issue code for "Liens" .

- B. Review AMS history for any annotations of special NFTL instructions. If present, they must be annotated on the Form 12636.
- C. Prepare the Form 12636 for all modules that were to be included on the NFTL.
- D. Obtain manager or designated employee approval, if necessary and forward to the Centralized Case Processing Lien Unit (CCPLU). The address for CCPLU may be found under the Who/Where tab on SERP.

5.19.6.6.8 (10-15-2010)

Time Report to WP&C

1. Charge time spent on this program to OFP 810-64301.
2. Points of count are taken from the daily FM10 Processing Report.
3. Do not take an additional item count for IDRS or ACS research, ALS input, ACS input, or clerical duties.

5.19.6.7 (07-01-2013)

Levy Review

1. Beginning January 2009, the online levy notice review and perfection application, Electronic Levy System (ELS), retired. All ELS system functionality migrated to the ACS application.
2. Similar to ELS, ACS programming systemically screens the levy notices issued by ACS searching for pre-identified criteria. Based upon the result of the screening, ACS will either:
 - void the levy notice and generate a systemic action history item "SCLV" ; or
 - flag the notice for online review; or
 - allow the notice to be issued
3. ACSS users with the appropriate ACS profiles will review and perfect levy notices that have been flagged for review. Levy notices not flagged for review in the ACS screening phase are sent to print during ACS overnight processing.
4. The ACS Levy Review and National Levy Source (NLS) Screens User Guide contains complete information on the content of ACS levy review screen displays, reports, and processes. The instructions in this manual provide specific procedures for reviewing levies via ACS Levy Review.

5. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, ACSS employees with access to IAT tools are required to complete the action using the IAT tool. See *IRM 5.19.6.3.1, Mandated IAT Tools for ACS Support*, for a list of mandated IAT tools. Document the tool used and the results in AMS comments.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate for a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>

6. Charge time spent on this program to OFP 810-64302. Point of count taken for each levy processed.

5.19.6.7.1 (10-05-2012)

ACS Levy Review and Perfection Overview

1. ACS programming performs the levy verification and levy address validation. Many of the ELS conditions codes are now handled systemically, with only four (4) conditions remaining that require a manual review.
 - A. All levy source name and address issues, e.g. name line is blank or street address is blank, are now handled systemically. A real time error message is generated for levy source perfection and levy issuance is not permitted unless the levy source information is corrected.
 - B. Taxpayer entity errors are now handled systemically, with the exception of entities containing an LLC in the name line and/or an LLC indicator equal to "S" or entities indicating a deceased DECD taxpayer; these will be flagged for review.
 - C. Discrepancies in the module balance field will be handled systemically.
 - D. Many of the conditions where the elements on the levy (such as status or module balance) compared to elements on IDRS are different or there are other indications on IDRS that could make the issuance of the levy inappropriate are also being handled systemically.
2. ACS Levy Review is categorized into two groups, Pre-Issuance and Post Issuance.
 - A. Pre-Issuance conditions are identified at the time the LVnn action history is input and generates a real-time error message to employees. It is the requesting employee's responsibility to verify that the levy action is correct.
 - B. Post Issuance conditions will be handled after the LVnn action has been successfully completed. Using batch programs, the system will determine which levies will be cancelled, flagged or issued.
3. Tax examiners will work all flagged condition code types.

5.19.6.7.2 (10-15-2010)

Accessing Online Levy Review through ACS

1. New profiles have been established on ACS that contain the same functionality as the profiles on ELS and allow access to the new screens. Users will not be able to access the new screens unless they have the updated profiles.
2. Users will need to complete an OL5081 to request the correct profile access.
3. Employees who perform NLS Coordinator duties will require two employee numbers. A new profile for NLS duties and the other profile for access to ACS, either as an operator or levy reviewer.

5.19.6.7.3 (01-01-2015)

Flagged Conditions Requiring Levy Review and Perfection

1. All levy records are passed against IDRS to detect differences in account/module status, balance, etc.
2. During the levy review process, ACS will flag an account for review by a tax examiner when one of 4 conditions below is met. The conditions are:
 - Open control base – Flag Condition Code "CNTL"
 - Credit module on IDRS – Flag Condition Code "CRMOD"
 - DECD in taxpayer entity - Flag Condition Code "DECD"
 - LLC Entity - Flag Condition "LLC"

Note:

When a module contains both an open control base and a credit module the flag condition code will display as "CRCNT"

3. Tax examiners will be responsible for reviewing the account and determining whether the levy should be issued or not.

Note:

MFT 35 modules are never to be included on a levy. If you receive a levy request with a MFT 35 module listed, void the levy on ACS using "MCLV,,CMTmm-dd" and reassign back to the manager function of the originator. Add AMS narratives.

4. When levies are manually cancelled during the levy review process, a systemic "MCLV " action history item is generated.

5.19.6.7.3.1 (10-15-2010)

Open Control base - "CNTL"

1. An account will be flagged for review when one or more modules contain an open control base. Employees will need to determine if the open control base on the account has any bearing on whether or not a levy should be issued.
2. Any time the control base is open to an individual employee telephone contact must be made to determine if the levy can be issued. Document the results of the contact, or lack thereof, in AMS histories.
 - A. If the employee states there will be no change to the TP account, issue the levy.
 - B. If the employee states there will be a change to the TP account, void the levy. Reassign the account on ACS to "R1,21,OPNCNTL" .
 - C. When unable to contact the employee, void the levy. Reassign the account on ACS to "R1,21,OPNCNTL" .
3. Levies can be issued when the open control base is for a large scale category such as Underreporter.

4. For accounts where the open control base is the result of a nullified unpostable, category code "NLUN" , research to determine if the unpostable condition has been resolved.

A. If it appears the condition has been resolved and the control base is open in error, issue the levy.

B. If the condition has not been resolved, void the levy and reassign the account on ACS to "R1,21,OPNCNTL" .

5.19.6.7.3.2 (10-05-2012)

Credit Module on IDRS - "CRMOD"

1. Accounts will be flagged for review when there is a credit on another tax module for the account that may have been intended for the balance due modules on the levy.

2. If IDRS/ACS research indicates the credit should have been applied to the balance due module(s) on the levy, e.g. TC670 DPC 05 applied to TDI module, input a credit transfer to move the money to the TDA module. This will then change the balance due amount on ACS to either full paid or partially paid.

A. If the credit transfer will fully satisfy the balance due module(s), void the levy. Update AMS history that the balance was satisfied by transfer of payments from xx xxxx (MFT/tax period), then reassign the account on ACS to "S0,21,ACCTFP" .

B. If the remaining account balance is below ≡ ≡ ≡ ≡ , void the levy. Update AMS history. On ACS, input NC09 and reassign the account to "S0,21,NC09" .

C. For all other remaining balances, consider the credit amount in relation to the liability.

If	Then
the pending credit is small in relation to the liability.	Issue the levy.
the pending credit is large in relation to the liability.	Cancel the levy. Reassign the account on ACS to" R5,21,PNDPMT" .

3. If the credit should not be applied to the TDA modules, issue the levy.

5.19.6.7.3.3 (10-15-2010)

Deceased Taxpayer Entity - "DECD"

1. Accounts will be flagged for review when the "DECD" literal is found in the taxpayer name lines. Issue all "DECD" flagged levies.

Note:

If "CNTL" or "CRMOD" flag conditions are present, a determination to issue or cancel a levy is based on those flag condition procedures.

5.19.6.7.3.4 (10-05-2012)

Limited Liability Company - "LLC"

1. Accounts will be flagged for review when a systemic levy has generated and one or more of the following conditions exist:

A. "LLC" is in the name line of the entity.

B. The LLC CD = S where there are delinquent employment tax modules prior to 2009 or excise tax modules prior to 1/2008 and the LLC Ind = 0,2 or 3

C. LLC_CD = blank where there are delinquent employment tax modules prior to 2009 or excise tax modules prior to 1/2008.

2. Employees will need to refer to IRM 5.19.4.3.4(14)(15), *Levy Determination - (R5 Processing)* and IRM 5.19.1.4.14, *LLC Accounts* to determine whether or not the levy should be issued.

3. If AMS history or ACS comments indicate the entity has one member and is a disregarded entity, e.g., one that is not taxed as a corporation, then void the levy and reassign the account "TOI4,21,LLC-SMDE" .

4. If AMS history or ACS comments do not indicate the entity has one member and is a disregarded entity, issue the levy.

5.19.6.8 (07-01-2013)

Action Lists

1. Cases appear on the ACS action list because additional information or research is needed before enforcement actions are taken. The information or research needed and how the list is processed are determined by a category code. There are 6 category codes.

2. The action lists are downloaded to Control-D weekly. The remarks section displays ACRW8301 and the Job Name is ACJWA835.

3. Each action list contains the following elements:

- Category code
- Account TIN
- Account name

4. An action must be taken on each case on the list. Some action list categories provide specific case action processing procedures. See *IRM 5.19.6.9, Action List Balance Due Procedures* for processing TDA and combination (TDA & TDI) accounts or *IRM 5.19.6.9.1, Action List Return Delinquency Procedures* for TDI accounts.

5. Document AMS history with type of action list worked and action taken (e.g., working A1 action lists - TDA, Working A1 action lists - changed location code, etc.).

6. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, ACSS employees with access to IAT tools are required to complete the action using the IAT tool. See *IRM 5.19.6.3.1, Mandated IAT Tools* for ACS Support, for a list of mandated IAT tools. Document the tool used and the results in AMS comments.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate for a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>

7. Charge time spent on this program to OFP 810-64700. Point of count taken for each action list processed by a tax examiner.

5.19.6.8.1 (10-15-2010)

A 1 Action List - Location Code

present	(this means a TC971 AC069 has posted)	If ASMT+ Alert is present on ACS, issue LT11 for applicable modules as necessary per guidance in IRM 5.19.4.3.1(5)a-c, <i>Pre-levy Requirements - I8 Processing</i> .
	FNL NOT date is not present for all modules on ACS MOD screen (this means a TC971 AC069 has not posted)	Assign TOR5 then issue LT11 for applicable modules.
No Levy Source is present	Telephone number is present	Assign TOCn then issue LT16
	No telephone number is present	Assign TOI2 then issue LT16 (including accounts with a foreign address or CLC=35.

5.19.6.9.1 (10-05-2012)

Action List Return Delinquency Procedures

1. If the account is no longer assigned to Function S1, no further actions are necessary.
2. If a telephone number is present, assign TOCN,01 and send LT26.
3. If a telephone number is not present, assign TOI2 and send LT 26. If the account contains a foreign address, CLC=35, assign the case TOI2 and send the LT26.

5.19.6.10 (07-01-2013)

Action Requests

1. The IDRS Action Request list generates based on the input of certain action histories on ACSWeb. While most IDRS inputs are done on-line by CRs, there are some action requests that require direct input to IDRS.
2. The IDRS Action Request list is downloaded to Control-D daily. The remarks section displays ACRD8003 and the Job Name is ACJDA830.
3. The site should work the list daily, which will reduce the number of cases residing in S9 waiting to transfer out and for the RD/NC requests, and will provide the timely disposition for these cases.
4. A list of action history codes can be found in IRM 5.19.5-7
5. There are 3 common types of action requests:
 - TFRO — transfer to revenue officer
 - RDNN — return delinquency closure
 - NCNN — currently not collectible closure
6. For all accounts review the IDRS Action Request, the AMS histories and if necessary the ACSWeb action history screen to determine the action needed. Input the appropriate transaction on IDRS using the following command codes:
 - Use CC ASGNI/ASGNB to input a transfer request to a revenue officer.
 - Use CC REQ77 to input NC action requests onto IDRS.
 - Use CC FRM49 to input RD action requests onto IDRS.
7. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, ACSS employees with access to IAT tools are required to complete the action using the IAT tool. See *IRM 5.19.6.3.1, Mandated IAT Tools for ACS Support*, for a list of mandated IAT tools. Document the tool used and the results in AMS comments.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate for a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>

8. If you receive an error message on IDRS and the action cannot be completed, reassign the account to CO,01, REJxxxx, where xxxx = the rejected action request. Update AMS comments with reason for rejection.

Note:

If account is IMF it cannot be assigned to 8600. Reject account back to originator. This is a BMF assignment number only.

9. Document AMS history with action taken or the error message on the IDRS screen.
10. Charge time spent on this program to OFP 810-64800. Point of count taken for each action list processed by a tax examiner.

5.19.6.11 (10-31-2014)

Receiving and Sorting Incoming Mail

1. Mail is received numerous times throughout the day in ACSS Clerical Team.
2. Upon receipt, the clerical team will date stamp all incoming mail with the date the mail is received in the Operation.

Note:

Undelivered Mail and Levy Responses are not individually date stamped.

3. A visual pre-sort will also be performed to identify incoming mail that will be worked by ACSS and batched, except as noted, into the Account Maintenance System (AMS), includes but is not limited to:
 - TDA Correspondence: All mail regarding, but not limited to, Installment Agreement Requests and Request for Account information or actions (penalty abatements, adjustment requests, balance inquiries, etc.).
 - Financial Information: All Collection Information Statements (CIS) and substantiation documentation.
 - TDI Correspondence: All tax returns and correspondence relating to a delinquent filing only.
 - Collection Due Process: All Form 12153, *Request for a Collection Due Process or Equivalent Hearing*, or correspondence requesting a CDP hearing.

Note:

SB/SE ACSS Clerical teams forward CDP related correspondence and/or forms directly to the CDP teams within ACSS to control and process.

- Identity Theft Correspondence: All Form 14039, *Identity Theft Affidavit*, Form 14039-B, *IRS BMF Identity Theft Affidavit*, and correspondence indicating a possible identity theft issue.
- Identity Theft Referrals: All Form 14027-B, *Identity Theft Case Referral*, Form 14394, *Identity Theft/Return Preparer Misconduct Case Collection Alert*, Form 14566, *BMF Identity Theft Referral*, and Form 4442, *Inquiry Referral*, directed to the ACSS IPSU or Identity Theft Coordinator/Liaison. These forms should be received via fax by the coordinator/liaison. However, there may be times when the referral is received with regular mail.
- Return Prepared Misconduct Correspondence: All Form 14157, *Complaint: Tax Return Preparer*, and Form 14157-A, *Tax Return Preparer Fraud or Misconduct Affidavit*.
- Third Party Correspondence: Levy and ACS LP responses. **This work will not be batched into AMS.**
- Undelivered Mail: All returned mail from the post office that was not delivered. **This work will not be batched into AMS.**

Note:

A visual sort of the UD mail must be performed to separate UD notices that have specialized processing (e.g., UD NFTL Notices, UD Levy Releases, UD ACS TDI Notices (W&I), etc.).

4. Mail identified as non-ACSS criteria during the visual sort will be forwarded to the appropriate function/campus. This work will not be batched into AMS and could include, but is not limited to:

- A. Programs that are consolidated in another campus, e.g., ASFR or AUR.
- B. Different BOD
- C. BMF mail received at any IMF only site.

REMINDER: All mail that will be routed out of ACSS is to be forwarded as quickly as identified, within 24 hours when possible.

5. Visually sorted mail will be further screened using AMS/IDRS and ACS to identify the appropriate OFP (program) and Doc/Sub codes for batching and assigning on AMS and ACS. **ACSS will not transship same BOD work between sites. This does not apply to CDP casework.** For example: If a W&I case is received by Kansas City ACSS with a California address then KC ACSS will keep and resolve the case.

Note:

When the TIN is not included or present on the correspondence, use the 2-D barcode scanner and/or IDRS Entity Command Codes (CC) to obtain the missing information. Applicable CCs that can be used, but not limited to, are TPIIP, FINDE, and NAMES/NAMEE.=====

6. Non-ACSS correspondence identified during this process will be routed to the appropriate function/campus and **WILL NOT BE CONTROLLED**. This may include, but is not limited to:

- A. BOD code is different than the receiving campus.
- B. Account is not in an ACS Status 22/24, TDI-3, or does not refer to a levy or NFTL action.

Note:

If there is an existing IDRS/AMS control to an ACSS employee, route the additional correspondence to the appropriate employee. Be sure to update AMS history regarding the additional correspondence. **Do not establish another control base or assign on AMS.**

7. If TDI Correspondence includes a balance due module, even if not in Status 22, the correspondence will be worked under the TDA/TDI Combo program, OFP 64120.

8. After screening of the incoming mail is complete, all remaining correspondence will be batched into AMS by taxpayer TIN. AMS will then control the case on IDRS and send interim letters, as appropriate.

9. All cases controlled will be assigned to a protective inventory on ACS, as able (e.g., archived ACS accounts cannot be updated). ACSS uses "S4" inventory, except as noted below:

- CDP Correspondence: All cases must be assigned to "S8" inventory by the CDP Clerical.
- FERDI: All cases must be assigned to "F9" by ACSS Clerical.

Note:

FERDI cases can be identified by the literal "FE" on the ACS Entity screen and/or by "Federal Employee" in the Alerts section of the AMS Summary screen.

EXCEPTION: All CDP FERDI cases must be assigned to "S8" upon receipt.

- Identity Theft Correspondence: All cases must be assigned to "O2" for SB/SE and W&I by ACSS Clerical.

Note:

If correspondence is received and the account is already assigned to "O2" leave the account in the existing function/inventory. If the account is in "O1" inventory and correspondence is received, reassign the account to "O2" .

- Return Preparer Misconduct: All cases must be assigned to "K3" (SB/SE) or "M3" (W&I) by ACSS Clerical.

10. Using ACSWeb, assign cases to the appropriate inventory using **"TOxx,60,CORR"** (xx = S4, S8, F9, K3, M3, or O2). An example of assigning cases to "S4" is below:

- A. Click on "Reassign Case"
- B. Click on the down arrow in the "Inventory TO" box
- C. Locate and click on "S4 Research"
- D. In the follow-up days block, click on "60" days
- E. In the Literal box, enter "CORR"
- F. Click "Submit"

5.19.6.11.1 (06-17-2014)



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5.19.6.12 (06-17-2014)
TDA/TDI Correspondence

1. Instructions for processing taxpayer correspondence are in the following sections. See IRM 21.3, Taxpayer Contacts for general information on correspondence.
2. ACS will adhere to Policy Statement P-21-3 (formerly P-6-12) guidelines as set forth in IRM 21.3.3, *Incoming and Outgoing Correspondence/Letters*.
3. ACSS employees are required to make outcalls before sending a letter to resolve taxpayer correspondence, for example:
 - To clarify financial information received from the taxpayer.
 - To request faxed substantiation from the taxpayer instead of issuing a correspondex letter.
 - Financial information provided differs from amount proposed by taxpayer.
 - In any instance where a call would expedite resolution of the case.
4. Cases not on ACS but requiring a response or other action that meet Policy Statement P-21-3 (formerly P-6-12) criteria will be documented on AMS.
5. Correspondence is all communications from a taxpayer or his/her representative, excluding tax returns, whether solicited or unsolicited. This includes:
 - A. Written communications in response to IRS requests for information or data.
 - B. Written communications, including annotated notice responses, that provide additional information or dispute a notice.
 - C. A telephone call that results in a written referral or research Form 4442.
 - D. Incoming FAX issues meeting correspondence criteria.
6. See IRM 21.3.3.2, *What is the Definition of Correspondence? - Policy Statement P-21-3 (Formerly P-6-12) Exclusion list*, for a list of items not meeting Policy Statement P-6-12 criteria.
7. The key to identifying taxpayer correspondence is to ask the following questions:
 - Is the taxpayer waiting for a response from us?
 - Is the taxpayer waiting for an action to be taken by us?
 - Is taxpayer asking a question?
8. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, ACSS employees with access to IAT tools are required to complete the action using the IAT tool. See *IRM 5.19.6.3.1, Mandated IAT Tools for ACS Support*, for a list of mandated IAT tools. Document the tool used and the results in AMS comments.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate for a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>

9. Charge time spent on processing correspondence to 810-6412X (TDA) or 810-6413X (TDI).

5.19.6.12.1 (01-01-2015) Affordable Care Act (ACA)

1. Under the Affordable Care Act (ACA), the Federal government, state governments, insurers, employers and individuals are given shared responsibility to reform and improve the availability, quality and affordability of health insurance coverage in the United States.
2. Starting in 2014, the individual shared responsibility provision calls for each individual to have minimum essential health coverage (known as minimum essential coverage (MEC)) for each month, qualify for a coverage exemption, or make a Shared Responsibility Payment (SRP) when filing their Federal income tax return. The amount of any payment owed takes into account the number of months in a given year an individual is without minimum essential coverage or a coverage exemption from the responsibility to maintain MEC.
3. MFT 35 Tax Class 2 File Source 1 is the IMF (Individual Master File) MFT for the Individual Shared Responsibility Payment.
4. The SRP amount owed is not subject to penalties or the filing of a Notice of Federal Tax lien, and the Service will not levy on any property of the taxpayer for failure to pay the SRP. The Service may offset federal tax refunds to the SRP amount until it is paid in full.
5. A standalone SRP occurs when a balance due is created on a module with MFT 35 File Source 1 (SRP 5000A) and there is no other Balance Due module with a different MFT in Status 22, 24, or 26, nor a TDI module in status 03. If an additional SRP balance due occurs in a subsequent year, and still no other modules with a different MFT, it is (they are) still considered a standalone SRP.
6. Standalone SRP modules will be subject to a recess, that is routine collection activities will temporarily halt. Five cycles after the third notice has been issued, a systemic TC 530 with closing code 35 will recess a standalone SRP. SRP modules that are not stand alone will continue past the third notice and follow normal processes to be issued to ACS, Field Collection, and the queue. SRP modules can be recessed manually following guidance provided by the applicable functional area.
7. ACS Inventory F8 will house MFT 35 only accounts in addition to current TDI only accounts.
8. The system shall block accounts with only MFT 35 and 65 open mods from being transferred into certain inventories (R5,E3,E4 (levy inv), R7,R9 (lien inv), I8,E2 (new receipts – manual LT11 inv), or I6,E5 (levy follow-up inv)).

Note:

MFT 35 can be considered when making NC03, NC09, and NC12 case determinations in conjunction with other balances owed.

9. When an MFT 35 is worked with associated modules, it will have the closing actions of all associated modules. This leaves the audit trail that the case was worked and a collection determination made

Note:

The only minor "exception" to this rule is if all other modules have been satisfied, leaving the MFT 35 as a standalone after it has been assigned, a management official can manually input TC 530 CC35 since it then meets standalone criteria.

10. The Employer SRP is not in effect at this time.

5.19.6.12.1.1 (01-01-2015) Individual Shared Responsibility Payment (SRP) – MFT 35 (IMF Only)

1. Individual Shared Responsibility Payment (SRP) modules will be identified using Master File Transaction Code (MFT) 35.
2. MFT 35 modules can standalone. A standalone SRP occurs when a balance due is created on a module with MFT 35 File Source 1 (SFP 5000A) and there is no other balance due with a different MFT in Status 22, 24 or 26 and a TDI module in Status 03. Standalone MFT 35 will be closed with NC35 (Recessed). NC35 cannot be used if there is an open TDI. Manual research needs to be completed prior to closing.
3. Only a manager's profile will have the ability to input NC35 on the ACS System. If an NC35 is necessary, reassign the account "TOS0,05,NC35" and document AMS with the reason for the NC35 request.
4. A new module(s) that is sent to either Status 22, 26 or 24, MF will send the MFT 35 TC 530 CC 35 to IDRS to join related modules in the current assignment. IDRS may systemically reverse the status code. If it does not, the assigned employee can input the reversal or work in the current state. However, there are circumstances where a MFT 35 with TC 530 CC 35 will not reactivate:
 - Additional standalone for MFT 35 (subsequent) modules will continue to go to TC 530 CC 35, recess.
 - Modules closed by deferral or tolerance procedures that never make it to assignment will not reactivate.
 - A new TDI module will not reactivate it.
5. If an additional SRP balance due occurs in a subsequent year, and there are still no other balance due modules with a different MFT, the MFT 35 modules are still considered a Standalone SRP.
6. Standalone SRP module(s) will not be assigned to ACS. A MFT 35 SRP module will only be assigned to ACS if there is an existing account on the system with other MFT modules.
7. MFT 35 modules are not subject to Notice of Federal Tax Lien (NFTL) or levy procedures. See *IRM 5.19.6.12.1(4)*, Affordable Care Act (ACA), for additional information.
8. MFT 35 modules will not be considered when determining tolerance or deferral dollar amounts.
9. MFT 35 modules will not be considered when determining whether a case meets NFTL filing criteria. See *IRM 5.19.4*, Enforcement Action, for additional information.
10. MFT 35 liabilities must be included in a new or pending Installment Agreements. Follow guidance in *IRM 5.19.1*, Balance Due.
11. If correspondence is received and the account includes a MFT 35 module with other accounts in ACS Status, follow normal processing procedures to resolve the taxpayer's issue(s).

Note:

A FERDI MFT 35 stand-alone will be initially assigned to F8. FERDI correspondence is worked by Support out of the F9 inventory. Correspondence received on stand-alones should be worked in F9 and the case moved back to F8 upon completion.

5.19.6.12.1.2 (01-01-2015) Reserved

1. This section is reserved.



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 7. Campus Collection Programs

5.19.7 Campus Collection Programs

- 5.19.7.1 [Compliance Services Collection Operations \(CSCO\) Programs Overview](#)
- 5.19.7.2 [Centralized Doubt as to Liability \(DATL\) Offers in Compromise](#)
- 5.19.7.3 [Monitoring Offers in Compromise \(MOIC\)](#)

Manual Transmittal

December 15, 2015

Purpose

(1) This transmits a revised procedural update for IRM 5.19.7, Campus Collection Programs.

Material Changes

- (1) IRM 5.19.7.3.14 add (4) Effective January 1, 2016, OICs on joint liabilities of a shared responsibility payment (MFT 35) must be transferred to two MFT 65 accounts which mirror the MFT 35.
- (2) IRM 5.19.7.3.14.1 (3) added (MFT 65 if the module is a result of mirroring a MFT 35 liability)
- (3) IRM 5.19.7.3.14.2 (2) added and MFT 35 must be mirrored to MFT 65
- (4) Add throughout, as appropriate, reference to the mirrored Shared Responsibility Payment (SRP) Master Tax Code (MFT) 65 assessment.

Effect on Other Documents

IRM 5.19.7 dated June 17, 2015 is superseded.

Audience

The target audience is Small Business Self Employed (SB/SE) campus employees who process Collection work.

Effective Date

(01-01-2016)

Related Resources

For additional information please visit SERP to view the Automated Offer in Compromise (AOIC) Job Aide at http://serp.enterprise.irs.gov/databases/irm-sup.dr/job_aid.dr/5.19.dr/5.19.7.dr/5.19.7a.htm .

For information and listings for the OIC Program see the SBSE web site at: <http://sbse.web.irs.gov/Collection/Programs/OIC/OIC.htm> .

Kristen E. Bailey
Director Collection Policy

5.19.7.1 (06-17-2015)

Compliance Services Collection Operations (CSCO) Programs Overview

1. This section contains instructions for the following Compliance Services Collection Operations (CSCO) Programs:
 - Centralized Doubt as to Liability (DATL) Offers in Compromise
 - Monitoring Offers in Compromise (MOIC)
2. The CSCO programs discussed in this section are primarily paper-based programs that may involve both paper and telephone contact with taxpayers. Each of these programs may require research specific to that program including accessing IDRS.

Note:

Effective, September 24, 2011, all DATL offers, including open CDP Appeals jurisdiction cases are loaded to the Automated Offer in Compromise (AOIC) system. The AOIC system will be the primary tool for tracking and monitoring offers.

5.19.7.1.1 (06-17-2015)

Usage of IAT Tools

1. IAT provides tools that simplify research, reduce keystrokes, eliminates repetitive typing, and increases the accuracy of regular work processes.
2. The use of IAT is mandatory and limited to the certain IAT Tools listed below. For User Guides, see the IAT web site at <http://iat.web.irs.gov/JobAids/iat.asp>
3. If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, following established procedures. See the IAT Website, for how to report/fix problems with IAT tools.
4. Additional IAT tools will be added to the following list when one is deemed beneficial and seen as adding quality to Campus Collection work processes.

5. IAT tool users can visit the IAT Website, to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.

6. The use of IAT tools are mandatory, if applicable, during the work process. Below is a list of IAT tools used in either MOIC or DATL.

- Manager Security Tool (MST)
- Refund Hold
- Manual Refund
- Erroneous Refund
- Stop Refund
- Reissue Refund
- Missing Refund
- Disclosure (Phone Calls Only)
- REQ54
- Compliance Suite - Suggested Use
- Credit Transfer
- Fill Forms

5.19.7.1.2 (01-08-2014) Employee Protection

1. If the Potentially Dangerous Taxpayer indicator or Caution upon Contact (CAU) indicator is on IDRS refer to IRM 25.4, Employee Protection.

5.19.7.2 (01-08-2014) Centralized Doubt as to Liability (DATL) Offers in Compromise

1. Taxpayers who have a legitimate doubt that they owe part or all of a tax debt, may file an offer in compromise under the Doubt as to Liability basis. Doubt as to liability exists where there is a genuine dispute as to the existence or amount of the correct tax debt under the law.
2. Offers submitted based solely on doubt as to liability are received in COIC and Field Collection Area Offices and forwarded to the Centralized DATL processing units located at the Brookhaven campus
3. Offer in Compromise (Doubt as to Liability), DATL offers are submitted on Form 656-L.

5.19.7.2.1 (06-17-2015) Centralized Doubt as to Liability (DATL) Processing

1. The Centralized DATL processing unit located at the Brookhaven campus will receive from COIC and Collection area offices all Forms 656-L submitted on the basis of DATL, except those offers involving Trust Fund Recovery Penalty (TFRP) or Personal Liability for Excise Tax (PLET). COIC and collection area offices will process TFRP and PLET offers.

Note:

TFRP cases are identified by the MFT 55 with a reference code 618. PLET cases can be identified by a Master File Transaction (MFT) 45 on Non-Master File (NMF) or by an assessment on an SSN for a BMF MFT 03. For additional information, see *IRM 5.19.7.3.10.3*, Trust Fund Recovery Penalty (TFRP) Cases and *IRM 5.19.7.3.10.4*, Personal Liability Excise Tax (PLET)

5.19.7.2.2 (06-17-2015) Timeliness of Offer Investigations

1. The timeliness of case actions in an offer investigation is important not only to ensure the efficiency of the process but also is a key component of taxpayer satisfaction.
2. The guidelines for timely case actions defined in this IRM are intended to provide structure for the overall offer process and to ensure investigations are completed in a responsive and efficient manner.
3. Managers and employees must make sure communications from taxpayers are addressed in a timely manner. Timeliness of case actions ensures the length of the offer investigation process is appropriate given the taxpayers specific set of facts and circumstances
4. On July 16, 2006, the Tax Increase Prevention Reconciliation Act of 2005, TIPRA was implemented. TIPRA mandates an acceptance of any offer where a decision is not made in 24 months. If a liability included in the offer is disputed in any court proceeding, that time period is not included when calculating the two-year time frame. Issuance of a determination letter stops the 24 month time frame. The 24 months does not include the time that a protested, rejected offer is under consideration in Appeals.
5. If a mandatory acceptance is warranted refer to IRM 5.8.8.11, 24 month Mandatory Acceptance under § 7122 (f)

5.19.7.2.3 (06-17-2015) Initial Processing of DATL Offer in Compromise

1. Upon receipt of the offer, the following actions will be performed by the clerical function:
 - A. Date stamp the form, upon receipt, in the IRS Received Date Stamp block of Form 656-L
 - B. Query the AOIC system by the taxpayer's TIN to ensure the receipt is a new offer and to identify any previous offers filed by the taxpayer that were loaded to AOIC. If another offer is found, annotate that case file. If there is another open offer on AOIC, do not load the new case. Forward the new offer to the Tax Examiner who has the related offer to determine appropriate action.
 - C. Load the offer to AOIC if no additional open offers are found.
 - D. Enter a history item on the AOIC and AMS system to indicate the DATL offer was received in CSCO and the date it was received.

Note:

If the IRS received date is older than two weeks, the offer should be flagged as an expedite

- E. Write the AOIC offer number on the top right corner of the Form 656-L

F. Write the AOIC offer number in blue or black ink in the upper left hand corner of the Form 2515 if a deposit was received with the offer. Update AOIC remarks with the deposit information.

G. Assign the offer on AOIC to a Tax Examiner.

2. Tax Examiners will perform *initial offer actions* within 15 days of IRS received date. These actions include:

- Processability Determination, See *IRM 5.19.7.2.4, Processability*
- Requesting internal research documents
- Requesting additional information from the taxpayer
- Offer evaluation when further information is not required
- Verify the jurisdiction of the offer. See *IRM 5.19.7.2.4.2, Routing Cases Based on Jurisdictional Responsibility*
- Research IDRS for entity verification, bankruptcy, cross reference TINS and freeze codes.
- Research CC CFINK. If valid POA information is found, load the information on the AOIC POA screen.

Note:

If Form 2848 or Form 8821, are identified in the case file, load the information to the POA screen and forward the forms to the CAF unit for processing

**5.19.7.2.4 (06-17-2015)
Processability**

1. Tax Examiners are solely responsible for determining processability on all DATL offers received and worked by the Service, with the exception of those offers listed in *IRM 5.19.7.2.1, Centralized Doubt as to Liability (DATL) Processing*

2. Each new receipt will fall into one of the following categories:

- Not processable - The taxpayer does not meet one or more of the minimum established criteria for offer consideration.
- Processable - The taxpayer meets the minimum criteria for offer consideration.

**5.19.7.2.4.1 (06-17-2015)
Not Processable Offers**

1. An offer will be deemed not processable if one or more criteria below are present:

- A. The taxpayer offers no consideration (i.e., zero dollar amount offered or the dollar amount is blank)
- B. The CSED for which the liability is in dispute is expired and it is the only tax period included on the offer.

Caution:

CSEDs on modules with multiple assessments do not automatically clear *IRM 5.19.10.4.3*. Check CC IMFOLT for the CSED (FIRST, LAST, NEXT) and if a balance remains associated with an expired CSED, refer the case per Who/Where-CSED referrals campus to clear the CSED.

- C. The taxpayer currently has an open offer being considered based on DATC or ETA for any of the liabilities listed in Section 2 of Form 656-L.
- D. It is clearly not the taxpayer's intention to compromise the tax liability based on the belief that it is incorrect. Example: The taxpayer offered \$1000. In Section 5 the taxpayer states he does not have the money to pay the tax in full. It is clear the taxpayers intent was to file a DATC offer.
- E. If the liabilities involve Bureau of Alcohol, Tobacco and Firearms and Explosives penalties, forward the case to the appropriate regional office.
- F. The taxpayer is currently involved in a bankruptcy proceeding
- G. An innocent spouse claim was previously denied by the Service and the taxpayer is arguing that there is DATL because the taxpayer is entitled to innocent spouse relief. See *IRM 25.15.2.4.2, Innocent Spouse Indicator Transaction Code TC 971 TC972*.

Example:

The taxpayer is questioning the liability on a tax year where an innocent spouse claim was previously denied by the Service.

Note:

The exception are innocent spouse requests filed under § 6015(f), in which relief was solely denied due to the two year rule. These are processable requests.

- H. The taxpayer seeks to compromise a tax period for an unassessed liability:
 - 1.) pending in Automated Underreporter (AUR), Substitute for Return (SFR/ASFR), combined annual wage reporting (CAWR) or Federal Unemployment Tax Adjustment (FUTA).
 - 2.) still under examination ("L" freeze, CC AMDISA area office status codes 10 - 56), for which the 30-day letter reporting the examination changes or statutory notice of deficiency has been issued.
 - 3.) currently pending in appeals ("L" freeze, CC AMDISA area office status codes 80 -89).
- I. The offer includes periods for which a determination is pending before or upheld in a final determination made by the Tax Court, other courts or by the Commissioner's final Closing Agreement authorized under IRC 7121 (e.g., Form 866 or Form 906).

Note:

Research for any open or closed TC 912 or TC 914 which indicates criminal investigations activity. If found notify Criminal Investigations that an offer was filed.

- J. The offer is submitted on a case under the jurisdiction of the Department of Justice (DOJ), refer to *IRM 5.19.7.2.4.2, Routing Cases Based on Jurisdictional Responsibility*.

Note:

Defining a DOJ case; Any module in status 72 and/or with an un-reversed TC 520 cc: 70, 75, 80, 82 or any module with a TC 550 and definer code 04 (judgment). Actions on cases where DOJ is litigating or has secured a judgment, without DOJ concurrence/approval, may have a negative and serious impact on the ongoing litigation or secured judgment. Users should refer to *IRM 21.5.6.4.46* regarding a -W freeze, *IRM 21.5.6.4.44 (3)* regarding a -V freeze.

K. There is an open control on IDRS for the same tax period as the offer. In such a case, forward only the attached documentation on a Form 3210 to the appropriate area.

L. The offer is submitted solely for the purpose of delaying collection. See *IRM 5.19.7.2.5, Solely to Delay Collections*

M. For offers requesting compromise for the same tax period that the taxpayer included in an accepted DATL or DATC offer, and the IRS later defaulted the offer.

N. When the liability is due entirely, or in part, to an erroneous refund.

2. If the Tax Examiner is unclear as to what the taxpayer is requesting, the Tax Examiner needs to make a phone call to the taxpayer.
3. If any of the conditions mentioned above apply, follow procedures in *IRM 5.19.7.2.4.3, Closing the Offer as a Not Processable Return*.
4. All other offers will be deemed Processable.

5.19.7.2.4.2 (06-17-2015)

Routing Cases Based on Jurisdictional Responsibility

1. The following table provides guidance when it has been determined that the Collection function does not have jurisdictional responsibility:

If responsibility lies with....	Then....
Department of Justice (DOJ)	Contact Area Counsel to determine the status of the pending bankruptcy or litigation and whether Collection has jurisdiction to process the offer. If the DOJ request the offer be sent directly to them, delete the offer from the AOIC system and forward the case to the DOJ. Add a history narrative to the Accounts Management System (AMS) that the offer was sent to DOJ. Ensure all TC 480 or Staup's have been input, as appropriate.
Appeals	See <i>IRM 5.19.7.2.6, Processable DATL Offers</i> . For additional information. See Exhibit 5.8.3-1, Form 3210 - To Appeals with Open TIPRA Statute. Ensure all TC 480 or Staup's have been input, as appropriate.
Exam (prior audit TC 300)	<p>A. Change the jurisdiction code by manually inputting a TC 480. Use the date the IRS employee signed Section 9 of Form 656-L, as the transaction date. Input jurisdiction code "2", for each period listed in Section 2 of Form 656-L.</p> <p>Note:</p> <p>On all BMF cases a TC 483 must be input prior to the TC 480. The TC 480 should include a posting delay.</p> <p>B. Add a history narrative to AMS and AOIC that the offer was transferred to the area office Examination function and also annotate any manual input of transaction codes.</p> <p>C. Forward the offer and all attachments, via Form 3210, Document Transmittal, to the appropriate Area Office Examination function Contact Point for consideration.</p> <p>D. Send AOIC transfer letter notifying the taxpayer of the transfer.</p> <p>E. Assign case to the appropriate area office on AOIC.</p> <p>F. If the offer is based only on ID Theft, follow procedures in <i>IRM 5.19.7.2.10, Identity Theft Overview</i>.</p>

5.19.7.2.4.3 (06-17-2015)

Closing an Offer as a Not Processable Return

1. For offers that are deemed not processable:
 - A. Issue an AOIC return letter using the appropriate paragraph(s).
 - B. Obtain appropriate signature approval on the return letter see Del. Order No. 5-1 (Rev. 3) at *IRM 1.2.44.2.4, Return Authority*.
 - C. Stamp the **Form 656-L "Returned"** and write the date the offer was determined to be not processable. Cross out all prior IRS received dates with a red **X**
 - D. Do not sign the Form 656-L.
 - E. Add a history narrative to the Accounts Management System (AMS) that the offer was returned, not processed, and the reason(s) for the return.
 - F. Annotate the AOIC remarks with the deposit information, if this was not previously addressed and include specific reason(s) for the not processable determination.
 - G. Managers and Tax Examiners may sign and date the letter and close the case on AOIC with a final disposition code of 10.
- Exception:**
- See *IRM 5.19.7.2.5, Solely to Delay Collections*.
- H. Caution should be exercised to ensure that no IDRS prints or other internally generated documents are sent to either the taxpayer or the POA. All internal documents should be destroyed.
2. If the offer was originally determined processable, but it was later concluded that the determination was made in error, processing should stop. The case should be closed using not processable procedures defined above. In these cases, it is important to ensure AOIC is updated to "not processable" to reverse the TC 480(s). This will result in the generation of a TC 483 posting to the appropriate modules.
 3. If payment was received with the offer, prepare the Form 3753, Manual Refund Posting Voucher, for a manual refund or Form 2424, Account Adjustment Voucher if the taxpayer elects to have the deposit applied to their tax liability. The designated payment code (DPC) will be 99. See *IRM 5.19.7.2.17, Disposition of DATL Good Faith Deposits*.

Note:

The unsigned forms will be forwarded to MOIC with attached documentation to support either the refund or application of the deposit. Include the AOIC case history which should contain all appropriate documentation MOIC will need to take action. MOIC will complete the process by either faxing the Form 3753 to Cincinnati or applying the deposit to the liability.

4. Keep the original Form 656-L, all attachments and a copy of the return letter for closed file retention.
5. Send the Form 656-L, the return letter, Publication 1, Your Rights as a Taxpayer and Publication 594, The IRS Collection Process to the taxpayer along with all other documents originally sent. If a POA is authorized to receive correspondence, send the representative a copy of the letter. If disclosure issues exist, use the appropriate paragraph to indicate this in the return letter, and do not send a copy to the representative.

Note:

Tax Examiners should make telephone contact with the taxpayer or representative to educate them in regards to the DATL offer process when offers are returned as not processable. If the taxpayer indicates they can not pay the liability, send them the Form 656-B instruction booklet.

5.19.7.2.5 (06-17-2015)**Solely to Delay Collections**

1. When it is determined that an offer is submitted solely to delay collection, the offer can be returned to the taxpayer without further consideration. The term solely to delay collection means an offer was submitted for the sole purpose of avoiding or delaying collection activity. A determination that an offer is submitted solely for the purpose of delaying collection should be apparent to an impartial observer.
2. The group manager and the unit manager have delegated authority to return an OIC if it was submitted solely to delay collection.
3. An offer is not considered submitted solely to delay collection just because there is an imminent CSED issue or if an offer has been rejected after investigation and the taxpayer exercised appeal rights.
4. The following claims and/or circumstances should be considered as possible reasons for returning an offer as Solely to Delay Collection:
 - A. Claims that the liability stems from the operation of a law which is unfair (e.g., liability based on withdrawing funds from a 401 (k) plan)
 - B. Claims based on a divorce decree which stipulates the spouses each owe only portions of a joint liability (the government is not party to such agreements).
 - C. Claims which do not provide a reason for DATL basis.

Example:

Section 5 of Form 656-L is left blank and there is no attached statement disputing the liability.

- D. Claims which are based on a Transferee, Nominee/Alter Ego Lien situations when there is no assessment against the party submitting the offer.

Example:

A DATL offer is filed by a corporation against which a nominee lien was filed. Since there is no assessment made against the corporation, there is no liability to compromise. The taxpayer should be advised to contact the Revenue Officer to discuss the nominee lien filing.

- E. Frivolous or patently groundless offers such as those that assert the types of tax arguments listed in IRS Notice 2010-33 located at http://www.irs.gov/irb/2010-17_IRB/ar13.html.

Example:

The taxpayer crosses out line item D "I or we agree to waive time limits provided by law" or the blurb above their signature that relates to signing under the penalty of perjury. This is one example but also includes any alteration to the language in the Form 656-L.

Note:

See IRM 5.8.10.12, Offer and Compromise Submission with Frivolous, Delaying, or Impeding Issues, and IRM 5.8.4.20, Offer Submitted Solely to Delay Collection, for guidance in identifying and asserting the frivolous penalty on a frivolous filed OIC.

- F. The taxpayer submits an offer that is not materially different from a previous offer that was considered.
5. When only claims as per the above are cited, with the exception of E, contact should be made by telephone to advise the taxpayer why their offer can not be considered. When one of the above is cited, along with other processable issues, the DATL OIC should be processed as normal.

5.19.7.2.5.1 (06-17-2015)**Procedures for Processing Forms 657 Submitted Solely to Delay**

1. The DATL team will:
 - Screen out all Forms 657.
 - Make all Forms 657 a priority.
 - Promptly process; and
 - Immediately return the offer as solely to delay collection, if management agrees with the RO's recommendation.
2. Form 657 serves to establish coordination between the field RO group and the site to provide case documentation regarding these determinations, and to ensure collection action is not pursued until the offer is closed.
3. A DATL offer may be returned as solely to delay if a Revenue Officer has submitted Form 657, Offer in Compromise-Revenue Officer Report, with the "Yes" block checked for item 9 and includes an acceptable explanation for the decision, including required approval of management. See IRM 5.8.3.1 Offers Submitted Solely to Delay Collection per Forms 657.

Note:

If the liabilities covered by Form 656-L are in IDRS Status 26 and a Form 657 was not received, contact should be made either by telephone or email to the RO assigned the balance due account to advise them a DATL offer was received. Request Form 657 to determine whether to process the offer. Two contact attempts should be made over a one week period. If no response is received from the RO, make the offer processable and continue with the offer investigation. The final processability determination should not be made until the Form 657, is received or the time frame for receipt has passed.

4. If the DATL unit manager agrees with the determination, the DATL manager or employee will contact the originating RO to advise them the return letter has been issued.
5. If the DATL unit manager disagrees with the determination, discussions should be initiated with the field RO manager to reach an agreeable solution.

5.19.7.2.6 (06-17-2015)**Processable DATL Offers**

1. Although other remedies are available (audit reconsideration, amended returns, request for penalty abatements) as an alternative, taxpayers may submit DATL offers to compromise liabilities based on a variety of issues that can be addressed within the campus environment. The role of the DATL unit is to utilize campus resources to resolve legitimate issues raised relative to the underlying liabilities. Examples of these issues include:

- Payment tracer or credit transfer research.

Note:

Follow procedures in IRM 21.5.7, Account Resolution - Payment Tracer. See also IRM 21.5.7.4.4 Payment Tracer Forms, IRM 21.5.7.4.4.2 Form 8765, IDRS Control File Credit Application.

- Comparison of filed returns with information now claimed by the taxpayer.

Example:

Amended Returns

- Claims concerning bankruptcy discharges.
- Claims involving expiration of the statutory collection period.
- Disagreement with assessed examination deficiencies.

Exception:

See *IRM 5.19.7.2.4.2, Routing Cases Based on Jurisdictional Responsibility.*

- Reasonable cause for penalties.
- Administrative abatement of interest.
- Missing payment application.
- Disagreement with AUR, SFR/ASFR assessments.
- Disagreement with CAWR or FUTA assessments.
- Claims made after the Service assessed a liability, the taxpayer appealed the decision and Appeals sustained the liability. Follow procedures in IRM 5.19.7.2.4.2, Routing Cases Based on Jurisdictional Responsibility and forward to Appeals.

Example:

The taxpayer was assessed a liability through an audit. The taxpayer appealed the decision and Appeals sustained the decision. The taxpayer submits a DATL offer and does not provide any new information.

Note:

When working an offer with an AUR, SFR/ASFR, CAWR or FUTA assessment, see applicable IRM references.

2. Taxpayers may submit Form 656-L prepared incorrectly or claim DATL without supporting documentation to prove their position. If the Form 656-L is prepared incorrectly or the merits of the offer cannot be judged without additional information, contact the taxpayer or his representative by telephone or send the taxpayer and POA an additional information letter specifying corrections or additional information required. The AOIC COMBO letter is used for this purpose. ≡ ≡ ≡ ≡ ≡ ≡ ≡

3. Examples of Form 656-L perfection issues, time frames and documentation to be requested from the taxpayer depending on the grounds of the DATL claim include the following:

- Section 2 of Form 656-L lists tax periods not addressed in the taxpayer's reason for submission of a DATL offer.
- Original tax returns if the taxpayer disputes an ASFR or SFR assessment.
- Documentation to support reasonable cause claims for penalty offers.

4. For processable offers take the following actions to perfect the offer:

- A. If there is another related DATL offer either in a centralized unit, area office or Appeals for the liability(ies) listed in Section 2 of Form 656-L, forward it to the unit or area where the related offer is assigned;
- B. If there is an open criminal investigation (**Z** freeze code) on any tax period, whether included on the Form 656-L or not, contact the Criminal Investigation area assigned to the case.
- C. Verify the taxpayer has submitted the most current Form 656-L.
- D. If the offer seeks to compromise liabilities in conjunction with an open Appeals CDP case:
Open CDP cases: research ACDS to ensure the CDP is still open. In addition to researching ACDS, the tax Examiner must contact the Appeals Settlement Officer to determine if the CDP is still open and if the taxpayer is legally able to challenge the liability in CDP. If the taxpayer is able to challenge the liability, the offer will be transferred to the Appeals hearing officer. If Appeals advises that the CDP case is closed or the CDP case is still open but the taxpayer is legally precluded from raising the liability in CDP, the DATL tax examiner will proceed with offer processing.

Note:

Contacting Appeals and discussing the details listed above is a permissible ex parte communication. See section 2.03(2) of Rev. Proc. 2012-18 regarding ministerial, administrative or procedural matters.

Note:

Do not send to Appeals if the following two situations are present: If the notice of determination was issued by Appeals during the CDP process or the notice of determination preceded the original assessment.

- a. Update the processability code to "Y"
- b. Generate and send the taxpayer a AOIC COMBO letter acknowledging that the offer can be processed and the offer was transferred to the Appeals office where the taxpayer is located. Include the address the offer was transferred to in the letter.
- c. Assign the offer on AOIC to AO 21.
- d. Forward the offer and attachments via Form 3210, Document Transmittal to the Appeals settlement officer assigned to the CDP case.

Note:

Ensure an acknowledged copy of the 3210 is received within 30 days of transferring the case. If not, follow-up to secure the required acknowledgement.

- e. Update AOIC remarks to reflect the CDP offer was transferred to Appeals.
- f. Add a history narrative to AMS that the offer was forwarded to Appeals:

E. In certain instances, Appeals may request a review of additional documents submitted by the taxpayer. In these situations, an Appeals Referral Investigation (ARI) will be routed to the DATL group manager. These offers will not be transferred to the DATL on AOIC, so appropriate controls will need to be established by the group manager. These investigations should be assigned expeditiously, and if possible, closed within 45 days of receipt. If the ARI is not completed within 45 days of receipt, Appeals should be contacted to request an extension. Upon return to Appeals, the ARI must be noted if there remains less than 180 days on the TIPRA statute.

Note:

Since the offer remains under Appeals' jurisdiction, ex parte rules apply to any discussions with or documents provided to the Appeals employee.

- F. For all other offers where the liability was determined or sustained by appeals, reject the offer. The offer will only be sent to Appeals if the taxpayer submits a timely appeal as a response to the rejection. These offers may include but are not limited to the following:
1. determined by Appeals (TC 30X with a 3-digit Appeals location code present, unless the ACDS closing code is 10 or 17);
 2. previously sustained by Appeals, such as the denial of a reasonable cause request for penalty abatement (TC 29X with DLN blocking series **96**, penalty reason codes 039-042);

Note:

Offers on assessments of this nature that were determined by Appeals or that received an Appeal hearing should have a rejection letter mailed to provide the taxpayer appeal rights. Collection is not responsible for any initial development of the case or securing the closed administrative file. The rejection letter should state the offer is being rejected since the initial determination was made by Appeals. The offer file should be transferred to Appeals for consideration if a timely appeal is submitted. If the offer was submitted containing multiple tax years but not all tax years were previously considered by Appeals, request an amended offer. Submit one offer for the tax year (s) which was previously considered by Appeals and a second offer for any additional year (s) that were not previously considered by Appeals. The number of offers will depend on the number of issues the taxpayer is addressing.

3. denied **innocent spouse** treatment by Appeals (TC 971 AC 065) and the Innocent Spouse Tracking System IRM 25.15.14, Relief from Joint and Several Liability, Innocent Spouse Tracking System Inventory Validation Instructions.;

G. If the offer is based on a claim of Identity Theft, See *IRM 5.19.7.2.10.1*, Identity Theft Procedures.

5.19.7.2.7 (06-17-2015) Processing DATL Offers

1. Update Processability code to "Y" .
2. Complete the Terms Screen on AOIC.
3. Sign and date Form 656-L, in section 9 on behalf of the IRS.
4. Update the AOIC MFT screen to include tax periods listed in the offer.
5. Update status to ST 71, if applicable.

Note:

Do not change status if the module is in status 53, 12, 60,23 or 61.

6. Document the AOIC history.
7. For processable offers that do not require internal document requests or additional information from the taxpayer, send the AOIC Combo A letter indicating taxpayer contact in 45 days from the date of the letter and proceed with the offer evaluation.

Note:

On initial contact, the tax examiner should include Publication 1, Your Rights as a Taxpayer and Publication 594 , The IRS Collection Process with correspondence addressed to the taxpayer and the taxpayer's representative, if applicable.

8. For offers that are deemed processable and an internal document request is needed, send the AOIC Combo A letter indicating you will contact the taxpayer 45 days from the date of the letter. The tax examiner's follow up date will be 30 days from the date of the internal document request. Document AOIC remarks of action taken.

Note:

To ensure the 45 day contact time frame is met the internal document request should be made at the same time the initial letter is sent to the taxpayer.

9. For processable offers that do not require internal document requests but require additional information from the taxpayer, contact the taxpayer or the representative by telephone. Generally, two attempts to contact the taxpayer/representative via telephone must be made before correspondence is sent requesting a return phone call or additional information. The contacts or attempted contacts must be documented in the history. The attempts to contact the taxpayer should be made within three business days. If the tax examiner is unable to reach the taxpayer or POA by phone or does not receive a response then send the AOIC Combo A letter requesting the additional information. Document AOIC remarks summarizing the information requested.

Note:

All cases must have internal research performed prior to contact with the taxpayer or POA. Examples of this would be when working ASFR cases the AMS system should be researched for prior case activity and actions taken. When working AUR cases the AUR system should be checked for prior case activity and actions taken. Internal research is not limited to the two examples listed.

10. A time frame of 30 days should be given to the taxpayer to send in all requested documentation. Document the AOIC history indicating the deadline for the response. The Combo B will be post-dated five calendar days from the date it was prepared. Allow an additional five days for mail time. Set the follow-up for 45 days from the date the letter was generated. If the taxpayer or their representative requests an extension of time to comply with the request for information, a reasonable amount of time should be granted.

Note:

In all circumstances when contact with the taxpayer/POA is needed to clarify an issue or request additional information, the TE should make every attempt to make contact via a phone call.

11. If the request is made by telephone, give the taxpayer 14 calendar days to provide the documentation. The taxpayer must be advised that the failure to submit the requested documentation within this time frame may result in the offer being returned without further consideration. Document AOIC remarks.

Note:

The time frames listed above are a guideline. Tax Examiners should allow an appropriate amount of time to supply information based on the documentation requested.

12. TEs are required to initiate the next appropriate action within 10 calendar days on cases where the taxpayer has responded to the Combo letter or have received internal documents that were requested. All follow up actions must be taken within 10 calendar days of an established deadline.
13. The TE should also remember the initial contact time frames are the maximum time frames for contact. Wherever possible, the TE should strive to make initial contact as soon as possible after case receipt to avoid unwarranted delays.
14. If the taxpayer or the representative does not send all requested documentation by the follow up date, return the offer as a Processable return. See *IRM 5.19.7.2.8*, Processable Return Procedures.
15. If the examiner **completely** agrees with the taxpayer's position regarding the correct tax liability, take the action necessary to resolve the assessment(s), wait for the adjustment(s) to post to IDRS. Once all actions are taken to reconcile the taxpayer's account including the release of -K freeze, TC 820, etc., then send a AOIC combo letter with paragraph V and provide a copy of the account transcript(s) to the taxpayer and the POA if applicable. Advise the taxpayer that the liability(ies) which were the subject of the offer are resolved and that a compromise is not necessary, and a withdrawal of the offer is recommended.
16. If the examiner **partially** agrees with the taxpayer's position regarding the correct tax, take the appropriate action necessary to adjust the liability(ies). Wait for the adjustment(s) to post to IDRS. Once all actions are taken to reconcile the taxpayers account including the release of -K freeze, TC 820, etc. then send AOIC combo letter with paragraph V and provide a copy of the account transcript(s) to the taxpayer and the POA, if applicable. Advise the taxpayer that the assessment(s) which were the subject of the offer have been adjusted and a balance remains, for which the Service expects full payment. Include the amount due, projecting accrued penalty and interest for 30 days. Also, advise that, if the taxpayer agrees with the IRS determination, it is necessary to withdraw the offer.
17. If the examiner **does not** agree with the taxpayer's position regarding the correct tax liability and, therefore, no changes will be made to any of the periods that were the subject of the offer, advise the taxpayer that the balance is still due. Include the amount due, projecting accrued penalty and interest for 30 days. Also, advise that if the taxpayer agrees with the IRS determination, it is necessary for the taxpayer to withdraw the offer.
18. If the taxpayer withdraws the offer, follow procedures in *IRM 5.19.7.2.13*, Withdrawn DATL Offers, to close the offer.
19. If the taxpayer does not withdraw the offer, follow procedures, in *IRM 5.19.7.2.14*, DATL Offer Rejections, to reject the offer.

5.19.7.2.8 (01-08-2014)

Processable Return Procedures

1. Prepare an AOIC return letter citing all reasons for the return.
 - A. Generate the POA letter for any authorized representative. If a disclosure issue exists, use the appropriate paragraph to indicate this in the return letter, and do not send a copy to the representative
 - B. Obtain appropriate approval and signature on the return letter see Del. Order No. 5-1 (Rev. 3) at *IRM 1.2.44.2.4*, Return Authority.
 - C. Stamp the **Form 656-L-"Returned"** , annotate the date below the stamp, and cross out all prior IRS received dates with an "X" .
 - D. Keep the original Form 656-L with attachments, and a copy of the return letter for closed file retention.
 - E. Mail the return letter, copies of Form 656-L and attachments, to the taxpayer as well as a copy of the return letter to the taxpayer's representative if one is on file.
 - F. Close the case on AOIC as a "return" once the letter is signed.
 - G. If there is a deposit and the taxpayer has requested that the deposit be applied to the tax liability, input "**A**" in the prompt for disposition of the offer and mail a copy of the taxpayer's written request for application of the funds to the appropriate MOIC Unit. If there is a deposit and the taxpayer has asked for a refund or provided no instructions for disposition, input "**R**" in the prompt for disposition of the offer, to refund the deposit.
 - H. Add a history narrative to AMS and AOIC with the necessary information that the offer was returned.
 - I. Prepare a Form 3177, Notice of Action for Entry on Master File, to request input of a Transaction Code (TC) 481 to reverse the TC 480 for any NMF tax period that is listed on the MFT screen and not on Form 656-L
 - J. If the file or case history reflects a TC 480 was manually input, it must be manually reversed by the person inputting closing actions on AOIC. Ensure all TC 480s are reversed with a TC 481.

5.19.7.2.9 (06-17-2015)

DATL Innocent Spouse Processing

1. If relief from joint and several liability ("innocent spouse" claim) is the only issue present in the offer, and if:
 - A. The innocent spouse claim was not previously denied, and is not currently being evaluated by the Innocent Spouse Unit, contact the taxpayer and suggest the taxpayer withdraw the offer and file a Form 8857, Request for Innocent Spouse Relief (see *IRM 25.1.2.71*, Offer in Compromise (OIC), and *IRM 4.11.34.6*, Offers in Compromise); or signed statement is filed (if not currently under consideration by the Innocent Spouse unit - see *IRM 25.15.1.2.7*, Offer in Compromise (OIC) and *IRM 4.11.34.6*, Offers in Compromise which, in most cases, will expedite processing of the claim;
 - B. The taxpayer withdraws the offer, follow the guidance provided later in this section for withdrawn offers; or
 - C. The taxpayer declines to withdraw, reject the offer following procedures in *IRM 5.19.7.2.14*, DATL Offer Rejections.

Note:

A Form 8857 is no longer required to file an Innocent Spouse claim as long as the required information i.e., year and type of relief requested such as IRC 6015 (b), IRC 6015 (c) or IRC 6015 (f) is included and the statement is signed under penalties of perjury.

2. If Form 8857, Request for Innocent Spouse Relief or a signed statement is received:
 - A. Forward Form 8857 to the Innocent Spouse unit.
 - B. Return the offer for other investigations pending.

5.19.7.2.10 (01-08-2014)

Identity Theft Overview

1. Identity theft occurs when someone uses an individual's personal information, such as name, Social Security Number (SSN), or other identifying information without permission, to commit fraud or other crimes. Taxpayers should notify the IRS when they believe they have experienced an identity theft incident. Tax Examiners should become familiar with the IRM 10.5.3, Identity Protection Program for additional information regarding Identity Theft procedures
2. Taxpayers who have experienced identity theft are already victims, either emotionally or financially. IRS employees need to be aware of that impact and handle the contact with an additional level of sensitivity and understanding.
3. Identity theft can affect tax administration in two primary ways:
 - **Employment or Income Related** - This occurs when the identity thief uses the Victim's SSN to obtain employment, resulting in what may appear as unreported income under the victims account.
 - **Refund Related** - This occurs when the identity thief uses the victims SSN to file a false federal income tax return to obtain funds. If the thief files before the victim, the victim may not receive his or her refund within a reasonable time.
4. The Identity Theft issue can be discovered during your offer investigation or the taxpayer can self identify by providing any of the following;
 - Form 14039, Identity Theft Affidavit
 - police report
 - information provided on Form 656-L.
 - statement provided by the taxpayer claiming they are a victim
5. In these instances, taxpayers must provide documentation to establish their identity and documentation to support the claim of identity theft.

**5.19.7.2.10.1 (06-17-2015)
Identity Theft Procedures**

1. The Tax Examiner will be responsible for:

- A. Identifying the Identity Theft issue.
- B. Working the Identity Theft inventory on a first in first out basis. These cases should take priority over other assignments.
- C. Researching what documentation was received with the offer and if additional information is needed to perfect the Identity theft claim.

Note:

Incomplete or illegible documents will be returned to the taxpayer with a request to resubmit clear complete information. Advise the taxpayer to respond within 30 days to avoid processing delays.

- D. Inputting the appropriate TC 971 code. See IRM 10.5.3.2.5, Initial Allegation or Suspicion of Tax-Related identity Theft - Identity Theft Indicators .

Note:

Reviewing CC ENMOD is necessary to help prevent duplicative (identical) TC 971 AC 5XX entries. Prior to marking an account with TC 971 AC 522 PNDCLM or IRSID research CC ENMOD/CC IMFOLE to ensure the account has not already been marked. If the exact coding already exists for the tax year, do not input it a second time. No tax year should have duplicate identical codes input for that specific year,

Note:

When the identity theft victim is the secondary SSN on a joint account, the identity theft indicator is input on the secondary SSN. Identity theft indicators are not input on the primary SSN in these instances. If both primary and secondary taxpayers are victims, place the indicator on both SSNs

- E. Identifying and addressing the need for input of TC 971/522 on a case with an EIN. Refer to IRM 10.5.3.3, BMF Identity Theft Procedures.
- F. In situations where the taxpayer initially asserts identity theft and provides supporting documents at the same time, follow the procedures in IRM 10.5.3.2.6 Overview - Identity Theft Supporting Documentation.
- G. Requesting supporting documentation, when appropriate. Generally, taxpayers alleging identity theft will be required to provide supporting documentation. However, there are situations where the taxpayer will not be required to submit documentation. See IRM 10.5.3.2.6.1, When to Request Identity Theft Supporting Documents.
- H. Setting a follow up on AOIC for 45 days for receipt of taxpayer response.
 - I. If the taxpayer does not provide substantiation documentation when requested, proceed with case resolution assuming the taxpayer is not an identity theft victim. Follow procedures in IRM 10.5.3.2.7, Reversing Pending Identity Theft Claims - TC 972 AC 522 NORPLY or NOIDT. Refer to IRM Exhibit 10.5.3-13, IMF Only TC 972 AC 522 - Reversal of TC 971 AC 522 for additional information on reversing Action Code 522 applied in error or for other specific reasons.
- J. Ensuring the statute is protected when receiving multiple returns.
- K. Upon receipt of Identity Theft documentation, research the taxpayer's account to determine if the assessment that caused the liability was the result of an ASFR, AUR or Exam assessment. If the liability was due to a prior assessment, the ID theft determination will be made by the function that input the TC 300 or TC 290 See IRM 5.19.7.2.10.3, Identity Theft Referral Procedures
- L. Reporting Time spent on Identity Theft issues - All time associated with working ID theft issues in DATL should be reported to 810 – 61972.
- M. For complex issues where the DATL tax examiner can not make the Identity theft determination; refer the case to the Collection Identity Theft Liaison for technical review on Form 4442, Inquiry Referral.

**5.19.7.2.10.2 (06-17-2015)
Identity Theft Offer Determinations**

1. Determine if the Identity Theft issue was the only basis for the offer or the issue did not affect the tax year in question. See table below for closing instructions:

If ...	Then ...
	A. Send AOIC Return letter for other investigations pending. In an open paragraph explain to the taxpayer the Identity Theft issue was transferred to the appropriate area. B. A TC 470 CC 90 must be input on the account to suspend collection activity. If the account is in status 71 take the following actions:

The Identity theft was the only basis for the offer	<ul style="list-style-type: none"> • Monitor for reversal of status 71 • Input TC 470 CC 90 once status 71 is reversed. <p>C. Document AMS.</p> <p>D. Document AOIC remarks.</p>
ID Theft was claimed by the taxpayer but did not impact the tax year of the offer	<p>A. Follow normal processing guidelines for working the offer.</p> <p>B. Follow TC 971/522 guidelines and referral procedures to address the Identity Theft claim.</p> <p>C. Call the taxpayer and explain you will continue working the offer and forward the Identity Theft claim to the appropriate area.</p> <p>D. Document AOIC Remarks.</p> <p>E. Document AMS.</p>

5.19.7.2.10.3 (06-17-2015)
Identity Theft Referral Procedures

1. Determine the source of the ID theft liability (Exam, SFR, AUR).
2. Go to SERP, "Who Where" tab and click on ID Theft Liaisons to determine the correct area to route the referral to.
3. Prepare Form 4442, Inquiry Referral. Annotate "ID Theft " and attach any documentation received from the taxpayer or representative. If the Identity theft claim was made on the Form 656-L ,before forwarding ensure the ,Form 656-L is stamped, "**Returned.**"
4. Send the taxpayer Letter 86 C, indicating the ID theft issue has been transferred.
5. To address the offer disposition, Refer to *IRM 5.19.7.2.10.2*, Identity Theft Offer Determinations.
6. Document AMS.
7. Document AOIC remarks with all available research and methods of resolution used to determine the validity of the liability.

5.19.7.2.10.4 (06-17-2015)
Determining Receipt of Paid Preparer Misconduct Issues

1. To determine receipt of Paid Preparer Misconduct issues take the following actions:
 - A. Follow guidance in SERP Alert # 13A0463 to research account and request documentation from the taxpayer.
 - B. Forward documentation to Collection Identity Theft liaison on Form 4442, Inquiry Referral, for a determination on the validity of the taxpayer's claim.
 - C. Set an AOIC follow up for 14 calendar days to ensure a timely response is received from the liaison.
 - D. To address the offer disposition, Refer to *IRM 5.19.7.2.10.2*, Identity Theft Offer Determinations.
 - E. Document AMS.
 - F. Document AOIC remarks.

5.19.7.2.11 (06-17-2015)
Bankruptcy Filed During DATL Investigation

1. If a taxpayer files bankruptcy during investigation of a DATL offer, stop the investigation and close the offer as a return.
2. Follow procedures provided above in *IRM 5.19.7.2.8*, Processable Return Procedures, but cite the bankruptcy filing as reason for return in the return letter.

5.19.7.2.12 (01-08-2014)
Death of a Taxpayer-Termination of Consideration

1. When the Service is notified of the death of a taxpayer who submitted an offer (or either spouse on a joint offer) that is currently under consideration, the Service can no longer consider the offer. A termination letter will be generated and the offer closed.
2. Offers closed as terminations do not require preparation of the Form 1271, Rejection Memorandum.
3. The following actions should be taken to close an offer as a termination;
 - A. Prepare an AOIC termination letter inserting the termination paragraph;
 - B. Submit termination letter and offer file to the authorized approving official see Del. Order No. 5-1(Rev.3) at *IRM 1.2.44.2.5*, Termination Authority for review and concurrence. The approving official will indicate concurrence by signing the termination letter;
 - C. Date and copy the termination letter for closed file retention;
 - D. Mail the termination letter to the taxpayer's address of record and a copy to the taxpayer's representative if one is on file;
 - E. Input of TC 540 if the exact date of death is confirmed;
 - F. Document the history indicating the date of death and how notification was received.
 - G. Add a history narrative to AMS that the offer was terminated.
 - H. Document AOIC history.
 - I. Prepare the Form 3177, Notice of Action for Entry on Master File, to request input of a TC 482 to reverse the TC 480 for any NMF tax period that is listed on the MFT screen and not on Form 656-L.
 - J. If the file or case history reflects a TC 480 was manually input, it must be manually reversed by the person inputting closing actions on AOIC. Ensure all TC 480s are reversed.

Note:

If the date of death is prior to the TC 480, when closing the offer on AOIC, use the pending date of the TC 480.

**5.19.7.2.13 (06-17-2015)
Withdrawn DATL Offers**

1. If the examiner can resolve the issue to the mutual satisfaction of the taxpayer and the Service, a compromise is not required. In such cases, the examiner should take the appropriate action as agreed and request that the taxpayer withdraw the offer.
2. The taxpayer may also decide to withdraw the offer for other reasons unrelated to the examiner's determination.
3. A voluntary withdrawal request may be made orally, by fax, or in writing.
4. Receipt of a withdrawal request (either in writing or orally) must be clearly documented in the case file as well as how the request was received.
5. See IRM 4.18.2.7 (2), Doubt as to Liability Offer Withdrawn, for examples of written statements the taxpayer may submit to withdraw the offer. Inform the taxpayer that the act of withdrawal the offer forfeits any appeal rights. The AOIC Withdrawal Letter includes a statement the taxpayer must sign to indicate the disposition of any deposit.
6. If the taxpayer withdraws the offer:
 - A. There is no requirement to prepare Form 1271, Rejection or Withdrawal Memorandum.
 - B. The effective date of the withdrawal will depend on the method of receipt of the request to withdraw. The following chart shows the correct date to use as the withdrawal date:

If taxpayer withdraws an offer in compromise by	Then the offer will be considered withdrawn
personal delivery	when notification of the withdrawal is received by the Service.
mailing written notification of the withdrawal via U.S. certified mail	on the date the Service receives the certified mail
non-certified mail or fax	on the date the Service mails (date of the correspondence), or personally delivers a written letter to the taxpayer acknowledging the withdrawal
phone	on the date the Service mails, or personally delivers, a written letter to the taxpayer acknowledging the withdrawal

- C. Review the AOIC record to ensure the information is accurate.
- D. Generate a withdrawal letter on AOIC, inserting the appropriate paragraph. Use the chart above to determine the correct date to use as the effective date of the withdrawal.
- E. Generate the POA letter for any authorized representative, if applicable.
- F. Submit the withdrawal acknowledgement letter and offer file to the authorized approving office see Del. Order No. 5.1 (Rev. 3) at IRM 1.2.44.2.3, Withdrawal Authority for review and concurrence. Approving official will indicate concurrence by signing the letter.
- G. Date and photocopy the letter for closed file retention.
- H. Mail the withdrawal acknowledgement letter to the taxpayer.
 - I. Close the case on AOIC as withdrawn after approval has been received. If there is a deposit and the taxpayer has requested that the deposit be applied to the tax liability, input "A" in the prompt for disposition of the offer and mail a copy of the taxpayer's written request for application of the funds to the appropriate MOIC Unit. If there is a deposit and the taxpayer has asked for a refund or provided no instructions for disposition, input "R" in the prompt for disposition of the offer, to refund the deposit.
- J. Add a history narrative to AMS and AOIC with the necessary information that the offer was withdrawn.
- K. Prepare a Form 3177, Notice of Action for Entry on Master File, to request input of a Transaction Code (TC) 482 to reverse the TC 480 for any NMF tax period that is listed on the MFT screen and not on Form 656-L
- L. If the file or case history reflects a TC 480 was manually input, it must be manually reversed by the field or DATL person inputting closing actions on AOIC. Ensure all TC 480s are reversed.

**5.19.7.2.14 (01-08-2014)
DATL Offer Rejections**

1. When the offer is rejected, the taxpayer will be notified in writing and the letter will explain how the taxpayer may exercise their appeal rights. Information received from the taxpayer in response to a conversation or letter must be considered before proceeding with the rejection.
2. Generally, rejections on offers based on DATL are because the tax is believed to be correct as assessed.
3. If the taxpayer does not agree with the examiner's conclusion and does not withdraw the offer take the following actions:
 - A. Update the proposed disposition on AOIC;
 - B. Prepare Form 1271, entering the reason(s) for the action;
 - C. Prepare an AOIC rejection letter citing the reason(s) for the action;
 - D. Submit the Form 1271 and offer file to the authorized approving official see Del. Order No. 5-1(REV. 3) at IRM 1.2.44.2.2, Rejection Authority for review and concurrence. Approving official will indicate concurrence by signing the Form 1271 ;
 - E. Forward the Form 1271 to the Independent Administrative Reviewer (IAR);
 - F. Input a follow up on AOIC for one week to ensure cases are received back from the IAR timely;
 - G. Document AOIC remarks.
 - H. If the IAR sustains the rejection recommendation they indicate approval by signing Form 1271 as reviewer, See IRM 5.19.7.2.15.3, Rejections Sustained by the Independent Administrative Reviewer;
 1. obtain appropriate managerial signature on the rejection letter;
 2. date the letter to the taxpayer;
 3. enter the date of the rejection letter in the corresponding field on Form 1271 ;

4. copy the rejection letter for the file and for the representative, if one is indicated;
5. mail the letter(s) to the taxpayer and representative if appropriate.
6. Assign the case on AOIC to the 30 day hold file.

I. If the IAR does not sustain the rejection recommendation, follow guidance outlined in IRM 5.19.7.2.15.3.1, Rejections Not Sustained by the Independent Administrative Reviewer.

5.19.7.2.14.1 (01-08-2014) **Rejection Not Appealed**

1. Treasury Regulation 301.7122-1 (f) (5) provides that the 30-day period to request an appeal starts the day after the date on the rejection letter. The rejected offer must be suspended during this 30-day period to allow the taxpayer an opportunity to request an appeal, even if the taxpayer advises the Service that no appeal is desired. These cases should be monitored for receipt of a request for appeal.

Note:

IRC 7508 provides for postponement of certain acts, including submission of an appeal in OIC cases, during the period of time a taxpayer is in a combat zone (CZ) plus 180 days. This postponement would be in addition to the 30 days allowed in the rejection letter. If the taxpayer enters a CZ during the appeal period, the appeal period would be the time the taxpayer is in the CZ, plus any remaining time in the appeal period, plus 180 days.

2. Rejected offers should be held in the suspense file for 15 calendar days past the 30-day deadline to allow time for an appeal request to be received and associated with the offer file.
3. If no appeal request is received by the 45th day from the day after the date on the rejection letter, the following actions should be taken:
 - A. Close the offer record as a rejection with no appeal on AOIC.
 - B. If there is a deposit and the taxpayer has requested that the deposit be applied to the tax liability, input "A" in the prompt for disposition of the offer and mail a copy of the taxpayer's written request for application of the funds to the appropriate MOIC Unit. If there is a deposit and the taxpayer has asked for a refund or provided no instructions for disposition, input "R" in the prompt for disposition of the offer, to refund the deposit.
 - C. Add a history narrative to AMS and AOIC with the necessary information that the offer was rejected.
 - D. Prepare the Form 3177, *Notice of Action for Entry on Master File*, to request input of a TC 481 to reverse the TC 480 for any NMF tax period that is listed on the MFT screen and not on Form 656-L.
 - E. If the file or case history reflects a TC 480 was manually input, it must be manually reversed by the person inputting closing actions on AOIC. Ensure all TC 480s are reversed.
 - F. Route the offer file to the closed files.

5.19.7.2.14.2 (06-17-2015) **Taxpayer Response to DATL Rejection Letter**

1. If the taxpayer responds timely to the rejection letter with new information sufficient to adjust the liability, make the appropriate adjustments as indicated by the new documentation. Contact the taxpayer to advise of the results following consideration of the additional information and:
 - A. if the new information results in the complete resolution of the assessment(s) in question, follow procedures in IRM 5.19.7.2.7(17), Processing DATL Offers.
 - B. if the new information results in partial resolution of the liability(ies) in question and the taxpayer filed a timely appeal, follow procedures in IRM 5.19.7.2.7(15) to adjust the account. Then follow procedures (3) below to forward the case to Appeals for further consideration.
 - C. If the taxpayer responds by sending in a signed withdrawal, agreeing in full with the tax examiners decision, follow procedures in IRM 5.19.7.2.13, Withdrawn DATL Offers, to close the offer.
2. If a request for an appeal is received within 30 calendar days of the date after the date of the rejection letter, the case must be forwarded to Appeals function for consideration.

Note:

If the 30th day falls on a Saturday, Sunday, or holiday the date for timely submission will be the next business day. For example, the 30th day for appeal falls on Saturday, August 4, 2014. The request for the appeal is dated Monday August 6, 2014. This is considered to be a timely appeal because it was postmarked on the first regular business day following the 30th calendar day. If the Postmark Date is missing on USPS Certified Mail, go to https://tools.usps.com/go/TrackConfirmAction_input, type in the Tracking Numbers, and find the **Acceptance Date**.

Note:

Special rules apply in determining the postmark date for documents sent by private delivery service. See IRM 3.10.72.6.2.3, What is a Designated Private Delivery Service (PDS) or IRM 3.10.72.6.2.4, Determining Postmark Date

3. Timely appeals - Upon transfer of the case to Appeals, notify the taxpayer that the case is being transferred and provide the telephone number of Appeals Customer Service. Notification may be verbal or in writing but should be documented. Written notification may be completed using the AOIC transfer letter, paragraph B.
4. Assign on AOIC to the appropriate Appeals area.
5. Untimely appeals - Notify the taxpayer that the appeal was not timely and will not be forwarded to Appeals for consideration. Notification should be in writing and should be documented. Written notification may be completed using AOIC transfer letter, paragraph C.
6. If the request for appeal is unsigned, the request will not be considered timely and the taxpayer should be notified appropriately.

Note:

If you receive an unsigned request for appeal, give the taxpayer or the taxpayer's POA an additional 15 calendar days from the date the request was received to perfect the request. This is in addition to the 30 calendar days initially provided for the appeal request. In all cases, the taxpayer is entitled to at least 30 calendar days from the day after the date of the rejection letter, but no more than 45 days if the request required perfection.

7. If a joint offer is rejected and only one spouse signs the request for appeal, an effort should be made to perfect the request. Contact the taxpayers and have the other spouse sign the request for appeal. The spouse who initially signed the appeal may provide a statement affirming that they are appealing on their spouse's behalf. If there is no response to the request for perfection, then the appeal will only be considered for the spouse who signed the request for appeal. Manually input TC 481 for "B" and reinput TC 480 for "P" or "S", as needed, using the same date as the original TC 480. Change the AOIC entity to the name of the spouse who requested the appeal. Appeals will secure an amended Form 656-L if the offer is ultimately accepted.

8. The taxpayer should provide specific information with the appeal letter, including a list of items of disagreement and evidence to support any of those items. If the letter provides new information not previously considered, the case must be reassigned to a tax examiner for reconsideration.
9. The taxpayer is entitled to an appeal of the offer rejection, even if items of disagreement are not provided or argued. If it can reasonably be determined that the letter is a request for an appeal, the taxpayer should be afforded that right.
10. If an appeal is received that includes additional or new information to consider but it does not change the rejection determination:
 - A. Attempt to reach the taxpayer by phone to advise that we have received and considered the information provided, however, the decision to reject the offer has not changed, so the offer will be forwarded to Appeals for consideration as requested.
 - B. Refer to Rev. Proc. 2012-18, IRM 5.1.9.5, Communications with Appeals and IGM 05-0812-062 for information regarding Ex-Parte communication with Appeals to determine what information should be included in the case file going to Appeals.
 - C. Assign the case to Appeals on AOIC.
 - D. Mail the case to the appropriate Appeals Area office.
11. If the taxpayer's documentation changes the determination then adjust the account and follow the withdrawal procedures. If the taxpayer does not agree to the withdrawal forward the case to Appeals.

Note:

A new rejection letter will not be sent.

5.19.7.2.14.3 (01-08-2014)

Appeals Consideration of Rejected DATL Offers

1. After consideration of a rejected offer, Appeals will make the final determination, adjust accounts, if applicable and close the case on AOIC.
2. Appeals will send DATL offers it accepts to the MOIC function for final processing.
3. Appeals will not send any offers under their jurisdiction back to the DATL Unit.

5.19.7.2.15 (01-08-2014)

Independent Administrative Review Overview

1. IRC § 7122(e) requires the Service to conduct an independent administrative review of a proposal to reject an OIC. The review must be conducted prior to the rejection being communicated to the taxpayer.
2. The Independent Administrative Reviewer (IAR) is responsible for conducting this review.

5.19.7.2.15.1 (01-08-2014)

Role of the Independent Administrative Reviewer

1. The IAR is responsible for reviewing each case to determine if the proposed rejection is reasonable based on the taxpayer's facts and circumstances. The IAR is not responsible for conducting a quality analysis of the accuracy of the documents used to support the case.

5.19.7.2.15.2 (06-17-2015)

The IAR Review

1. The Tax Examiner's analysis of the taxpayer's offer should be reviewed to determine if the basis for the rejection determination was appropriate.
2. The IAR should consider if the taxpayer's rights have been observed during the offer investigation and during communication and discussions with the taxpayer or POA. These considerations should be based on issues that would impact the recommended rejection.
3. The IAR should ensure that all of the facts and circumstances of the case were considered during the investigation and that the decision to reject the offer is reasonable, based on the case analysis.
4. The case file should indicate an attempt to communicate the results of the offer investigation with the taxpayer or POA, prior to recommending the rejection. This communication can be accomplished by telephone contact or by letter.
5. When circumstances dictate, the employee should use problem solving and negotiation techniques, and in so doing consider the taxpayer's/POA/third party's perspective when working toward case resolution.
6. The review must be conducted prior to the final determination of rejection being communicated to the taxpayer.

5.19.7.2.15.2.1 (01-08-2014)

IAR Case File

1. The following items should be present in the file and used as an aid for the IAR to ensure the decision was appropriate.
 - A. Form 656-L, Offer in Compromise
 - B. Form 1271, Rejection or Withdrawal Memorandum
 - C. Preliminary Rejection letter
 - D. Rejection summary
 - E. Case history
 - F. Any pertinent supporting documents
2. If any information is missing or unavailable that hinders the IAR in making a determination that the decision was appropriate, the case file should be returned or a memorandum sent to the tax examiner or the manager requesting the missing documentation or supporting information.

5.19.7.2.15.3 (01-08-2014)

Rejections Sustained by the Independent Administrative Reviewer

1. If the proposed rejection of the offer is sustained by the IAR, the reviewer will:
 - A. Update the IAR "Check Sheet" on AOIC indicating the appropriate disposition.
 - B. Sign the Form 1271 as the reviewer, indicating concurrence with the proposed disposition.

C. Return the case file to the originator using a Form 3210 , Document Transmittal.

D. Assign the offer back to the DATL manager.

5.19.7.2.15.3.1 (06-17-2015)

Rejections Not Sustained by the Independent Administrative Reviewer

1. If the proposed rejection is not sustained by the IAR, the reviewer will:

A. Update the IAR "Check Sheet" on AOIC indicating the appropriate IAR disposition.

B. Document AOIC check sheet providing an explanation of why the determination was not sustained and indicating additional actions necessary by the investigating employee.

C. Route the case back to originator on a Form 3210 . **The original Form 1271 and any other documentation regarding second level management involvement and decisions must be retained in the offer file as a record of actions taken during the IAR process.**

5.19.7.2.16 (06-17-2015)

DATL Acceptances

1. An offer to compromise a tax liability should set forth the legal grounds for compromise and should provide enough information for the Service to determine where the offer fits within its acceptance policies. Doubt as to liability exists where there is a genuine dispute as to the existence or amount of the correct tax liability under the law. Doubt as to liability does not exist where the liability has been established by a final court decision or judgement concerning the existence of the liability.

2. An offer to compromise based on doubt as to liability generally will be considered acceptable if it reasonably reflects the amount the Service would expect to collect through litigation.

3. An acceptable offer may be for an amount greater than the taxpayer offered on the original Form 656-L . If you have determined a new offer amount is acceptable, request an amended Form 656-L from the taxpayer. Mark the amended Form 656-L with "amended" on the top margin of page one of the Form 656-L.. Update AOIC by inputting "A" (amended) on the summary screen of the AOIC record to reflect receipt of an amended offer. **Do not change the offer pending date.**

4. Counsel is required to review offers when the total unpaid amount of tax assessed (including any interest, additions to tax, and penalties) for all related offers from the same taxpayer is \$50,000 or more at the time the offer was submitted. The purpose of Counsel's review is to determine whether the offer legally meets the standards of Doubt as to Liability (DATL). Counsel also reviews the offer to ensure it conforms to the Service's policies and procedures. If Counsel does not sign or check the "disagree" box for legal sufficiency on the Form 7249, then the IRS has the legal right to accept the offer. However, rejecting Counsel advice is not a preferred course of action." See IRM 5.8.8.12.1, Counsel Review and Concurrence (Legal issue).

5. Refer to IRM 5.8.8, Acceptance Processing and Del. Order No. 5-1 (Rev. 3) at IRM 1.2.44.2.1 , Acceptance Authority for procedures and levels of approval when recommending acceptance of a DATL offer in compromise. However, review and approval authority will remain within the Compliance Services department over the centralized DATL processing units.

6. Prepare a copy of the Form 7249, Offer Acceptance Report, and a sanitized MFTRA-X based on the list below and forward for inclusion in the public inspection file.

- Name and SSN of a co-obligor spouse if the spouse is not the party to the compromise.
- Address.
- Number of exemptions.
- Filing status.
- Adjusted gross income.
- Taxable income.
- Principal industry code.
- Transaction codes with no dollar amounts. The entire line including the date should be redacted.
- Transaction Codes and explanations dealing with fraud, negligence, or criminal investigations, but not the date and amount of the transaction.
- Power of Attorney/Tax Information Authorization (POA/TIA) on the file.
- The amount of interest, additional amount, addition to the tax, or assessable penalty, imposed by law on the person against whom the tax is assessed.

Note:

For additional information see IRM 5.8.8.6, Required Actions Prior to Closing an OIC as an Acceptance.

7. Forward the accepted offer file to the appropriate Monitoring Offer in Compromise (MOIC) function based on the taxpayer's state of residence. MOIC will process offer payments and input appropriate OIC transaction codes.

5.19.7.2.17 (01-08-2014)

Disposition of DATL Good Faith Deposits

1. On occasion, taxpayers submit deposits when they submit DATL offers. COIC deposits these funds into a 4710 RACS account, and attaches a Form 13479, a Form 2515, and a copy of the form of payment to the offer case before forwarding to the DATL Unit. The deposit is held in this account until the DATL offer determination is made.

2. If a deposit has been made with an offer, Service employees should ask taxpayers if they wish to have deposit funds applied to the unpaid tax debt when a withdrawal is solicited or when advising taxpayers that an acceptance cannot be recommended.

3. If the taxpayer agrees to the application of the deposit, a written authorization or Form 3040, Authorization to Apply Offer in Compromise Deposit to Liability, should be completed, signed and submitted to the MOIC unit when the case is closed.

4. If the taxpayer does not authorize application of the deposit, it will be refunded.

5.19.7.2.18 (01-08-2014)

Manual Refunds

1. If the tax examiner determines a manual refund is necessary due to an overpayment, prepare a manual refund, use Form 3753 or Form 5792. See IRM 21.4.4.4.1 Preparation of Form 5792, IDRS Generated Refund and IRM 21.4.4.4.2 ,Preparation of the Form 3753, Manual Refund Posting Voucher. The Accounting function requires a signature from authorized individual to sign the manual refund request form. After the form has been signed, it should be forwarded to Cincinnati for refunding. All requests for manual refunds must be controlled and monitored on the Integrated Data Retrieval System (IDRS) by the initiator (or other management designated employee) to prevent duplicate, erroneous refunds. See IRM 21.4.4.5.1, Monitoring Manual Refunds, for more information.

2. The above procedures are for funds being refunded from an IDRS account, these procedures are not necessary for refunds from the 4710 RACS Account.

5.19.7.2.19 (01-08-2014)

Indicators of Taxpayer Fraud

1. The following are potential fraud warning signs most identifiable during an interview:

- A. Failing to keep proper books and records in a business or profession.
- B. No records, poorly kept records, or attempts to falsify or alter records.
- C. Destroying books and records without plausible explanation or refusal to make certain records available.
- D. Extent of taxpayer's control of sales and receipts and the apparent unwillingness to delegate this function to employees.
- E. Engaging in illegal activities.
- F. Personal living standard and asset acquisition is inconsistent with reported income.
- G. Indications that valuable assets belonging to the taxpayer are being acquired and held in the name of others.
- H. Self-serving statements with no documented proof.
- I. Repeated procrastination on the part of the taxpayer in making and keeping appointments.
- J. Hasty agreement to adjust and undue concern about immediate closing of the case may indicate a more thorough examination may be necessary.

2. The following are potential fraud warning signs most identifiable during verification of the financial statement:

A. Uncooperative attitude displayed by:

- Not providing requested information
- Refusal to make certain records available
- Not furnishing adequate explanations for discrepancies or questionable items

- B. Trying to conceal a pertinent fact or record.
- C. Failing to deposit all receipts to the business account.
- D. Use of nominees or false names.
- E. Unusual depletion of assets shortly before filing an offer.
- F. Inflated salaries, payment of bonuses or cash withdrawals by officers, directors, shareholders, or other insiders.
- G. Transfers of property to insiders, shareholders, or relatives shortly before filing the offer.
- H. Payoff of loans to directors, officers, shareholders, relatives, or other insiders shortly before filing of the offer.
- I. Complicated corporate structures and relationships.
- J. Undervaluing of assets.
- K. Overstatement of liabilities.

3. The fraud indicators below can fall into any of the categories in paragraphs (1) and (2) above:

- A. Making false, misleading, and inconsistent statements.
- B. Using currency instead of bank accounts or making large expenditures in currency.
- C. Concealment of bank accounts and other property.

4. If indications of fraud are identified, follow the procedures outlined in IRM 5.8.4.18 - Potential Fraud Referrals.

5. Refer to IRM 5.8.4.19 - Open Criminal Investigations relative to the appropriate actions if the taxpayer is involved in an open criminal investigation.

5.19.7.2.20 (06-17-2015)

Third party Authorizations

1. Taxpayers have the right to retain an authorized representative of their choice by submitting a properly executed Form 2848, Power of Attorney and Declaration of Representative, or to seek assistance from a Low Income Tax Clinic if they cannot afford representation. If POA information is located on CFINK, load the information on the AOIC POA Screen and follow procedures as defined below. Input the representative's information on AOIC and retain a copy of the form in the paper case file. Forward the original for recording on the Centralized Authorization File (CAF).
2. Send all original correspondence to the taxpayer and provide a copy to the representative unless the taxpayer has indicated they do not want their representative to receive correspondence. The boxes in section 2 of Form 2848 indicate whether copies of notices and communications should be sent to the representative(s).
3. Individuals who are not entitled to practice before the IRS with respect to a collection matter (such as unenrolled return preparers) may accompany taxpayers to meetings with a completed Form 8821, Taxpayer Information Authorization, or other proper authorization, and receive and provide information that relates to the offer investigation. They are not authorized to represent the taxpayers or sign documents relating to offers in compromise.
4. If the Form 2848 does not include the matter(s) and year(s) that are included on the offer, send a redacted letter to the representative. The letter to the taxpayer may inform him/her that he/she can file a Form 8821 or new Form 2848 that includes all matter(s) and year(s) covered in the offer..
5. If during the investigation it is discovered that the POA no longer represents the taxpayer, secure a letter from the taxpayer revoking the POA and document the case history. Remove the POA information from AOIC.
6. Attorneys, Certified Public Accountants (CPA), enrolled agents, or enrolled actuaries are generally the only practitioners authorized to represent taxpayers before the IRS on collection matters.

Note:

An unenrolled return preparer is an individual, other than an attorney, CPA, enrolled agent, or enrolled actuary, who prepares and signs a taxpayer's return as a preparer, or who prepared a return but is not required to sign the return. An unenrolled return preparer cannot represent a taxpayer before the IRS on any collection matter. An unenrolled return preparer, however, may represent a taxpayer before the IRS in certain other limited situations. Students working in LITCs and STCP who have submitted a Form 2848 and authorization letter from the Office of Professional Responsibility are also authorized to represent taxpayers before the IRS on collection matters. For additional information see IRM 5.1.10.6.2, Right to Representation.

7. During the course of the investigation, a taxpayer may submit a Form 2848 designating a third-party as their representative or power of attorney, or the taxpayer may submit a Form 8821 designating an appointee or may complete the third party designee section on the Form 656-L, Doubt as to Liability Offer in Compromise. When properly completed and filed by the taxpayer, each of these documents should be recognized during an investigation, and interaction with the third party should be governed by the parameters allowed within each of these authorization forms.
 - Form 2848- authorizes an eligible individual (e.g. attorney, CPA, enrolled agent, or enrolled actuary) to represent as well as receive confidential information.
 - Form 8821 authorizes an appointee to inspect and/or receive the taxpayer's confidential tax information.
 - The taxpayer may use Form 656-L to authorize a third party designee to discuss the offer with the IRS.
8. If Form 8821 is missing critical information that can only be provided by the taxpayer (e.g., tax years, type of tax, missing taxpayer signature, date) it will be returned to the taxpayer.
9. Information that may be disclosed to the designee is limited to the type of tax, tax form number, tax years or periods, or specific tax matter that is listed on the Form 8821, item 3.
10. If Form 8821, item 5a is checked, the designee is also entitled to receive copies of tax information, notices, and other written communication on an ongoing basis for the type of tax, tax form number, tax years, or specific tax matter listed under item 3.
11. The designee is not authorized to act as the taxpayer's representative. For example, the designee may not advocate the taxpayer's position when responding to IRS correspondence.
12. Where a recognized representative has unreasonably delayed or hindered an examination, collection, or investigation by failing to furnish, after repeated request, non-privileged information necessary to the examination, collection or investigation, the Internal Revenue Service employee conducting the examination, collection, or investigation may be given permission to bypass the representative and contact the taxpayer directly for such information. 26 C.F.R. § 601.506(b) (Statement of Procedural Rules). Prior to contacting the taxpayer directly, the IRS employee must first complete bypass procedures. See IRM 5.1.23.5, By-Passing a Taxpayer's Representative for procedures to bypass a POA.

5.19.7.2.21 (01-08-2014)**Closed File Retention**

1. Closed offer cases (other than acceptances) will be retained within the centralized DATL processing units for a period of 2 years. Write or stamp "Closed" with the closed date on the case file. This file can be sent to the Federal Record Center(FRC). Document AMS and AOIC history and case history sheet with the FRC location, box number, ascension number, and date. Refer to IRM 1.15.28, Records Control Schedule for Collection, for authorized disposition schedule. In addition this information should be input into AOIC under FRC tracking.
2. For additional information, record retention requirements and input requirements, See IRM 5.8.7.12, Closed File Retention

5.19.7.2.22 (01-08-2014)**DATL Reports**

1. In order to summarize activity occurring each week, the centralized DATL units will prepare reports for DATL offers to include:
 - A. opening inventory;
 - B. offer receipts;
 - C. offers returned because they could be processed;
 - D. offers returned after processing;
 - E. offers withdrawn;
 - F. offers accepted;
 - G. offers rejected, not appealed;
 - H. appealed offer rejections;
 - I. offers transferred to the Area Office Examination function;
 - J. offers transferred to the Appeals function (other than those included under "h" above);
 - K. ending inventory;
 - L. dollar amounts of adjustments, abatements, etc.
2. The report will cover the weekly period ending on Thursday.

5.19.7.2.22.1 (01-08-2014)**AOIC Inventory Management Reports**

1. There are multiple AOIC inventory Management reports available on AOIC that should be used to track and monitor inventory. See IRM 1.4.54.5, Reports using AOIC and Jasmine Portals, for additional information.

5.19.7.2.23 (01-08-2014)**AOIC Transaction Listing**

1. At a minimum, the AOIC Transaction Listing (Parts 2 and 3) must be resolved on a weekly basis to ensure all reversing transactions are correctly posted. Additionally, any open IDRS control bases assigned to XXXXXXXXXX (first 2 digits represent the area), must be closed, once the systemic posting error has been resolved. There could be a delay from the time the error is on the AOIC transaction listing to when the control base is opened on IDRS.

5.19.7.3 (06-17-2015)**Monitoring Offers in Compromise (MOIC)**

1. An accepted Offer in Compromise (OIC) is a legally binding agreement between a taxpayer and the IRS that resolves the taxpayer's tax liability. IRS has the authority to settle, or compromise, federal tax liabilities by accepting less than full payment under certain circumstances. The Service has a requirement to monitor all accepted offers for payment of the offered amount and for the mandatory 5-year compliance period.

Note:

DATL accepted offers are not monitored for 5-year payment and filing compliance.

2. This subsection provides:

- Procedures for processing OIC deposits
- Procedures for accepting OICs into the campus inventory
- Procedures for monitoring accepted OICs
- Procedures for processing OIC payments and refund recoupments
- Procedures for applying or refunding the OIC application fee
- Procedures for transferring accounts to NMF (non master file)
- Procedures for creating mirror assessments (MFT 31/65 accounts)
- Procedures for processing compliance listings and / or EUREKA™ reports
- Procedures for processing defaulted offers
- Procedures for processing OIC collateral agreements
- A guide for Customer Service Representatives assisting taxpayers with an OIC inquiry

3. The following reference documents must be available to compliance campus tax examiners for procedural guidance:

- IRM 4.18, Examination Offer in Compromise
- IRM 5.8, Offer in Compromise
- IRM 5.19.7, Compliance Services Collection Operations (CSCO) Programs.
- IRM 8.13, Closing Agreements
- IRM 8.23, Offer in Compromise
- IRM 1.2.44, Delegation of Authorities for the Collecting Process
- IRM 21.1, Accounts Management and Compliance Services Operations
- Document 12803 AOIC-SC User Guide for MOIC Campus Tax Technicians
- The Internal Revenue Code (IRC)
- Document 6209, IRS Processing Codes and Information

4. Generally offers in compromise are accepted to meet the following objectives:

- To resolve accounts when it is unlikely that the tax liability can be collected in full and the amount offered reasonably reflects the collection potential
- To resolve accounts with a legitimate dispute as to the amount of tax assessed
- To collect an amount which can reasonably be collected at the earliest time possible and at the least cost to the Government
- To collect funds which would not be collectible through any other means
- To give taxpayers "a fresh start" toward future compliance with the tax laws

5. If contacted by a taxpayer wishing to submit an offer, advise that before the offer can be processed all applicable lines on the Form 656 or Form 656-L should be complete, and only the most recent revision of the Form should be submitted. Missing information may result in significant delays. The following information must be included:

- Taxpayer's full name and address
- Taxpayer's identification number
- All outstanding balance due liabilities by tax period
- Basis for compromise
- Amount offered
- Payment terms
- Signatures of all persons submitting the offer

6. Except with respect to DATL offers, a Form 433-A Collection Information Statement for Wage Earners and Self-Employed Individuals or Form 433-B Collection Information Statement for Businesses, is also required with requested attachments, required application fee or Section 4 of the Form 656 Low Income Certification, if applicable, and required initial offer payments, if applicable.

7. If the taxpayer indicates during contact that an offer will be submitted:

- Send Letter 278C, the correspondex letter that includes the Form 656-B OIC booklet as an enclosure. Provide the appropriate COIC address. Refer to the SERP website on the intranet, click on the **Who/Where** tab and scroll down to **Offer in Compromise(OIC) Centralized Service Center Locations..**

Note:

If the taxpayer has internet access, he/she can get forms and publications by accessing our web site at www.irs.gov or by calling 1-800-829-FORM (3676).

5.19.7.3.1 (06-17-2015)

OIC Payment Terms

1. Taxpayers are expected to pay the entire amount offered in the shortest time possible based on the terms of their accepted agreement.
2. The amount and due dates of payments must be specified.

Note:

The taxpayer and the IRS can agree to modify the OIC-contract by changing the monthly payment date. The taxpayer however can not miss a monthly payment.

3. For non-DATL offers there are two (2) types of payment terms that the Service and the taxpayer may agree to:

- **Lump sum cash** - payable in five or fewer installments within 5 or fewer months of the date of the notice of acceptance; Form 656 must be accompanied by a payment of 20% of the amount offered.

Note:

An exception may be allowed to the five month payment requirement when more flexible payment terms are warranted. Also, in these cases, while they may be submitted and considered as cash offers, the RCP should be calculated as a periodic offer (24 months). See IRM 5.8.4.

- **Periodic payment** - installment payments payable in 6 - 24 months. Form 656 must be accompanied by the first proposed installment, and additional installments must be paid in accordance with the taxpayer's proposed offer terms while the Service evaluates the offer.

Note:

DATL offers are payable within 90 days of the notification of acceptance, unless an alternative payment term is approved at the time the offer is accepted. See Form 656 - L section 3.

5.19.7.3.1.1 (01-29-2014)

OIC Application Fee

1. The IRS established this fee to recover part of the cost of processing, reviewing and providing a specialized service to a limited segment of taxpayers.
2. When required, the application fee for submitting an OIC is \$186. The application fee will be applied to the taxpayer's liability as a payment once the processability determination has been made.

Note:

The OIC application fee changed on 1/1/14. It went from \$150 to \$186.

3. All taxpayers who submit a Form 656-B, Offer in Compromise Booklet, must pay the \$186 application fee, except in two instances:

- The taxpayers total monthly income falls at or below income levels based on the Department of Health and Human Services (DHSS) poverty guidelines. Form 656-B section 4, Low Income Certification, must be completed by the taxpayer. The form may be used to help taxpayers determine whether they qualify for the poverty guidelines exception.
- The OIC is submitted based solely on Doubt as to Liability (DATL), including DATL of Trust Fund Recovery Penalty.

The fee is either refunded or applied against the amount of the offer if the offer is accepted to promote effective tax administration, or accepted based on certain economic hardship criteria (special circumstances).

4. Submission of the fee with the Form 656 is also a processability criteria.
5. If multiple offers submitted with one remittance intended as the application fees and required TIPRA payments are deemed processable the payments will be applied to tax liabilities and any shortage will be requested.

5.19.7.3.2 (01-08-2014)

OIC Determinations

1. COIC process examiners are responsible for determining processability and perfecting offers before they are assigned for investigation.
2. An offer may be returned for various reasons, including failure to provide information and solely to delay. See 5.8.7, Return, Terminate, Withdraw, and Reject Processing, for additional reasons for returns.
3. OIC determinations are made by the Collection Area Office, Examination, Appeals, or COIC. The Department of Justice may settle court cases that are ultimately sent to MOIC for monitoring.

4. One of the following determinations will be made following the OIC investigation:

- A. **Rejection:** A determination is made that more can be collected than is being offered or acceptance will not be in the best interest of the government. All reject determinations must be reviewed and agreed to by an independent reviewer. The taxpayer will be given appeal rights with the rejection letter.
- B. **Withdrawn:** The taxpayer requests or agrees to withdraw the offer. The taxpayer is asked to provide the withdrawal in writing in the form of a letter. A Form 3040 should be obtained to state the disposition of any deposit that may have been submitted with the offer.
- C. **Accepted:** The offer is accepted and forwarded to MOIC for monitoring through the completion of the mandatory 5-year compliance period.

Note:

DATL accepted offers are not monitored for 5-year payment and filing compliance.

5. COIC loads the offer, the application fee, and TIPRA payment onto the AOIC database. If the offer is determined to be processable, AOIC systemically uploads the following to IDRS:
 - A. TC 480 With the appropriate jurisdiction code (1=Collection Field Function or COIC, 2=Examination, 3=Appeals). Jurisdiction codes 2 and 3 are manual inputs.
 - B. CSED indicator P=Primary taxpayer, S=Secondary taxpayer, B=Both taxpayers.
 - C. Status 71 Creates a "-Y" freeze, suppresses balance due notices and suspends collection and levy action.

5.19.7.3.3 (01-08-2014)

Powers of Attorney (POA)

1. Taxpayers who wish to be represented submit a properly executed Form 2848, Power of Attorney and Declaration of Representative.
2. When an offer is received with a Form 2848, COIC checks it across CC CFINK and if the POA is not there the original is forwarded to the Centralized Authorization File (CAF) for input on to the CAF system. If the POA sends in a copy of an already recorded Form 2848 then it is not forwarded unless additional tax periods are being added or there is some change to what the current CAF reflects.
3. The representative's information is loaded onto AOIC and a copy is placed in the paper case file.
4. When responding to a third party (anyone other than the taxpayer), who indicates he/she has a third party authorization on file, complete the appropriate search using CC CFINK before providing any tax account information.
5. If the POA information is on the CAF file but not on AOIC due to an oversight, add the POA information and continue your contact as long as guidelines found in IRM 21.1.3, Operational Guidelines Overview are followed.

5.19.7.3.4 (06-17-2015)

Automated Offer in Compromise (AOIC)

1. The AOIC program tracks and controls offers in compromise. Area Offices, Compliance Campus, DATL and Appeals Area Office share a common database that contains relevant offer information. AOIC allows the user to process, view, and track the status of each offer. The program also generates forms, letters, and managerial reports.
2. AOIC consists of four parts:
 - A. The Area Office segment is designed to assist COIC staff, Field OIC specialists, and other Area Office personnel manage offers up to the point the offer is returned, rejected, withdrawn, or accepted.
 - B. The compliance campus segment is designed to assist compliance campus personnel control inventories; post and journalize payments, deposits, refund recoupments; prepare and generate forms, letters reports; and monitor collateral agreements and taxpayer compliance for offers that are accepted.
 - C. The Appeals segment is designed to assist the Appeals staff up to the point the offer is rejected, withdrawn or accepted.
 - D. The DATL segment is also designed to assist the DATL staff up to the point the offer is rejected, withdrawn, return or accepted.
3. Generally all offers investigated by Collection are on the AOIC program. Department of Justice (DOJ) Settlement cases are not loaded on AOIC.
4. Cases not on AOIC must be manually monitored. See *IRM 5.19.7.3.9.7. Accepted OICs Requiring Manual Monitoring*

5.19.7.3.5 (01-08-2014)

Taxpayer Advocate Service (TAS)

1. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers whose problems with the IRS are causing financial difficulties, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.
2. The Service Level Agreement negotiated between TAS and Small Business Self Employed (SBSE) describes when the request for expedited processing would be appropriate and provides instructions for processing the case between the TAS and SBSE functions.
3. When appropriate, TAS employees may issue Form 12412, Operations Assistance Request (OAR). Upon receipt of an OAR, CSCO management should:
 - A. Control the request and ensure a response is provided to the TAS office within the requested time frames.
 - B. Research AOIC or pull the case file (manually monitored) to review the case history.
 - C. Discuss actions taken with the assigned tax examiner.
 - D. Contact the TAS office and discuss the OAR issue with the TAS employee.
 - E. Contact the TAS office and negotiate additional time if it is determined that the time frame cannot be met.
 - F. Respond to the OAR indicating how the issue is being addressed or resolved within the requested or extended time frame.

Note:

See IRM 5.8.1.3.7 Taxpayer Advocate Service, for a detail of responsibilities and time frames for SB/SE.

4. As part of the Identity Theft Program, the AM IPSU Team will begin assisting taxpayers whose situations meet TAS criteria 5–7 **and** involve identity theft. Applicable cases will now be considered IPSU criteria.

Note:

If the taxpayer specifically requests TAS assistance or is facing economic burden (TAS criteria 1-4), refer the case to TAS. IRM 13.1.7.2, TAS Case Criteria

5. Generally, the AM IPSU Team will assist taxpayers whose situations meet TAS criteria 5-7 and involve identity theft.

Note:

There will, however, be situations where it is in the best interest of the taxpayer to have TAS work the case, for example when the taxpayer declines referral to IPSU or the taxpayer is facing an economic burden. See IRM 13.1.16.7.9.1, Criteria 5-7 Identity Theft Cases Not Eligible for Referral to IPSU, for a complete list of conditions where referral to TAS would be appropriate.

5.19.7.3.6 (06-17-2015)

Extension and Suspension of the Statutory Period for Collection

1. The Collection Statute Expiration Date (CSED) is the length of time established by law that the Service can collect any unpaid liabilities.
2. The CSED is normally ten years from the date of assessment.

If the	Then
tax was assessed after November 05, 1990	the CSED is ten years.
taxes were assessed before or on November 05, 1990, and the CSED had not expired as of that date	the CSED was extended to ten years.
CSED expired prior to November 05, 1990	the CSED was six years.

Example:

TC 150 11/04/1990 + 6 years = CSED 11/04/1996

3. Each assessment on a module has a separate CSED. Assessments include but are not limited to:
 - TC 150, Entity Created by Posting of a Return
 - TC 290, Additional Tax Assessment
 - TC 300, Additional Tax or Deficiency Assessment by Examination or Collection Division
4. Generally, the CSED is suspended when the taxpayer files for or submits a request for a specific case action. See IRM 5.1.19.3 Case Actions that can Suspend and/or Extend a CSED.
5. When a taxpayer files an offer TC 480 is systemically uploaded via AOIC on each tax module included on the offer. If the offer is not on the AOIC system, then TC 480 is manually input. TC 480 suspends the CSED until a TC 481, TC 482, or TC 780 posts. The CSED is extended by the amount of time between the posting of TC 480 and the reversing or accepted transaction code.
 - TC 481 = Rejected
 - TC 482 = Withdrawn
 - TC 780 = Accepted

Reminder:

Input of TC 480 and a subsequent TC 483 on the tax module does not suspend the CSED, as this was an erroneous input of TC 480. The CSED reverts back to the original CSED.

6. Several legislative changes have provided or revoked the Service's ability to suspend the statutory period of collection for Offers in Compromise.

Law	Change
The IRS Restructuring and Reform Act of 1998 (RRA '98)	Section 3461 of RRA '98 eliminated the Service's ability to extend the CSED after December 31, 1999. All extensions secured prior to December 31, 1999, and extended beyond December 31, 2002, expired on December 31, 2002 or the original CSED date whichever is later. (Offers that were accepted for processing prior to December 31, 1999, but remained pending after that date were treated the same.) Thereafter, the CSED is only suspended while the offer is pending, during the 30-day period following the rejection of the offer, or during the time an appeal of the offer rejection is under consideration.
Community Renewal Tax Relief Act dated December 21, 2000	The CSED was not suspended for pending offers for the period of December 21, 2000 to March 09, 2002 because the CRTRA inadvertently removed the suspension provision from the IRC.
The Job Creation and Worker Assistance Act of 2002	Enactment of the Job Creation and Worker Assistance Act of 2002 on March 9, 2002, reinstated the suspension. Effective March 09, 2002, input of the TC 480 suspends the CSED period during the time an offer is pending, during the thirty days following rejection of an offer, and for any period when a timely filed appeal from the rejection is being considered by Appeals. That is for the period of time between the TC 480 and the TC 481, TC 482, or TC 780 only (do not add a year to this suspension). This law change is not retroactive.

Note:

Enactment of the Job Creation and Worker Assistance Act of 2002 on March 9, 2002, reinstated the suspension

7. Computing the CSED using the Julian date:

If	Then
The date of the transactions will extend through the calendar year, take the Julian date for the last day of the year. This will give the amount of days the CSED was suspended for that period.	Convert the date of the TC 480, 481, 482, 521, or 780 to the Julian date for that date. Add the two dates together and that is the amount of days the CSED was suspended. Once the days of suspension is obtained it will then be added to the TC 150, TC 290, or TC 300 date for the correct CSED.

8. When a payment is received on an accepted OIC, determine which module has the earliest CSED. Use the table below as a guide to determine the CSED suspension periods:

If	Then	Limited to:
The offer was pending on or after March 9, 2002	The statute is suspended for the period the offer is open (including any time the offer was open prior to December 21, 2000)	The number of days the statute was suspended. Upon acceptance, the statute begins running again.
The offer was submitted on or after January 1, 2000 and closed on or after December 21, 2000	The statute is suspended until December 21, 2000	The days the offer was pending prior to December 21, 2000.
The offer was submitted and pending prior to January 1, 2000 and closed on or after 12/21/2000	The statute is suspended while the offer was pending up to December 21, 2000 and extended for an additional year	The time the offer was pending. Upon acceptance, the statute begins running again.
The offer was submitted and pending prior to January 1, 2000 and closed between 01/01/2000 and 12/21/2000	The statute is suspended for the period the offer was pending to the date of acceptance and extended an additional year	The original CSED or December 31, 2002, whichever is later.
The offer was submitted, pending and accepted prior to January 1, 2000	The statute is suspended for the period the offer is pending, during the time the terms are monitored and extended for an additional year	The original CSED or December 31, 2002, whichever is later.

Note:

Several events can suspend or extend the statute. Guidance is provided in IRM 5.19.10.4.4. In addition, there is a downloadable CSED calculator, CCalc, which can assist in complex calculations of the CSED.

9. COIC and Area Offices are responsible for calculating the CSED and ensuring all statute issues are addressed.
10. Appeals will compute the CSED for any assessment made for 1992 and prior. Periods with 6 months or less will be given priority by Appeals.

**5.19.7.3.7 (01-08-2014)
Amended Offer in Compromise (OIC)**

1. While an offer is under consideration, taxpayers may make changes to the original offer. Changes to the amount, terms, tax class, or tax periods, are considered amendments. The taxpayer can submit a new Form 656 or make changes to the original Form 656. The form should be marked "Amended" in red on the top margin of page one.

Reminder:

If a Form 656 is inadvertently sent to the compliance campus marked "Amended" , forward the form to the MSC/BSC COIC Unit or Area Office where appropriate changes and updates to the AOIC record can be made.

5.19.7.3.8 (01-08-2014)

Overlooked Periods

1. Occasionally additional periods or years are discovered subsequent to the acceptance of an offer. Missing liabilities assessed before the acceptance are considered only a defect of the offer. When such liabilities are discovered, the offer agreement should be modified to include the additional period(s).

Note:

Such modification of the offer agreement would not require a determination of "mutual mistake of material fact" . If the modification results in the unpaid amount of tax equaling or exceeding \$50,000 and an opinion from Counsel had not previously been obtained, the file must be sent to Counsel for the required opinion.

2. When overlooked period(s) are discovered by MOIC (after acceptance), update AOIC to add a history narrative referencing the overlooked periods.

Note:

DATL offers are accepted only on disputed modules. Not all liabilities are included.

3. Return the case file to the originator for a determination via Form 3210 per IRM 5.8.9.5 (4), and follow-up for receipt of the acknowledgement copy.

4. If the file has been sent to Federal Record Center (FRC), update AOIC history and request the file be returned to MOIC. Send the file to the originator for a determination and any necessary pen and ink changes to the appropriate forms as well as for the required signatures.

5. If the overlooked period(s) are discovered by the field or COIC, they will add the periods to AOIC and make pen and ink changes to the Form 7249 and Form 656 to include the additional period(s). The appropriate official must initial the recommended change on the Form 7249.

5.19.7.3.9 (06-17-2015)

Processing Accepted OICs

1. MOIC units monitor accepted offers from COIC, Collection Field function, Appeals and Examination and settlements referred to the IRS by the Department of Justice..

2. The majority of paper case files for accepted offers controlled on AOIC will be held for a short period at the campus before being sent to the Federal Record Center (FRC). The frequency of the shipment will be per FRC guidelines. MOIC will use the AOIC system to ensure receipt and control of these files to the FRC as well as to ensure timely release of the Federal tax lien on any of these cases that are paid in full prior to receipt at the campus for monitoring.

Note:

Subsequent requests for any accepted offer file from the FRC is the responsibility of the function needing the file.

3. There are specific case files that will be held by the campus during the monitoring period. These case files are considered manually monitored. They include but are not limited to:

- Examination and Appeals DATL offers
- Appeals CDP offers that are not loaded on AOIC
- Accepted corporate offers with related TFRP issues
- Accepted corporate offers with related excise tax assessments or waivers
- Accepted offers with collateral agreements
- Department of Justice (DOJ) offers

Note:

Defining a DOJ case: ****Any module in status 72 and/or with an un-reversed TC 520 cc: 70, 75, 80, 82 **Any module with a TC 550 and definer code 04 (judgment) Actions on cases where DOJ is litigating or has secured a judgement, without DOJ concurrence/approval may have a negative and serious impact on the ongoing litigation or secured judgment.** The IRS generally does not have the authority under IRC 7122 to compromise periods DOJ is litigating or for which DOJ has secured a judgment. Please refer to: IRM 21.5.6.4.46 -W freeze, or IRM 21.5.6.4.44 (3) -V freeze

- Any other offer requiring manual monitoring

4. When COIC or the Area Office accepts an offer and closes their assignment (release and validate) on AOIC, the offer record transfers to the campus (service center) side of AOIC. The record appears on AOIC in NW status.

- A. The "Release and Validate" Screen is selected from the Maintenance Menu on the Area Office side of AOIC.
- B. The "Destination Listing Report" displays which compliance campus the case is assigned.
- C. COIC accepted offers will be forwarded to the same Campus MOIC site for acceptance into inventory
- D. AOIC will systemically load the correct campus monitoring address on the Acceptance Letter.

5. Taxpayers required to submit more than one offer may have the accepted offers directed to different campuses for monitoring:

If	And	Then
There are two accepted offers filed by the same taxpayer	one is accepted <u>before</u> the other	the first site assigned to monitor will monitor both offers.
A taxpayer has more than one accepted offer; the offers are accepted, released and validated at the same time	one is assigned to Brookhaven and the other to Memphis	the site that monitors offers for the taxpayer's state of residence will monitor both or all.

6. There are two SBSE sites (Brookhaven and Memphis) that monitor accepted offers.

7. MOIC accepts transfer of the accepted offer by updating the service center status on AOIC to "OU" . The open unassigned record is now part of the MOIC inventory.

8. Manually monitored or cases listed under exceptions must include the following documents:

- Acceptance Letter
- Form 7249, Offer Acceptance Report
- The "original" Form 656, Offer in Compromise
- Any Amendments or addendum(s) to the original Form 656
- Co-obligor Agreement, if applicable
- Collateral Agreement, if applicable
- Related TFRP forms i.e. Form 2750, etc, if applicable.

Note:

Copies of the above documents are acceptable.

9. For those offers listed under the exceptions that are not loaded onto AOIC, check the file for the above documents before accepting into MOIC inventory. If any of the documentation listed above is missing or the case file is missing, contact the originating office and request the missing information (or file) be faxed or mailed to the campus. Allow the originating office 15 days to provide the missing information.

Note:

Once the campus accepts the transfer on AOIC, the case can not be reassigned to COIC or the Area Office.

10. Update AOIC status code NW with the appropriate sub code

A. MC = Missing Case.

B. IC = Incomplete Case.

11. Campuses should generate a report using the NW and sub status code to follow up with the originating office.

12. If the missing information is not received after the 15 day period or the case file can not be located, accept transfer and follow procedures for processing accepted offers without the case file below.

13. Research IDRS to verify that all balance due modules assessed at the time the offer was accepted are included on the Form 656 or Addendum . When overlooked period(s) are discovered by MOIC, update AOIC and add a history narrative referencing the overlooked periods and follow the procedures in IRM 5.19.7.3.8, Overlooked Periods.

14. While researching IDRS

Check for	And	Then
Check for TC 922, an indication of URP processing	If present	follow procedures in <i>IRM 5.19.7.3.10.11</i> Automated Underreporter (AUR) Assessments.
Check for an unreversed TC 530	If present	input TC 531 to reverse the currently uncollectable transaction code.

15. TC 480 and Staup 71 is uploaded onto each tax module for offers controlled on AOIC. The Staup updates the module to Status 71, OIC. Occasionally the TC 480 or the Staup will go unpostable. If the unpostable is not corrected by the Area Office or COIC, TC 480 and Status 71 will not show on the tax module.

Exception:

OICs accepted by Appeals through a timely-requested CDP hearing will be in Status 72.

Note:

It is the responsibility of the MOIC Tax Examiner to verify that the MFT screen has been input correctly and that all IDRS systemic actions created due to the input of the MFT screen are correct. An example is the a correct Statute Exp Codes (CSED indicator) B, (Both), P (Primary), S (Secondary), and Status 71 if appropriate.

16. Ensure that TC 480 has posted to each tax period shown on the Form 656:

If	Then
TC 480 is not present,	Input TC 480 using CC REQ77. Use the date the Form 656 was signed by the IRS official for the transaction date or the pending date on AOIC, not the date the taxpayer signed.
All TC 480s present do not have the same date the Form 656 was signed,	1. Input TC 483 using CC REQ77. 2. Input TC 470 using CC REQ77 to prevent balance due notices from issuing. 3. Input TC 480 using CC REQ77 with the correct date, include a posting delay code of 1. <i>Note:</i> If the posted date does not agree with signature date on the amended Form 656, follow the above procedures.
NMF period (MFT 20) on MFT screen	1. Verify TC 480 has been input with the correct date. 2. If not present, input TC 480 via Form 3177. 3. If present, verify the waiver date is correct.

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Part 5. Collecting Process

Chapter 19. Liability Collection

Section 8. Collection Appeal Rights

5.19.8 Collection Appeal Rights

- 5.19.8.1 [Collection Appeal Rights Overview](#)
- 5.19.8.2 [Collection Appeal Rights Process](#)
- 5.19.8.3 [Informing Taxpayers of Their CDP Appeal Rights](#)
- 5.19.8.4 [Collection Appeal Rights Procedures](#)
- 5.19.8.5 [CAP Reports](#)
- 5.19.8.6 [OFFP Program and Function Codes](#)

Manual Transmittal

December 12, 2014

Purpose

(1) This transmits a topic based revision to IRM 5.19.8, Liability Collection, Collection Appeal Rights to incorporate procedural changes based on ACA provision 1501.

Material Changes

- (1) Editorial changes have been made throughout the IRM to update website addresses, legal references, and IRM references.
- (2) This IRM has only been updated for the Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) (IRC 5000A). Content unrelated to the ACA provisions was not reviewed for currency and accuracy.
- (3) IRM 5.19.8.1.1, Collection Appeal Rights and the Shared Responsibility Payment, new sub-section added.
- (4) IRM 5.19.8.4.4 (2), Added SRP to bullet list of invalid notices as (d).

Effect on Other Documents

IRM 5.19.8 published 01-27-2014 is superseded. SERP IPU 14U1238, ACSS - Collection Due Process (CDP) Changes: CIS Verification, Lien Determination, issued on 08-11-2014 remains in effect and should be followed in conjunction with this revised IRM.

Audience

ACS Support CDP Caseworkers in W&I and SB/SE Campus Compliance

Effective Date

(01-01-2015)

Denice Vaughn
Director, Campus Compliance Services

5.19.8.1 (02-03-2014) Collection Appeal Rights Overview

1. Taxpayers may appeal many IRS collection actions. There are various appeal procedures available to them. The two main procedures are **Collection Due Process (CDP)** and **Collection Appeals Program (CAP)**. This section discusses the rights taxpayers have to appeal collection actions under CDP and CAP.
2. **Collection Due Process (CDP)** rights are provided by statute:
 - A. IRC 6320 – Gives the taxpayer the right to appeal the filing of a Notice of Federal Tax Lien.
 - B. IRC 6330 — Gives the taxpayer the right to appeal before or after levy action is taken, depending on the type of levy.
3. **Collection Appeals Program (CAP)** rights are provided by statute and administratively:

CAP Rights Provided by Statute and Administratively	
Statute:	<ul style="list-style-type: none"> • IRC 7122(e) - Gives the taxpayer the right to appeal the Service's rejection of an installment agreement (IA) request. • Treas. Reg. section 301.6159-1(e)(5) - gives the taxpayer the right to appeal proposed modification or actual modification and to appeal proposed terminations of installment agreements or actual terminations of IAs.
	Taxpayers have the administrative right to appeal - <ul style="list-style-type: none"> • Before or after the filing of a Notice of Federal Tax Lien (NFTL). • Before or after the serving of a notice of levy. • Before or after the seizure of property.

Administrative:	<ul style="list-style-type: none"> • After the denial of a request for property to be discharged from a lien. • After the denial of the subordination of a lien. • After the denial of the withdrawal of a NFTL. • After the denial of the issuance of a certificate of non-attachment. • After disallowance of a taxpayers request for return of levied property under IRC 6343(d). • Filing of notice of lien against an alter ego or nominee's property.
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4. Taxpayers have additional appeal rights, including those related to:

- Trust Fund Recovery Penalties, see IRM 5.7.6.1.3, Appeals Proposed Assessment.
- Rejected Offers in Compromise, see IRM 5.8.7.6.5, Rejection Appealed.
- Penalties, see IRM 20.1, Penalty Handbook.
- Audit Reconsideration, see IRM 4.13.6, Appeals

Note:

Taxpayers should follow the protest requirements listed in Publication 5. Taxpayers should also follow the instructions in the letter that denies their abatement.

5.19.8.1.1 (01-01-2015)

Collection Appeal Rights and the Shared Responsibility Payment

1. Under the Affordable Care Act (ACA), the Federal government, state governments, insurers, employers and individuals are given shared responsibility to reform and improve the availability, quality and affordability of health insurance coverage in the United States. Starting in 2014, the individual shared responsibility provision calls for each individual to have minimum essential health coverage (known as minimum essential coverage (MEC)) for each month, qualify for a coverage exemption, or make a shared responsibility payment (SRP) when filing their Federal income tax return. The amount of any payment owed takes into account the number of months in a given year an individual is without minimum essential coverage or a coverage exemption from responsibility to maintain MEC. MFT 35 Tax class 2 File source 1 is the IMF (Individual Master File) MFT for the Individual Shared Responsibility Payment.
2. The SRP balance due (MFT 35) is not subject to penalties or the filing of a Notice of Federal Tax lien. The Service will not levy on a taxpayer's property for failure to pay the SRP. Interest will continue to accrue until the total SRP is paid. The Service may offset federal tax refunds to the SRP amount until it is paid in full. The CDP/EH program is not available since it is not subject to final demand, filing of a notice of Federal Lien or levy processes. However, if a taxpayer's CDP/EH request includes other modules which can be resolved with an installment agreement, the service will seek to include the SRP. Guidance regarding processing the MFT and installment agreements can be found in IRM 5.19.1.5.4.26, IA Considerations for Individual SRP Modules and IRM 5.19.1.5.4.26.1, CSCO IA Considerations for Individual SRP Modules Balance Due. Proposed or existing installment agreements are eligible for CAP appeal consideration prior to rejection of a proposed installment agreement (default) or termination of an existing installment agreement.

Note:

These agreements may include MFT 35 liabilities.

3. If a taxpayer's balance due is only the MFT 35 module (stand-alone) and is not paid after the third notice (CP 503), it will go into "recess" status (no collection action) until paid. Additional information regarding the recess of stand-alone modules can be found in IRM 5.19.1.7.1.12, Recessed Individual SRP Modules.

5.19.8.2 (02-03-2014)

Collection Appeal Rights Process

1. Taxpayers must be kept informed of their rights to appeal collection actions. The following publications and forms explain appeal rights and provisions:
 - Publication 594, The IRS Collection Process — Addresses general appeal provisions
 - Publication 1660, Collection Appeal Rights — Provides detailed information regarding Collection appeal rights and procedures under Collection Due Process (CDP) and the Collection Appeals Program (CAP)
 - Form 12153, Request for Collection Due Process or Equivalent Hearing,— Used to request a CDP of Equivalent Hearing.
2. The taxpayer is entitled to only one hearing for each taxable period under IRC 6320 and 6330. An exception to this would be if the IRS assesses an additional tax liability for the same tax period. A hearing can be held by Appeals at the same time on a notice of lien and a levy notice. This would happen if the taxpayer receives a subsequent notice after a hearing is requested on the first notice.
3. Statutory provisions under IRC 6320 and 6330 require the Service to send taxpayers written notification of their **CDP** appeal rights under the following circumstances.
 - We filed a Federal Tax Lien and issued a Notice of Federal Tax Lien Filing and Notice of Your Right to a Hearing under IRC 6320.
 - We intend to levy and issue a Final Notice of Intent to Levy and Notice of Your Right to a Hearing under IRC 6330.

Note:

The Notice of Jeopardy Levy and Right of Appeal and a Notice of Levy on Your State Tax Refund - Notice of Your Right to a Hearing and the Disqualified Employment Tax Levy (DETL) advises the taxpayer of the right to a hearing, after the levy.

- Taxpayers entitled to request an appeal under the CDP provisions need to be advised of the requirements and time frames for filing an appeal. It is important to inform taxpayers that your discussions do not suspend the running of (or otherwise extend) the 30-day period during which taxpayers may request a CDP hearing.

4. Advise taxpayers of their right to appeal under the Collection Appeals Program (**CAP**) in the following situations:

Situations Where Taxpayers May Appeal under CAP	
<p>You must advise taxpayers of their right to appeal under CAP when the taxpayer disagrees with:</p>	<ul style="list-style-type: none"> • an installment agreement is rejected • an installment agreement is proposed to be terminated or is actually terminated • an installment agreement is modified or proposed to be modified <p>Note: CAP appeal requests involving these actions do not <u>require</u> a managerial conference.</p>

You must advise taxpayers of their right to appeal under CAP when the taxpayer disagrees with the following actions:

- a NFTL will be or has been filed
- a levy will be or has been served
- property will be or has been seized
- the request to discharge property from a lien has been denied
- the request for the subordination of a lien has been denied
- the issuance of a certificate of non-attachment of a lien has been denied
- the request for withdrawal of a NFTL has been denied
- a request for return of property under IRC 6343(d) has been rejected
- Filing of notice of lien against an alter-ego or nominee's property

Note:

For these actions, the taxpayer must first discuss with the employees' manager before the CAP appeal request can be forwarded to Appeals *IRM 5.19.8.4.16*.

5. Taxpayers should be advised of their appeal rights whenever they indicate disagreement with proposed or planned action.
6. Employees needing guidance regarding taxpayer threats, intimidation, or assault shall refer to IRM 25.4 ,Employee Protection, for information on the Potentially Dangerous Taxpayer (PDT) and Caution upon Contact (CAU) programs.

5.19.8.3 (08-27-2010)

Informing Taxpayers of Their CDP Appeal Rights

1. Taxpayers are informed of their CDP appeal rights by one of the following final notices.
2. **An LT11 or Letter 1058**, (Notice of Intent to Levy and Notice of Your Right to a Hearing) is sent certified mail, return receipt requested, but can also be given in person or left at the dwelling or usual place of business, to notify taxpayers of their right to a CDP hearing. The following enclosures are included:
 - Form 12153, Request for a Collection Due Process or Equivalent Hearing
 - Publication 594, The IRS Collection Process
 - Publication 1660, Collection Appeal Rights
 - Envelope
3. **Letter 3172(DO)**, (Notice of Federal Tax Lien Filing and Your Right to a Hearing Under IRC 6320) is issued to notify taxpayers of their right to a CDP hearing. This notice will be given in person, left at the dwelling or usual place of business, or sent by certified mail, to the last known address. The following enclosures are included:
 - Publication 1660, Collection Appeal Rights
 - Publication 1450, Instructions on Requesting a Certificate of Release of Federal Tax Lien
 - Form 668 (Y), (C), Copy of Notice of Federal Tax Lien
 - Form 12153, Request for Collection Due Process or Equivalent Hearing
4. **An LT 73 or Letter 1058e**, (Notice of Disqualified Employment Tax Levy) is sent **after** the account is levied. It is sent certified mail, return receipt requested, but can also be given in person or left at the dwelling or usual place of business, to notify taxpayers of their right to a CDP hearing. It applies to BMF accounts, MFT 01,10,11,14 or 16. The following enclosures are included:
 - Form 12153, Request for a Collection Due Process or Equivalent Hearing
 - Publication 594, The IRS Collection Process
 - Publication 1660, Collection Appeal Rights
 - Envelope
5. **CPs 92/242**(State Income Tax Levy Program (SITLP)) are sent **after** the tax refund has been levied. They are issued to inform the taxpayer that the levy proceeds have been received from the state. These notices are sent by certified mail and include Form 12153 and Pubs 594/1660 (see IRM 5.19.9.2, State Income Tax Levy Program).
6. **CPs 90/297** (Federal Payment Levy Program (FPLP)) are final notices, Notice of Intent to Levy and Notice of Your Right to a Hearing, and are sent systemically from Master File. These notices are sent certified mail, return receipt requested, and include Form 12153 and Pubs 594/1660 (see IRM 5.19.9.3.1, What is FPLP?).
7. **CP 77** (Alaska Permanent Fund Dividend Program (AKPFD)) is a final notice, Notice of Intent to Levy and Notice of Your Right to a Hearing, and is sent systemically from Master File. The AKPFD is an automated levy program between the IRS and the State of Alaska. These notices are sent by certified mail, return receipt requested, and include Form 12153 and Pubs 594/1660. (see IRM 5.19.9.4.1, What is the AKPFD Program).

Note:

Registered mail is used only if the taxpayer resides outside the United States. There is no international certified mail.

5.19.8.4 (02-03-2014)

Collection Appeal Rights Procedures

1. Collection Appeal Rights procedures include:
 - Collection Due Process (CDP)
 - Collection Appeals Process (CAP)
2. The following subsections provide the procedures for ACS / ACS Support CDP case workers and CAP Coordinators to follow for the Collection Due Process (CDP) Appeal Under IRC 6320 and 6330 and the Collection Appeals Program (CAP).

3. The use of Integrated Automation Technologies (IAT) tools is encouraged as appropriate. See IRM 5.19.6.3.1, Mandated IAT Tools, for information.

5.19.8.4.1 (08-27-2010)

Notice of Collection Due Process (CDP) Appeal Rights

1. The CDP appeal provisions give taxpayers an opportunity for an independent review by Appeals, to ensure that the proposed levy or notice of lien filing is warranted. Service employees will attempt contact with the taxpayer and seek to use alternative methods to resolve the case, such as an installment agreement or offer-in-compromise, before levy or lien filing is considered.

2. **IRC 6320** gives taxpayers the right to request a hearing during the 30-calendar-day period that begins on the first day after five business days after the filing of a Notice of Federal Tax Lien (NFTL). Notice of this hearing must be given in person, left at the dwelling or usual place of business, or sent by certified mail to the last known address.

A. This notice is required only once for the taxable period and unpaid tax which is the subject of the lien filing. If an additional assessment of tax is made after the first lien is filed, a second lien may be filed and the Automated Lien System (ALS) will generate a second notice to the taxpayer.

B. For a joint income tax liability, each spouse will individually be sent the Letter 3172 explaining the right to a hearing. Two separately addressed notices are sent even if both spouses are at the same address.

Note:

Refer to IRM 5.19.4.5 Research on Federal Tax Liens, for more information.

3. **IRC 6330** gives taxpayers the right to request a hearing during the 30-day period after the date of the Notice of Intent to Levy and Right to Request a Hearing.

A. The notice will be given in person, left at the dwelling or usual place of business, or sent certified mail, (Registered mail is used when the taxpayer resides outside the United States because there is no international certified mail), to the taxpayer's last known address not less than 30 days before the date of the first levy.

Exception:

There are three exceptions to the pre-levy notice requirements: When the collection of tax is in jeopardy (this applies to field collection only); when a levy is served on a state to collect a Federal tax liability from a state income tax refund and for Disqualified Employment Tax Levies. In these situations, the taxpayer will be given the opportunity for a hearing within a reasonable period of time after the levy.

B. This notice is required only once for the taxable period and unpaid tax which is the subject of the pre-levy notice or post -levy notice. A second notice may be required if an additional assessment of tax is made after the original notice was issued.

C. For a joint income tax liability, each spouse will individually be sent, to his or her last known address, the notice explaining the right to a hearing. Two separately addressed notices are sent even if both spouses are at the same address.

4. The following is a list of notices under IRC 6330:

Various Types of Notices of Levy	
LT 11 or Letter 1058	<u>Notice of Intent to Levy and Notice of Your Right to a Hearing</u> LT 11 is issued by ACS, Letter 1058 is issued by field Collection
LT 73 or Letter 1058e	<u>Notice of Intent to Levy and Notice of Your Right to a Hearing</u> LT 73 is issued by ACS on Disqualified Employment Tax Levy (DETL) cases.
CPs 92 / 242	<u>Notice of Levy on Your State Tax Refund - Notice of Your Right to a Hearing</u> . They are issued to inform the taxpayer that the levy proceeds have been received from the state under the automated State Income Tax Levy Program (SITLP). See IRM 5.19.9.2, State Income Tax Levy Program.
CPs 90 / 297	<u>Notice of Intent to Levy and Notice of Your Right to a Hearing</u> is sent systemically from Master File under the Federal Payment Levy Program (FPLP). See IRM 5.19.9.3.4, Notice and Appeal.
CP 77	<u>Notice of Intent to Levy and Notice of Your Right to a Hearing</u> is sent systemically from Master File under the Alaska Permanent Fund Dividend Levy Program (AKPFD). See IRM 5.19.9.4.1, What is the AKPFD?

5. A hearing can be held by Appeals on a lien and a levy notice at the same time. This would happen if the taxpayer receives a subsequent notice after a hearing is requested on the first notice.

6. The delivery and receipt of the levy notice is indicated on IDRS TXMODA with TC971 and unique action codes (AC):

- TC971 AC 069– mailed
- TC971 AC 066–The return receipt was signed (not necessarily by the taxpayer)
- TC971 AC 067– refused/unclaimed
- TC971 AC 068– returned undeliverable

Note:

If the notice was issued by CFf, the action codes may have additional meanings. (See IRM 5.11.1.2.2.2, Issuing Notice of Intent to Levy/Notice of a Right to a Hearing in CFf).

- TC971 action code 469 - indicates that no mail status (TC971-069, 066, 067, 068) has been received from the U.S. Postal Service (USPS) after 30 days. This is for information only and has no bearing on how you handle the case.

7. The delivery and receipt of the lien notice is indicated on IDRS TXMODA with the following TC971 and action codes:

- TC971 AC 252 - Mailed
- TC971 AC 253 - Undelivered
- TC971 AC 254 - Unclaimed
- TC971 AC 255 - Refused

8. Seven TC 971 action codes, 275 - 280, and 630 are used to reflect the status of a Collection Due Process (CDP) hearing request. Three of the action codes track timely CDP requests and three track equivalent hearing requests. These action codes are systemically input to IDRS as cases are added and updated to the CDP tracking system. It is important that the tracking system be kept timely and accurately updated. The definitions for the TC 971 action codes are as follows:

A. Action Code 275 indicates that a timely request for CDP hearing has been received. This action code is also used to exclude a module(s) from selection by automated levy programs - State Income Tax Levy Program (SITLP), Federal Payment Levy Program (FPLP), Alaska Permanent Fund Dividend Levy Program (AKPFD). The TC 971 ac 275 will post to the account when a DP (Due Process) hearing request is entered on the CDP tracking system at Stage 1, Receipt of Hearing Request. The 971 will reflect the stage 1 date.

- B. Action Code 276 indicates that a CDP issue was resolved in some manner by ACS or Field Collection, and the hearing request was withdrawn prior to Appeals without the case going to Appeals for resolution. This code reverses the 275 making the module eligible for selection by automated programs. The TC 971 ac 276 will post to the account when a DP hearing request is updated to Stage 12, Resolved Prior to Appeals Consideration, on the CDP tracking system. The TC 971 will reflect the stage 12 date.
- C. Action Code 277 indicates that Appeals has completed their investigation and issued a determination letter. This code reverses the ac 275 making the module eligible for selection by automated levy programs. The ac will post to the account when a DP hearing request is updated to stage 13, Appeals Case Closed - Sent to Compliance, on the CDP tracking system. The TC 971 ac 277 will reflect the decision final date from stage 13.
- D. Action Code 278 indicates receipt of an equivalent hearing (EH) request. The module(s) are not excluded from automated levy programs. The 278 will post to the account when an EH hearing request is entered on the CDP tracking system at stage 1, Receipt of Hearing Request. The 971 will reflect the stage 1 date.
- E. Action Code 279 indicates that a request for an equivalent hearing has been resolved either by ACS or Field Collection and the case was not sent to Appeals. The TC 971 ac 279 will post to the account when a EH hearing request is updated to Stage 12, Resolved Prior to Appeals Consideration, on the CDP Tracking System. The 971 will reflect the Stage 12 date.
- F. Action Code 280 indicates that Appeals has completed their review of the EH hearing investigation and issued a decision letter. The TC 971 ac 280 will post to the account when an EH hearing request is updated to Stage 13, Appeals Case Closed - Sent to Compliance, on the CDP tracking system. The 971 will reflect the decision final date from stage 13.
- G. Action Code 630 when posted with a TC 971 action code 275 indicates the timely CDP hearing request involves a levy issue.

5.19.8.4.2 (02-03-2014)

Collection Due Process (CDP) Hearing Requests

1. ACS CDP cases are received and prepared in the four ACS Support sites. The SBSE sites are Philadelphia and Cincinnati. The W&I sites are Kansas City and Fresno. Only CDP caseworkers in the four consolidated ACS Support sites have the authority to work the Form 12153, Request for Collection Due Process or Equivalent Hearing or its written equivalent. Any Forms 12153 or written equivalent received in Customer Account Services, ACS Call Site, Collection Operations, etc., must be immediately forwarded to the appropriate ACS Support, CDP Unit. The appropriate site may be determined by getting on to SERP, click the tab for Who / Where, ACS CDP Coordinators. The names, phone numbers and addresses of the CDP Coordinators along with the states that each CDP Unit covers can be obtained as well. If a Form 12153 is received at an incorrect CDP site, fax the form including all supporting documents and envelope, the same day to the CDP Coordinator at the correct site. After faxing, write in the top margin of the request in red: "FAXED TO (PSC/CSC/FCSC/KC) CDP Unit ON (Date)" and then mail the original to the correct site also. If there are too many for faxing, forward via express overnight mail.
2. Attempt to resolve the account or issue with the taxpayer without the need for a taxpayer to file a formal appeal. This may include manager intercession in discussions with the taxpayer. By law, taxpayers are not required to discuss their problem with a collection manager first; however, they should be encouraged to do so because their problem could be resolved without Appeals consideration. Taxpayers entitled to request an appeal under the CDP statutory provisions need to be advised of the requirements and time frames for filing an appeal. It is important to inform taxpayers that your discussions do not suspend the running of (or otherwise extend) the 30-day period during which taxpayers may request a CDP hearing.
3. If the taxpayer wants to file a request for a Collection Due Process hearing:
 - A. It must be in writing.
 - B. If in response to a Notice of Intent to Levy and Notice of Your Right to a Hearing, it must be within 30 days of the date of the Notice.
 - C. If in response to the Notice of Federal Tax Lien Filing and Your Right to a Hearing Under IRC 6320, it must be filed within the 30 days beginning with the day after the five business day period after the filing of the NFTL, which is the date the NFTL is delivered to the recording office. On letter 3172 this is indicated as the MUST FILE BY date. *IRM 5.19.8.4.1(2)* regarding how the "must file by" date is calculated.
 - D. It must be signed. See *IRM 5.19.8.4.7.4*, Signature Requirements.
 - E. If the hearing request is filed late, the taxpayer may be entitled to an equivalent hearing but only if specifically requested. See *IRM 5.19.8.4.2.1.*, CDP Hearing Requests - Timeliness and *IRM 5.19.8.4.3.*, Equivalent Hearing (EH) Requests and Timeliness of EH Requests.
4. Advise the taxpayer to use Form 12153, Request for Collection Due Process or Equivalent Hearing, to request the appeal (Faxes are acceptable). If this form is not used, a written request (whether or not on Form 12153) signed by the taxpayer or authorized representative is acceptable. A written request must be dated and include the following information:
 - Taxpayer name(s), address, and daytime telephone number (if any)
 - Taxpayer identification number (SSN, ITIN or EIN)
 - The type of Tax
 - The tax period(s) at issue
 - A statement that the taxpayer requests a hearing concerning the proposed levy or in the case of post levy CDP requests, the actual levy action, or the filing of the Notice of Federal Tax Lien.

Note:

If the taxpayer did not submit a Form 12153, but it is evident that the taxpayer is requesting a CDP hearing, then the taxpayer has met the requirement.

 - The reasons why the taxpayer disagrees with the action.
 - The signature of the taxpayer or the taxpayer's authorized representative.
5. If the tax liability involves a partnership, a request for a CDP hearing under IRC 6330 would cover all partners in the partnership. Under IRC 6320, the partnership and partners listed on the NFTL receive the CDP hearing notice. A partner with authority to represent the partnership could request a hearing for the partnership or a partner listed on the NFTL could request a CDP hearing as an individual partner.
6. The taxpayer must file the request for the appeal with the office initiating the action (the address shown on the lien or levy notice). If the address of that office does not appear on the CDP notice, the taxpayer should obtain the address of the office to which the written request must be sent by calling the toll-free number on the notice or by calling toll-free 1-800-829-1040 and providing the taxpayer's identification number (TIN, EIN, or ITIN). If the taxpayer wishes to fax the CDP hearing request, the taxpayer may request the fax number of the appropriate office from one of these toll-free numbers.
7. Ensure that an IRS received date is stamped or notated on the Form 12153, Request for Collection Due Process or Equivalent Hearing, taxpayers' correspondence, or any other documentation that is being used as the Appeals request and keep the envelope attached.

Note:

When there are multiple date stamps, circle in red, the date-stamp used in determining timeliness.

8. Timely mailed constitutes timely filed if the taxpayer's request for a CDP hearing is correctly addressed to the IRS office listed in the CDP Hearing Notice. If the CDP hearing request is not addressed to the correct office as indicated in the CDP notice, the date to determine timeliness is the date the request is received by the IRS office to which the request should have been sent. However, if the address does not appear on the notice, or if it is determined that the taxpayer received erroneous instructions from an IRS employee resulting in the request being sent to the wrong office, use the postmark date to that office to determine timeliness.

Note:

A request that is hand-carried to a local Taxpayer Assistance Center will be timely if delivered within the 30- day period during which taxpayers may request a hearing. See IRM 5.19.8.4.7.1.2 .

9. If the taxpayer received both a lien and a levy notice, both actions may be appealed. The requests should be consolidated for the CDP hearing.
10. The beginning of the 30-day period, the date of the notice, can be ascertained by looking at the notice, if attached to the Form 12153, at the date of the TC971 AC069, or the entry from the Collection Due Process Certified Mail System (CDP-CMS).
11. If the request for the appeal is filed after the IRC 6320/6330 notice period, the taxpayer may be entitled to receive an equivalent hearing. *IRM 5.19.8.4.3*. Equivalent Hearing Requests and Timeliness of Equivalent Hearing (EH) Requests.
12. A request for a CDP hearing includes all periods entitled to a CDP hearing that are listed on the CDP hearing notice, unless the taxpayer explicitly states certain tax periods are excluded. In the case of untimely requests based on a POA copy listing tax periods not on the taxpayer's copy of the CDP notice, the taxpayer is deemed to have been given a CDP notice only for those tax periods listed on the properly delivered CDP notice.
13. The hearing rights apply to all tax periods raised in the taxpayer's appeal that are subject to the CDP hearing. Taxpayers are asked to include a copy of the notice with the request. If a copy of the notice is included, the request is processed to include all taxes and periods listed on the notice.
14. If the notice is not included and one of the boxes (lien/levy) is not checked, research IDRS (for the last year), to determine the appropriate taxes and periods to be included in the hearing request.
15. If the taxpayer includes in the hearing request periods that are not listed on the notice, the taxpayer may be requesting an equivalent hearing for the other periods.
16. If the taxpayer includes periods that are not timely for a CDP hearing, determine if the taxpayer is entitled to receive an equivalent hearing. If so, process the request as a request for an equivalent hearing provided the taxpayer has checked the equivalent hearing box (#7) on Form 12153. If box #7 is not checked, see *IRM 5.19.8.4.3*.
17. If the taxpayer includes periods that previously received a CDP hearing, process the request as a request for an appeal under the retained jurisdiction provisions, if:
- A. the requested hearing and prior hearing are both for the same type of collection action, and
 - B. it meets retained jurisdiction criteria. See *IRM 5.19.8.4.15*, Retained Jurisdiction Hearings.
18. If a levy has been issued, and it is determined that the Notice of Intent to Levy was not properly mailed to the taxpayer's last known address, the Notice is invalid. Refer to *IRM 5.19.8.4.4* , Invalid CDP Notices and Rescinding a Notice of Intent to Levy and Notice of Your Right to a Hearing, for further guidance. If a levy was inadvertently made, release the levy . Proper notification under IRC 6330 is required prior to levy action.

5.19.8.4.2.1 (08-27-2010)

CDP Hearing Request - Timeliness

1. For a CDP request to be timely, the taxpayer must submit a written request for a CDP levy hearing within the 30-day period starting the day after the date of the CDP levy notice (e.g., LT11). If the request for the hearing is made after this period, the taxpayer may be entitled to an equivalent hearing.
2. For a CDP lien hearing request to be timely, a taxpayer must submit a written request for a CDP hearing within the 30-day period that starts the day after the end of the five-business-day period following the filing of the NFTL. Filing means the date the NFTL is delivered to the recording office for indexing. The letter 3172 provides the date for the taxpayer to file a timely request. If a request is filed late, the taxpayer may be entitled to request an equivalent hearing. See *IRM 5.19.8.4.3*.

Note:

Appeals will look to the actual filing date of the NFTL for purposes of determining timeliness of the lien hearing requests if the taxpayer disagrees with the timeliness determination.

3. A timely filed request suspends the statutory period of limitations on collection (CSED) is suspended), criminal prosecution and other suits for periods listed on the CDP notice. *IRM 5.19.8.4.10.*, Suspension of the Collection Statute Expiration Date (CSED). In addition, levy action is prohibited on the tax periods that are the subject of a CDP hearing under IRC 6330 if the CDP request is timely filed. *IRM 5.19.8.4.6.*, Collection Action During the CDP appeal period.
4. A request for a CDP hearing with respect to a tax period is untimely if:
- The request was not received within the required time period.
 - The timely but non-processable request is not made processable by the taxpayer within the time period given (up to 15 calendar days) for perfection.
5. When a CDP hearing request is untimely, the request must be sent to Appeals for a separate timeliness determination.

5.19.8.4.2.2 (08-27-2010)

Perfection of Timely CDP Hearing Requests

1. In some cases Forms 12153 or other written requests are timely filed but must be made processable. An unprocessable CDP request is a request:
- A. not signed
 - B. signed, but the signer is not authorized to sign on behalf of the taxpayer (ex. an unenrolled return preparer)
 - C. signed, but signer does not have authorization (no POA on file)
 - D. does not have a valid SSN, ITIN, EIN and one could not be identified.
 - E. taxpayer fails to check a box and/or does not list a reason for the dispute or disagreement
2. If a request for a CDP hearing is filed timely, but is not processable, contact the taxpayer and allow up to 15 calendar days for the taxpayer to perfect the request so that it is processable. If the taxpayer meets this requirement, the request is timely filed.

Note:

If the taxpayer demonstrates that the late response was due to extenuating circumstances, such as being in the hospital or out of the country during that period, then treat the request as timely.

3. If the taxpayer makes the unprocessable request processable after the 15-day period, the request will be considered processable however an untimely CDP hearing. The taxpayer must be offered an opportunity to request an equivalent hearing. *IRM 5.19.8.4.3.*, Equivalent Hearing (EH) Requests and Timeliness of EH Requests.

4. If after the taxpayer attempts to perfect the request it is still determined not processable, the taxpayer is not entitled to a CDP hearing. Notify the taxpayer either orally or in writing that the request for a CDP hearing can not be processed. Explain that the taxpayer may be eligible for an equivalent hearing and enclose a Form 12153, Request for Collection Due Process or Equivalent Hearing. Document Account Management Services (AMS).

Note:

Unprocessable requests not made processable should not be sent to Appeals. These requests do not require Separate Timeliness Determinations.

5. If the hearing request is timely and processable but missing information, before contacting the taxpayer, try to obtain the missing information (ex: type of tax, tax period, address, phone number) from IRS systems such as IDRS.
6. If not available from IRS systems, such as a statement that the taxpayer requests a CDP hearing, try and obtain it from the taxpayer, giving them up to 15 days to respond. An incomplete request if processable when received, is timely even if the taxpayer perfects it late or only perfects the request partially or does not respond.
7. The taxpayer may request a CDP in a written statement and not use Form 12153. If it is evident that the taxpayer is requesting a CDP hearing, then the taxpayer has met the requirement.
8. Missing information (except signatures) may be obtained by phone and written in. However, if the taxpayer indicates frivolous reasons for the hearing request or is evasive, request the missing information in writing.

**5.19.8.4.2.3 (02-03-2014)
Other CDP Perfection Situations**

1. Below are additional situations you may encounter while reviewing / perfecting CDP hearing requests:

IF	THEN
Taxpayer has already had a CDP hearing for the tax periods indicated on the hearing request,	<p>A. Notify the taxpayer by phone or in writing that he / she has already had a CDP hearing for the periods indicated, and that they are entitled to only one hearing for each tax period (see IRM 5.19.8.2). Also inform the taxpayer of other options e.g., CAP if appropriate.</p> <p>B. Close the case.</p> <p>C. Document AMS.</p>
A lien notice or a levy notice has not been issued to the taxpayer for the tax periods indicated on the CDP hearing request,	<p>A. Notify the taxpayer by phone or in writing that a Notice of Intent to Levy, LT11/1058 or Notice of Federal Tax Lien, letter 3172 has not been issued for the tax periods indicated, therefore he / she is not entitled to a hearing. Also inform the taxpayer of other options, e.g. CAP if appropriate.</p> <p>B. Close the case</p> <p>C. Document AMS.</p> <p>Note:</p> <p>If a lien notice or levy notice <i>is going to be filed or issued</i>, advise the taxpayer that he or she is entitled to a CAP hearing.</p>

**5.19.8.4.3 (11-01-2007)
Equivalent Hearing (EH) Requests and timeliness of EH Requests**

1. If the taxpayer did not timely request a CDP hearing with Appeals, the taxpayer may be entitled to an "equivalent hearing" with Appeals, but only if specifically requested. Late filed CDP requests will not automatically be processed as Equivalent Hearings.
2. An equivalent hearing is equivalent to a CDP hearing in all ways except that there is no statute suspension, no retained jurisdiction, and the taxpayer does not have the right to seek judicial review of Appeals' decision at the conclusion of an equivalent hearing. Following an equivalent hearing the appeals officer sends the taxpayer a Decision letter explaining the results of the hearing.

Note:

The only exception to this is as it relates to spousal defenses under IRC 6015 and denial of interest abatement under IRC 6404 in the Tax Court. The taxpayer has 90 days to file a petition for review of a denial of innocent spouse relief and 180 days to file a petition for review of denial of interest abatement. There is also potential for litigation over whether or not the CDP request is timely. See

IRM 8.22.8 Liability Issues and Relief from Liability.

3. A taxpayer can request an equivalent hearing if the liability is still outstanding (unless the taxpayer did not agree to the offset or payment that full paid the account) and the taxpayer did not previously receive a CDP or an equivalent hearing for the same period. The taxpayer must submit a written request for an equivalent hearing within the one-year period beginning the day after the date of the CDP Levy Notice. For the CDP Lien Notice, the taxpayer must submit a written request for an equivalent hearing within the one-year period beginning the day after the end of the five-business-day period following the filing of the Notice of Federal Tax Lien (NFTL). If the request is received after the one-year period, notify the taxpayer of his/her rights under CAP and assistance from the Taxpayer Advocate Service.
4. The taxpayer can request an equivalent hearing either by:
 - A. Checking the Equivalent Hearing box on Form 12153, Request for Collection Due Process or Equivalent Hearing, or other written request or
 - B. confirming that he/she wants an untimely CDP hearing request to be treated as an equivalent hearing when notified by Collection of an untimely CDP hearing request.
5. Late CDP hearing requests are not automatically treated as equivalent hearing requests. However, treat a late filed CDP hearing request as a request for an equivalent hearing if:
 - The taxpayer has checked the Equivalent Hearing box on the Form 12153 or
 - Otherwise indicated in writing that the taxpayer wishes an equivalent hearing.
6. For late filed CDP hearing requests where the taxpayer has not checked the box on Form 12153 or otherwise indicated in writing that the request is to be treated as a request for an equivalent hearing, notify the taxpayer either in orally or in writing of the late filed request and advise the taxpayer of the right to request an equivalent hearing. Explain to the taxpayer that:
 - A. A CDP hearing and an equivalent hearing are substantially the same, but there is no judicial review of an equivalent hearing.

B. the taxpayer is entitled to challenge in the hearing Collections' determination that the request is untimely.

If the taxpayer indicates either orally or in writing that the CDP request should be handled as an equivalent hearing request, process the CDP request as a request for an equivalent hearing. There is no need for the taxpayer to file a separate request for an equivalent hearing.

7. If the taxpayer has requested an Equivalent Hearing using Form 12153 or submitted the request in writing, the request for the equivalent hearing should be stamped with a received date. Use the received date in the office listed on the CDP hearing notice to determine the timeliness of the equivalent hearing request. If the received date is after the one-year time frame for filing and equivalent hearing request but the request was postmarked timely, use the postmark date as the receipt date. *IRM 5.19.8.4.7.*, Processing CDP and Equivalent Hearing Requests.

Note:

When there are multiple date stamps, circle in red the date-stamp used in determining timeliness.

- 8. If a taxpayer has elected to treat the CDP hearing as an equivalent hearing request, use the postmark date of the CDP hearing request as the date the request was submitted. If the taxpayer submitted a CDP hearing request within the one-year period and the taxpayer responded within the 15-calendar-day time period that the taxpayer wanted an equivalent hearing but the taxpayer's response was later than the one-year period, the request for equivalent hearing is timely.
- 9. A taxpayer's request for an equivalent hearing can be submitted via facsimile (FAX). The transmission date will be the received date. Retain the transmittal sheet along with the hearing request.
- 10. When an equivalent hearing request is untimely (after the one-year time frame), the request must be sent to Appeals for a separate timeliness determination.

**5.19.8.4.3.1 (02-03-2014)
Separate Timeliness Determinations**

- 1. In the following situations, hearing requests must be sent to Appeals for a separate timeliness determination:
 - A. CDP hearing requests that were untimely received and the taxpayer did not request an equivalent hearing.
 - B. CDP hearing requests that were timely received yet unprocessable, and after 15 days the taxpayer perfects the request or partially perfects the request so the request is processable and the taxpayer does not want an equivalent hearing.
 - C. Equivalent hearing requests that were untimely (after the one-year time-frame) received.
 - D. Equivalent hearing requests that were timely yet unprocessable and, after the 15 days and after the one-year time period for requesting an equivalent hearing, the taxpayer perfects the request or partially perfects the request so that it is processable but untimely. *IRM 5.19.8.4.2.1.*, CDP Hearing Request - Timeliness and *IRM 5.19.8.4.3.*, Equivalent Hearing (EH) and Timeliness of EH Requests.
- 2. Procedures for Separate Timeliness Determinations:

If	And	Then
a CDP request is filed late	the taxpayer has indicated on the request that it is to be treated as a request for an equivalent hearing (EH)	continue routine case building as an EH and forward to Appeals.
a CDP request is filed late	the taxpayer has <u>not</u> indicated that the request is to be treated as an EH	<ul style="list-style-type: none"> A. Make one phone call attempt to the taxpayer and advise of his/her right to request an EH B. If no phone contact on first attempt, send a letter advising the taxpayer of his/her right to request a (EH). C. clearly document this contact on AMS history. D. allow the taxpayer 15 calendar days to respond.
the taxpayer responds affirming that the request be treated as an EH		<ul style="list-style-type: none"> A. clearly document the contact on AMS, B. continue building the case and forward it to Appeals.
there is no response from the taxpayer		<ul style="list-style-type: none"> A. clearly document AMS, B. forward the request to Appeals for a Separate Timeliness Determination. C. After the timeliness determination is received from Appeals, contact the taxpayer either verbally or in writing of the determination.
the taxpayer disputes the timeliness determination that the request is not timely,		<ul style="list-style-type: none"> A. clearly document the contact on AMS, B. forward the request to Appeals for a Separate Timeliness Determination. C. After the timeliness determination is received from Appeals, contact the taxpayer either verbally or in writing of the determination. D. If the taxpayer does not concur with the decision, inform the taxpayer of his or her rights under CAP or assistance from TAS.
the taxpayer has requested an equivalent hearing after the one-year period,		<ul style="list-style-type: none"> A. clearly document the contact in AMS history, B. forward the request to Appeals for a Separate Timeliness Determination, C. After the timeliness determination is received from Appeals, contact the taxpayer either verbally or in writing of the determination.

the taxpayer has requested an equivalent hearing that is timely but unprocessable,	after the 15 days and the one year period, the taxpayer perfects or partially perfects the request so that it is processable but untimely,	<p>A. clearly document the contact in AMS history,</p> <p>B. forward the request to Appeals for a Separate Timeliness Determination,</p> <p>C. After the timeliness determination is received from Appeals, contact the taxpayer either verbally or in writing of the determination.</p>
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- Do not enter the case (Separate Timeliness Determination) on to the CDP Tracking System.
- ACS Support cases are to be faxed to the Appeals Processing Service (APS) sites below based on the location of the taxpayer. Prominently indicated in the remarks section of the fax sheet: **SEPARATE TIMELINESS DETERMINATION**.

If taxpayer resides in:	Then FAX to:	Point of contact:
AL, CT, DC, DE, FL, GA, IN, KY, LA, MA, MD, ME, MI, MO, MS, NH, NC, NJ, NY, OH, PA, RI, SC, TN, VA, VT, WV	APS, Team 2, Memphis, TN (fax#901-786-7452)	APS Team 2, Manager, (901-786-7512)
AK, AR, AZ, CA, CO, HI, IA, ID, IL, KS, MN, MT, NE, ND, NM, NV, OK, OR, SD, TX, UT, WA, WI, WY	APS, St. Paul, MN (fax# 877-806-3806)	Lisa Fuechtmann (612-913-4753)

- The following documents should be faxed to Appeals for the Separate Timeliness Determination:
 - Form 12153
 - CDP notice (LT11 / letter 1058, letter 3172, etc.)
 - Envelope
 - Copy of letter sent to taxpayer
 - Copy of AMS history as it pertains to the timeliness determination
- Send the case to the appropriate APS and document AMS history: "To Appeals for Timeliness Determination".
- Indicate on ACS (S8) a 10 day follow-up for these cases.
- Within five days of receipt, Appeals will make separate timeliness determinations and respond back to ACS Support (ACSS). Appeals will furnish to ACSS via fax, a copy of Form 5402 and the appropriate pro-forma memo explaining the decision.
- Handle any inquiries from the taxpayer on this matter. Do not refer them to Appeals.
- If Appeals disagrees with the ACS determination an STD, i.e., ACS classifies it as an equivalent hearing and Appeals determines the request is timely, Appeals will return the case and direct ACS to develop the case following regular procedures and return it to Appeals as a CDP case. All STDs (whether agree or disagree) will be returned with a Form 5402 which will either state that Appeals agrees with the timeliness determination or that Appeals disagrees and instructs ACS on what needs to be done. Appeals may agree with some periods and disagree on others. This will also be indicated on the Form 5402.

5.19.8.4.3.2 (08-27-2010)

Perfection of Timely Equivalent Hearing Requests

- In some cases, Forms 12153 or other written request for equivalent hearing are timely filed but must be made processable. An unprocessable Equivalent hearing Request:
 - not signed
 - signed but the signer is not authorized to sign on behalf of the taxpayer (ex: an unenrolled return preparer)
 - signed but does not have authorization (no POA on file)
 - does not have a valid SSN, ITIN, EIN, and one could not be identified
 - taxpayer fails to check a box and/or does not list a reason for the dispute or disagreement
- If a request for an equivalent hearing is filed timely, but needs to be perfected, attempt to contact the taxpayer and allow a reasonable period of time, generally 15 calendar days for the taxpayer to perfect the request. If the taxpayer meets this requirement the request is timely filed.

Note:

If the taxpayer demonstrates that the late response was due to extenuating circumstances, such as being in the hospital or out of the country during that period, then treat the request as timely.
- Missing information (except signatures) may be obtained by phone and written in. However, if the taxpayer indicates frivolous reasons for the hearing request or is evasive, request the missing information in writing.
- If the taxpayer makes the unprocessable request processable after the 15-day period, the request will be considered processable provided it is made before the one-year period for requesting an equivalent hearing expires.
- If the taxpayer makes the request processable after the 15-day period and after the one-year period, the taxpayer is not entitled to an equivalent hearing. Follow procedures for separate timeliness determinations in IRM 5.19.8.4.3.1(2).
- If after the perfection process the request is still not processable, the taxpayer is not entitled to an equivalent hearing.
 - Notify the taxpayer either orally or in writing that the taxpayer's request for an equivalent hearing can not be processed. Document the contact on AMS.
 - Explain that the taxpayer is eligible to make another request for an equivalent hearing on or before the expiration date of the one-year period applicable to IRC 6320 or 6330.
 - Document AMS history with the reason why the request could not be processed. Include a copy of the hearing request, the AMS history, and any written correspondence to and from the taxpayer in the case file.
- If a late filed CDP request is treated as a request for an equivalent hearing and is incomplete, follow the perfection procedures above.

5.19.8.4.3.3 (02-03-2014)

Other EH Perfection Situations

1. Below are additional situations you may encounter while reviewing / perfecting Equivalent Hearing (EH) requests:

IF	THEN
Taxpayer has already had a CDP/EH hearing for the tax periods indicated on the hearing request,	<p>A. Notify the taxpayer by phone or in writing that he / she has already had a CDP/EH hearing for the periods indicated, and that they are entitled to only one hearing for each tax period (see IRM 5.19.8.2). Also inform the taxpayer of any other appropriate options, e.g. CAP.</p> <p>B. Close the case.</p> <p>C. Document AMS.</p>
A lien notice or a levy notice has not been issued to the taxpayer for the tax periods indicated on the CDP/EH hearing request,	<p>A. Notify the taxpayer by phone or in writing that a Notice of Intent to Levy, LT11/1058 or Notice of Federal Tax Lien, letter 3172 has not been issued for the tax periods indicated, therefore he / she is not entitled to a hearing. Also inform the taxpayer of other options, e.g. CAP if appropriate.</p> <p>B. Close the case</p> <p>C. Document AMS.</p> <p>Note:</p> <p>If a lien notice or levy notice <i>is going to be filed or issued</i>, advise the taxpayer that he or she is entitled to a CAP hearing.</p>

5.19.8.4.4 (01-01-2015)

Invalid CDP Levy Notices and Rescinding a Notice of Intent to Levy / Notice of a Right to a Hearing

1. Notice of Intent to Levy and Notice of Your Right to a Hearing is only to be issued when levy is the next planned action.
2. If a CDP notice is **invalid**, a substitute notice must be issued in order for the taxpayer to be entitled to a hearing. Situations warranting the issuance of a substitute CDP notice because the CDP notice was invalid include when the taxpayer:
 - A. Did not receive the CDP notice because it was not sent to the taxpayers last known address (in which case the notice is invalid).
 - B. Is in bankruptcy and the automatic stay prohibits the issuance of collection notices and collection by levy (in which case the CDP levy notice is treated as void and invalid). The substitute CDP notice can be issued when the automatic stay is no longer in effect.
 - C. Did not receive a CDP notice because it was not sent individually to each joint filer. A notice may be valid as to one or both of the joint filer(s) if there is proof that person actually received the notice or that person timely requested a CDP hearing
 - D. Receives a notice that inadvertently includes an SRP liability (MFT 35).

IF	THEN
The taxpayer did not receive the CDP notice because it was not sent to the last known address,	<p>A. Send letter 3790C, Invalid CDP Notice - Notice of Intent to Levy - No Withdrawal Required,</p> <p>B. research for the correct last known address and issue the substitute notice.</p> <p>C. Follow steps in (5) below regarding input actions for invalid notices,</p> <p>D. Notate AMS.</p>
The taxpayer is in bankruptcy and the automatic stay prohibits the issuance of collection notices and collection by levy,	<p>A. Send letter 3790C, Invalid CDP Notice - Notice of Intent to Levy - No Withdrawal Required,</p> <p>B. follow steps in (5) below,</p> <p>C. notate AMS.</p> <p>Note:</p> <p>Corrective actions must be initiated within two work days of knowledge of the violation (see IRM 5.6.3.5.1).</p>
The taxpayer did not receive a CDP notice because it was not sent individually to each joint filer.	<p>A. Issue the substitute notice to the individual taxpayer that did not receive a notice.</p>
<p>If a taxpayer makes a timely hearing request from a CDP levy notice that is invalid because it was:</p> <ul style="list-style-type: none"> • not sent to the last known address or • not sent individually to a joint filer, 	<p>treat the request as timely. By making a timely request, the taxpayer is deemed to have waived any defect in the issuance of the CDP notice.</p> <p>Note:</p> <p>A taxpayer is not entitled to a CDP hearing pursuant to a CDP levy notice issued in violation of the automatic stay.</p> <p>Note:</p> <p>Input address change as appropriate if the taxpayer's address has changed since the Last Known Address.</p>

3. The time period for requesting a hearing is suspended while the taxpayer is:
 - in a combat zone,
 - part of a contingency operation away from the taxpayer's permanent duty station, or
 - recuperating during a qualified hospitalization,

plus 180 days (section 7508 status). Check IDRS for any Transaction Code (TC) 500 that may extend the 30-day period for requesting a hearing. (See IRM 5.19.7.3.11.5). The time period for requesting a hearing resumes when the section 7508 status ends (e.g. combat zone exit date plus 180 days). Because the time period for requesting a hearing is extended when the taxpayer is in section 7508 status, the time period for rescinding the notice is also extended. CDP requests that appear untimely may in fact be timely if made by taxpayers who were in section 7508 status at the time of the original notice issuance or during the time period for requesting a hearing. Look for prior TC 500s and their reversals on all untimely requests and compare those to the CDP notice dates. The TC 500 indicates the date the taxpayer entered section 7508 status and its reversal indicates the date of exit from a combat zone, contingency operation or qualified hospitalization. All requests received in that time-frame or during the following 180 days should be honored as timely, with an explanation on the case when sent to Appeals.

Note:

If the taxpayer has requested a CDP hearing, the Service cannot rescind the CDP notice but shall delay the CDP hearing in accordance with section 7508.

4. If a taxpayer is entitled to relief under the Servicemembers Civil Relief Act of 2001, the request should be worked by Appeals in the CDP or Equivalent Hearing if the taxpayer requests a hearing.
5. (When a CDP levy notice is invalid, take the following action:
 - input Transaction Code (TC) 972, Action Code (AC) 069 to reverse each TC 971 that has already been input for the invalid notice. The input date for each TC 972 must be the same as the date for the TC 971 it is reversing.

Note:

TC 971 AC 069 need not be reversed if the taxpayer has submitted a timely hearing request from an invalid notice sent to an address other than the taxpayer's last known address or not mailed to a joint filer individually.

Note:

Input address change as appropriate if the taxpayer's address changed since the Last Known Address.

6. A valid CDP levy notice issued in error can be **rescinded** but only if:
 - A. the rescission is accomplished before the expiration of the time period in which the taxpayer may request a CDP hearing; and
 - B. the taxpayer has not requested a CDP hearing.
7. You should rescind a valid CDP levy notice during the 30-day period for requesting a hearing before you receive a taxpayers hearing request if you learn that the notice was issued when the case is in a status in which levy action is prohibited. Rescission is not permitted once the 30-day period expires or the taxpayer makes a timely hearing request. Situations where levy action is prohibited after a valid CDP levy notice is sent include:
 - during a pending offer-in-compromise
 - during a pending installment agreement request
 - when an installment agreement is in effect; and
 - during a pending innocent spouse request.

IF	THEN
A notice was issued in any of the above listed prohibited situations,	A. send letter 3788C, Rescission letter-Notice of Intent to Levy Issued Erroneously, to the taxpayer B. follow steps in (13) below regarding input actions for rescinding notices.

8. Use Letter 3788C Rescission Letter - Notice of Intent to Levy Issued Erroneously, to notify the taxpayer. The letter explains the Notice of Intent to Levy and Notice of Your Right to a Hearing is rescinded and as a result any CDP hearing request submitted after the date of the letter is disregarded. It also explains that the taxpayers CDP hearing rights are preserved.
9. If you receive a properly addressed, timely hearing request after sending the letter 3788C, check the dates to see which was mailed first (check the postmark date on the request).

IF	THEN
If the taxpayers request pre-dates the date of the letter 3788C,	A. the letter 3788C is ineffective and the CDP rights cannot be rescinded. Forward the request to Appeals for resolution. B. Notate AMS.

Note:

If the timely hearing request was not properly addressed, use the date of the receipt of the request. The CDP levy notice is rescinded if the Letter 3788C was mailed before the hearing request was received.

10. If the taxpayer submits a hearing request in response to a valid CDP levy notice issued when levy is prohibited and the CDP notice has not been previously rescinded, the taxpayer is still entitled to a CDP hearing. Explain the error to the taxpayer. If the taxpayer no longer wants a hearing, the taxpayer must withdraw the request for a hearing. Refer to *IRM 5.19.8.4.8*, Withdrawal of a Request for a CDP hearing or Equivalent hearing Request. Explain to the taxpayer that if the hearing request is withdrawn, the proposed Offer-in-Compromise, installment agreement request, or innocent spouse claim will not be considered as part of the CDP process, and he or she will not get another opportunity for a CDP hearing.
11. In situations where a valid CDP levy notice was previously issued, and a subsequent CDP levy notice is issued in error, the notice issued in error does not afford the taxpayer an additional opportunity to request a hearing. Timeliness of any hearing request is based on the date of the original CDP levy notice.
12. If you encounter a case where it would seem inappropriate to rescind a CDP levy notice that was issued in error, notify management and Headquarters so they can help you make a case-specific decision.
13. When a notice is rescinded, take the following actions:
 - A. Input a TC972 AC069 on the related module(s) to show the notice was rescinded.
 - B. Close an open IDRS control (C#,RSCNDLT11,C).
 - C. Input an IDRS history if no open IDRS controls (H,RSCNDLT11).

D. Input into AMS history (MCLT,,RSCNDLT11) along with comments, " Rescinded due to pending OIC, pending IA, etc. No withdrawal required.," along with any other pertinent information.

E. If Form 12153 or correspondence from the taxpayer was received, input a TC 290 with appropriate blocking to file it with the original return (See Document 6209, ADP and IDRS Information).

5.19.8.4.5 (02-03-2014)

Invalid CDP Lien Notices and Rescinding Letter 3172(DO), Notice of Federal Tax Lien Filing and Your Right to a Hearing Under IRC 6320

1. Tax modules with liens are identified as follows:

- On IDRS, a TC 582 posts to each affected tax period when a Notice of Federal Tax Lien (NFTL) is filed through the Automated Lien System (ALS).
- On ACS, the entity screen displays literal LIEN if a NFTL has been filed on all ACS modules; an asterisk to the right of the LIEN means not all modules have a lien filed indicator. Check the tax module screen that displays the literal LIEN for each module on which a lien has been filed.

2. If CDP lien notice is invalid, a substitute notice must be issued in order for the taxpayer to be entitled to a hearing. Situations warranting the issuance of a substitute CDP notice because the CDP notice was invalid include when the taxpayer:

- A. Did not receive the CDP notice because it was not sent to the taxpayer's last known address (in which case the notice is invalid). If the taxpayer makes a timely request from the invalid notice, a substitute notice need not be issued.
- B. Did not receive a CDP notice because it was not sent individually to each joint filer. A notice may be valid as to one or both of the joint filer(s) if there is proof that person actually received the notice or that person timely requested a CDP hearing. If the taxpayer makes a timely hearing request from the invalid notice, a substitute notice need not be issued.

IF	AND	THEN
The taxpayer did not receive the CDP lien notice because it was not sent to the last known address,	the taxpayers hearing request is received timely	A. Treat the request as timely, process the case routinely, B. Input the correct address, C. Notate AMS.
	the taxpayers hearing request is not received timely	A. Issue a substitute notice to the taxpayer at the correct address, B. Notate AMS.
The taxpayer did not receive a CDP lien notice because it was not sent individually to each joint filer.	the taxpayers hearing request is received timely	A. Treat the request as timely, process the case routinely, B. Input the correct address for that joint taxpayer, C. Notate AMS.
	the taxpayers hearing request is not received timely	A. Issue a substitute notice to the taxpayer at the correct address, B. Notate AMS.
The taxpayer makes a timely hearing request from a CDP lien notice that is invalid because is was: <ul style="list-style-type: none"> • not sent to the last known address or • not sent individually to a joint filer, 		treat the request as timely. By making a timely request, the taxpayer is deemed to have waived any defect in the issuance of the CDP notice. Note: Input address change as appropriate if the taxpayer's address has changed since the Last Known Address.

3. The time period for requesting a hearing is suspended while the taxpayer is in any of the following situations plus 180 days (section 7508 status):

- in a combat zone
- part of a contingency operation away from the taxpayer's permanent duty station, or
- recuperating during a qualified hospitalization

Check IDRS for any Transaction Code (TC)500 that may extend the 30-day period for requesting a hearing. (See IRM 5.19.7.3.11.5). The time period for requesting a hearing resumes when the section 7508 status ends (e.g. combat zone exit date plus 180 days). CDP requests that appear untimely may in fact be timely if made by taxpayers who were in section 7508 status at the time of, or entered 7508 status shortly after, the filing of the NFTL that triggered the Letter 3172. Look for prior TC 500s and their reversals on all untimely requests and compare those to the CDP hearing request dates. The TC 500 indicates the date the taxpayer entered section 7508 status and its reversal indicates the date of exit from a combat zone, contingency operation or qualified hospitalization. If the taxpayer requests a hearing while in section 7508 status, then the hearing request should be deemed timely if the TC 582 has a date during the section 7508 status or within 45 days before the TC 500. If the taxpayer requests a hearing after the end of the section 7508 status (reversal of TC 500 plus 180 days), check to see if the TC 582 that triggered the Letter 3172 is dated during the section 7508 status. If so, treat the hearing request as timely if it is made within 45 days after the end of the section 7508 status.

4. In situations where a valid CDP lien notice was previously issued and a subsequent CDP lien notice is issued in error, the notice issued in error does not afford the taxpayer an additional opportunity to request a hearing. Timeliness of any hearing request is based on the date of filing of the NFTL.

5. A valid CDP lien notice issued in error can be rescinded but only if:

A. Within the time period for requesting a CDP hearing the Service agrees either to withdraw the NFTL or release the federal tax lien;

Note:

The Notice of NFTL Withdrawal or Certificate of Release of the lien need not be filed within the time period for requesting a hearing.

B. The rescission is accomplished before the expiration of the time period in which the taxpayer may request a CDP hearing; and

C. The taxpayer has not requested a CDP hearing.

Note:

The CDP lien notice is valid and the taxpayer is entitled to a hearing if requested even though the NFTL is ineffective, for example, because a recording office never receives the NFTL or because the NFTL was filed in violation of the bankruptcy automatic stay (see below). Refer to IRM 8.22.5.4.2.4.2 for procedures on how Appeals should address an ineffective NFTL in a CDP hearing. If a NFTL violated the automatic stay, contact Insolvency to have the NFTL withdrawn. See IRM 5.9.3.5.1.

6. Insolvency Groups are responsible for deciding if a lien notice may be rescinded when an NFTL filed in violation of the automatic stay is withdrawn. Advisory Groups are responsible for deciding if a CDP lien notice may be rescinded when a NFTL is withdrawn for any other reason, including because the taxpayer is in a combat zone. See IRM 5.12.9.6.6, for rescission procedures. Insolvency or Advisory Group employees may contact you to find out if and when a taxpayer requested a hearing from a CDP lien notice.
7. Contact the appropriate Advisory Group to request withdrawal of a NFTL filed while the taxpayer is in a combat zone, part of a contingency operation away from the taxpayers permanent duty station recuperating during a qualified hospitalization, or during the following 180 day period (section 7508 status).
8. If you are aware of any extraordinary issues in the case that point to not withdrawing the lien, let management and Headquarters know so they can help you make a case specific decision.

5.19.8.4.6 (08-27-2010)

Collections Action During the CDP Appeal Period

1. If the taxpayer files a timely appeal during the IRC 6330 notice period, levy actions, except in jeopardy situations, levies on state income tax refunds or Disqualified Employment Tax Levies (DETL), must be suspended during the appeal period and during any further appeals to Tax Court. Levy action also must be suspended during the period in which the taxpayer has a right to request a hearing under IRC 6320 or 6330.
2. Levy action is only required to be suspended for the periods that are the subject of the CDP hearing for which a timely request has been filed.
3. Levy action can continue on tax periods not subject to the CDP hearing, provided all pre-levy notifications have been met. Levy action is only suspended for periods subject to the CDP hearing. Levy action for non-CDP periods can be taken when appropriate, such as when the taxpayer continues to pyramid trust fund tax liabilities or otherwise puts collection at risk. When it is determined that levy action for non-CDP periods during the appeal is appropriate, contact Appeals to determine if they have any new information that could affect the decision to take enforcement action.

Caution:

If Appeals has determined economic hardship within the meaning of IRC 6343 or secured an installment agreement or offer in compromise, levy action is not appropriate even for non-CDP periods.

4. A Notice of Federal Tax Lien (NFTL) may be filed for tax periods and taxes whether or not covered by the CDP notice issued under IRC 6330.
5. When a taxpayer files a timely request for a CDP hearing during the IRC 6320 notice period, levy actions are not required to be suspended. However as a general rule, levy action is suspended pending the Appeals determination on the lien. Levy action can be taken if it is determined that collection is at risk such as when the taxpayer continues to pyramid trust fund tax liabilities. Prior to initiating levy action against tax modules that are the subject of a CDP hearing under IRC 6320, contact Appeals to advise them that levy action is planned. Determine if Appeals has new information that may affect the decision to levy. Managerial approval is required for levy under these circumstances.
6. In joint liability situations, where only one spouse has requested a CDP hearing, levy action can continue with respect to the spouse who has not requested a CDP hearing. This may occur in situations where the spouses are separated or divorced. Otherwise, levy action will generally be suspended for both spouses. If the hearing request was intended to cover both taxpayers, the CDP hearing request can be amended to list both spouses. The spouse whose name is added should also sign the request for a CDP hearing.
7. Levy action during an equivalent hearing is not required to be suspended. However, as a general rule, even when not required by statute, levy action is suspended during the Appeal period. Levy action can be taken if it is determined to be appropriate in the situation. Determine if Appeals has new information that may affect the decision to levy. Managerial approval is required for levy under these circumstances. Levy action may be appropriate if:
 - collection is at risk (CSED is within 2 years or less, the taxpayer is dissipating assets or pyramiding additional liabilities)
 - the taxpayer raises only frivolous issues
 - the taxpayer is solely seeking to delay the collection process
8. Automated levies however, such as SITLP (State Income Tax Levy Program) or FPLP (Federal Payment Levy Program) are not suspended, while the equivalent hearing is pending.
9. Prior to initiating levy action against tax modules that are the subject of a CDP hearing under IRC 6320 or 6330, contact Appeals to advise them that levy action is planned. Determine if Appeals has new information that may affect the decision to levy. Managerial approval is required for levy under these circumstances. The levy action can be appealed under CAP while the equivalent hearing is in process on the notice periods. *IRM 5.19.8.4.16.*, Collection Appeals Program (CAP) Procedures. Note in the AMS Case History that collection is being pursued and the reason why.

Example:

The CDP request was not timely and the case is being prepared to go to Appeals for EH. The CSED will expire within two years. After contacting Appeals and reviewing the information obtained, you determine that a levy will not cause economic hardship and your manager approves the levy. Note in the case file that the request is not a timely CDP request, the levy will not cause economic hardship, the CSED is within two years, and levy has been issued.

10. In a situation where a levy has been issued, and then the taxpayer files a hearing request, either for a timely CDP hearing under IRC 6320 or an equivalent hearing under IRC 6320 or 6330, determine if the levy should be released. See IRM 5.19.4.4.10, Levy Release: General Information.

Example:

The taxpayer does not respond to the pre-levy notice. A continuous wage levy is issued. The ACS employee then files a Notice of Federal Tax Lien. The taxpayer receives the IRC 6320 CDP hearing notice and files a timely request for a CDP hearing. A decision needs to be made whether to release the levy. Release of levy is not required unless economic hardship is determined or Appeals determination provides for a release.

11. If a FPLP levy is to be released, the tax period must be blocked using TC 971 ac 061 in order to prevent the levy from being reissued. See IRM 5.19.9.3.6, FPLP Levy Release: General Information and IRM 5.19.9.3.2.3, Block / Unblock Actions.
12. If it is determined that the notice under IRC 6330 and notice of intent to levy was not properly mailed to the taxpayer's last known address, release the levy and re-send the notice (Input TC972/069). Proper notification under IRC 6330 is required prior to levy action.
13. If the levy is not released and the taxpayer indicates a need for a quick resolution, the taxpayer may request CAP or assistance from TAS.

5.19.8.4.7 (08-27-2010)

Processing CDP and Equivalent Hearing Requests

1. Form 12153, Request for Collection Due Process or Equivalent Hearing, or any written request for CDP or equivalent hearing received in the ACS Support/CDP Unit must be developed promptly and effectively to ensure that the taxpayers' due process rights are protected. The request must be assigned to a case worker and the actions as detailed under "Initial Actions" (*IRM 5.19.8.4.7.5.*) must be completed within 5 business days of receipt in the Unit. CDP cases must be built and forwarded to Appeals within 45 days of receipt in ACS Support.
2. **Quality and Timely Responses** - To ensure adherence to IRM 21.3.3.3.4, Quality and Timely Responses, initial contact must be made with the taxpayer either by phone or mail within 30 days of the IRS received date. If the Form 12153 or any other written request is assigned in CDP later than 30 days from the IRS received date, then the initial contact, either by phone or letter, must be made within 5 workdays of assignment in CDP. The initial contact must give the taxpayer a contact and phone number in CDP and an expected time frame for the next contact. A copy of the letter should be maintained in the case file. If a copy of the letter is not maintained, or a telephone contact was made, then the time frame (date) given to the taxpayer must be documented on AMS history and recorded on the case history sheet. When forwarding the case to Appeals, ensure that the taxpayer has been notified either by phone or in writing of the transfer.
3. You must multi-task all aspects of the process. An example of this would be that all the following actions would be taken on the same day (call taxpayer to acknowledge Form 12153 and request any additional information, request return from files, order a Record of Accounts, update IDRS/AMS/CDPTS). If there are multiple tax periods, even though all must be controlled on IDRS, only one needs to be updated to reflect actions taken and follow-up dates. Some centers use cc:ACTONB and update all tax modules even though this is not a requirement of the IRM. When sending the case to Appeals however, all tax modules must be re-controlled according to *IRM 5.19.8.4.9.*, Forwarding Cases to Appeals.
4. **Unauthorized 3rd Party** - Do not disclose any information to an unauthorized third party. If corresponding with the taxpayer, enclose the form 2848 Power of Attorney and Declaration of Representative and use correspondex letter 2935c. See IRM 21.1.3.2, General Disclosure Guidelines.
5. **Case History**- each action taken must be recorded on AMS/Case History Sheet with the date the action was taken, the action taken, and the follow-up date. By leaving a clear history trail, anyone that picks up your case will be able to quickly identify what has been done on the case, and when it is time to take the next action.
6. If a request is received on a case assigned to a revenue officer (RO), notify the RO of the request by documenting the ICS system (if you have access), by secure email or by faxing the hearing request. If the RO has had contact with the taxpayer, the RO should contact the CDP Unit to have the hearing request sent to the RO for processing to Appeals. The same procedure applies if ACS issues a CDP levy notice or CDP lien notice and the case is assigned to an RO by the time the CDP request has been received.

5.19.8.4.7.1 (02-03-2014) Determining Timeliness

1. Upon receipt of the Form 12153 or other written request for a CDP or equivalent hearing, determine if the request is timely. *IRM 5.19.8.4.2.1.*, CDP Hearing Requests - Timeliness or *IRM 5.19.8.4.3.*, Equivalent Hearing (EH) and Timeliness of EH Requests.
2. Ensure that an IRS received date is stamped or noted on the Form 12153, Request for Collection Due Process of Equivalent Hearing, taxpayers' correspondence or any other documentation that is being used as the Appeals request and keep the envelope attached.

Note:

When there are multiple date stamps, circle in red, the date-stamp used in determining timeliness.

3. Use the following steps to determine timeliness of CDP or equivalent hearing requests:
 - A. Determine the date the CDP lien notice or levy notice was mailed. If the taxpayer has attached a copy of the CDP lien notice (letter 3172), use the "file-by date" to determine timeliness. If the taxpayer has attached a copy of the CDP levy notice (e.g. LT11), use the date of the notice as the beginning of the 30-day period.

Caution:

Timeliness will not be based on a POA letter LT11(NC), (formally LT12). If an LT11(NC) is attached to the CDP request, use the TC971 ac 069 date to determine timeliness. If there are periods on the LT11(NC) that are not on the taxpayer's copy (LT11), (these periods will have no TC971 ac 069 on the tax module) they will not be included in the CDP hearing. An LT11 must be generated for the periods on the POA copy but not on the taxpayer's copy if a hearing is desired for them.

- B. If the taxpayer did not include a copy of the letter 3172, obtain a copy of the Letter from the Automated Lien System to determine the "file-by date" .
- C. If the taxpayer does not include a copy of the CDP levy notice (LT11, LT73, CP92, CP242, CP90, CP297 or CP77), use the TC971 ac069 date to determine timeliness. The information is also available on the Collection Due Process Certified Mail System (CDP-CMS).

Note:

When a CDP levy notice is sent, a future date (a Monday) is assigned by which the notice will be sent. This notice is annotated on IDRS/MF by a TC971 ac069, along with the notice date. Then the CDP notice will be printed and mailed, at the latest, the Saturday before the Monday date on the CDP notice. If the date the notice is delivered to the U.S. Postal Service for delivery by certified mail is actually later than the date on the notice, then the date of the certified mailing is the date from which the 30-day period is measured.

- D. If the request for hearing is postmarked on or prior to the end of the period for requesting a hearing, then generally there shouldn't be any question as to timeliness.

Note:

If the postage of the hearing request is facilitated by postage meter, the date indicated on the metered mail stamp is also acceptable.

- E. Use the IRS received date if the CDP request is received within the period for requesting a hearing.
- F. If the IRS received date is after the time frame for filing a timely CDP hearing request, use the postmark date. Keep the envelope in which the hearing request was mailed attached to the hearing request.
- G. If the deadline of the 30th day is a Saturday, Sunday or federal holiday and the postmark is the next business day, then it is timely.
- H. If the postmark date is illegible or the envelope is missing, subtract (3 days for regular mail / 7 days for overseas, unless you can document why another date was used), from the IRS received date.
- I. If the postmark date is illegible or the envelope is missing and there is no IRS received date, use the signature date.
- J. Timely mailed constitutes timely filed if the taxpayer's request for a CDP or equivalent hearing is correctly addressed to the IRS office listed in the CDP Hearing Notice. If the CDP or equivalent hearing request is not addressed to the correct office as indicated in the CDP notice, the date to determine timeliness is the date the request is received by the IRS office to which the request should have been sent. However, if the address does not appear on the notice, or if it is determined that the taxpayer received erroneous instructions from an IRS employee resulting in the request being sent to the wrong office, use the postmark date to that office to determine timeliness.
- K. If the hearing request is filed within the time period prescribed by IRC 6320 or 6330, or the one-year period for equivalent hearings, the request is timely.
- L. If after the above steps, the request for hearing under 6330 is still untimely, obtain the certified mail list within two weeks of your receipt of the Form 12153. Request the certified mail listing if the taxpayer has not sent a copy of the LT11, CP92, CP242, CP90, CP297 or CP77, if it is needed. The two week time frame should give you enough time to work the case to the point that you know whether or not the certified mail listing will be needed. If there is no question that the request is timely,

then there is no reason to request the listing. See IRM 5.19.8.4.7.1.1 for instructions on requesting certified mail listings.

- M. If after the above steps the request for a CDP or equivalent hearing under IRC 6320 is still untimely, check the Automated Lien System to determine the date by which the taxpayer must file his/her request. This is indicated as the "respond by date".
- N. A taxpayers' request for a CDP or equivalent hearing can be submitted via facsimile (FAX). The transmission date will be the received date. The transmittal sheet should be retained along with the hearing request. If the deadline of the 30th day is a Saturday, Sunday, or federal holiday and the facsimile transmission date is the next business day, consider the request timely.
- O. To determine if a request for equivalent hearing under section 6320 is within the one-year period, check the Automated Lien System to determine when the NFTL was printed. Using the print date, add 10 business days plus one calendar year to determine the date by which the taxpayer must file his/her request.
- P. To determine if a request for equivalent hearing under section 6330 is within the one year period, add one calendar year to the mailing date of the CDP notice. Use the certified mail date if necessary.

5.19.8.4.7.1.1 (09-02-2009) Certified Mail Listing

1. The delivery status of certified mailings, which may also include an image of a signature if received, are maintained on the Certified Mail Repository (CMR). The CMR is a part of the Notice Delivery System (NDS) which is maintained by the Correspondence Processing Service (CPS) located at the Detroit Computing Center (DCC). CDP Coordinators may obtain certified mail listings by taking the following steps:

- A. Request the information from the Certified Mail Repository (CMR) using the CMR Template (an Excel spreadsheet) and forward it to Centralized Print CMR in DCC.
- B. CMR in DCC queries the database, locates the information and sends it to Control-D (the response will be furnished within 72 hours).
- C. The requesting CDP site looks in Control-D to find and print the information they requested.

Note:

The CMR contains current certified mail information from August 2007.

2. The Certified Mail Lists stamped by the U.S. Postal Service are forwarded to and maintained by the campus. Requests for copies of certified mail lists pertaining to CDP notices sent by ACS are processed by the campus ACS Support. If the request pertains to a mailing between May 2002 and October 2007, the CDP Certified Mail System (CDP-CMS) may be used by the CDP Coordinator to determine the location of the list. Some certified mail lists will need to be requested from the Federal Records Center (FRC).

5.19.8.4.7.1.2 (08-27-2010) CDP Hearing Requests Hand Delivered to Taxpayer Assistance Centers (TAC)

1. If a taxpayer hand carries a CDP hearing request to an IRS employee in a local TAC, the request is timely if received no later than:
 - 30 days from the date of the levy notice.
 - the "must file by" date on letter 3172.
2. The TAC employee that receives the hearing request via hand delivery shall date stamp and initial the request and then fax or send it via express mail (including envelope and all supporting documents) to the appropriate campus ACS Support CDP Coordinator within 24 hours.
3. A hearing request that is mailed to a TAC office will not be considered properly filed.

5.19.8.4.7.2 (02-03-2014) Multiple TC971 AC 069s and Determining Timeliness

1. Taxpayers are only given CDP rights once; therefore, there should not be multiple TC971 AC069 on a tax module for the same assessment. The earliest posted TC971 ac069 will be used for determining timeliness. If the request is not timely, the following must be verified before using the earliest posted TC971 ac069.
 - A. Posting of a TC971 ac 066, 067 or 068 to IDRS indicating delivery status.
 - B. Recordation of the USPS received date on the CDP Certified Mail System (CDP-CMS), if prior to October 2007. This is done by requesting a copy of the case status report.
 - C. Recordation of the USPS received date on the certified mail list. This is done by requesting a copy of the certified mail list. See IRM 5.19.8.4.7.1.1 for additional information on certified mail lists.

If any of the above cannot be verified, use the next TC971 ac069 to determine timeliness.

Note:

CP 92s are not sent return receipt requested; therefore, you will not be able to verify the posting of a TC 971 ac066, 067 or 068. CP92s are sent certified mail and a TC971 ac069 will post.

Note:

If a subsequent assessment posts to an account between the time of the most recent and an immediately preceding TC971/069, assume that the most recent TC971/069 is only for the additional assessment. In this instance, if the hearing request is timely based on the most recent notice, then the taxpayer is only entitled to a CDP hearing on the subsequent assessment. If not timely then the taxpayer will be given an equivalent hearing on the original and additional assessments.

2. The TC971 ac 069 can take up to three weeks to post.
3. If a hearing request is received and the TC971 ac 069 has not posted, access Control D to get an image of the notice.

5.19.8.4.7.3 (08-27-2010) Perfection

1. If the CDP or equivalent hearing request is timely, next determine if the request needs to be perfected. If it needs to be perfected, follow the procedures in IRM 5.19.8.4.2.2, Perfection of Timely CDP Hearing Requests and 5.19.8.4.3.2, Perfection of Timely Equivalent Hearing Requests. If perfecting information is needed from the taxpayer, use the following time frames:
 - Make one phone call attempt and request the information be sent within 15 calendar days.
 - If no phone contact on first attempt, send a letter, requesting a response within 15 days of the letter.

- Allow additional time for the taxpayer to respond if the taxpayer demonstrates that his/her lack of response was due to extenuating circumstances, such as being in the hospital or out of the country during that period. Get managerial approval if the extension is more than 15 days past the original deadline.
- If the taxpayer does not perfect the hearing request with a valid taxpayer identification number, the request does not meet the requirements for a processable CDP or equivalent hearing request. Unprocessable requests are not referred to Appeals. If the taxpayer perfects the CDP request after this time period, it may qualify for an equivalent hearing.

Note:

A Form 12153 or other written request without a valid taxpayer identification number (TIN) is considered an unprocessable request. It should not be input to the CDP Tracking System until a valid TIN is received or located on IRS computer systems.

- All missing information added during the perfection process should be added to the AMS history.

**5.19.8.4.7.4 (02-03-2014)
Signature Requirements**

1. A CDP or equivalent hearing request cannot be processed unless it is signed. The hearing request must be signed by the taxpayer or his/her authorized representative. To be an authorized representative, including a spouse, a person must have a valid Form 2848, Power of Attorney and Declaration of Representative on file with the IRS.

- If the person signing the Form 12153 or its equivalent for CDP or equivalent hearing on behalf of the taxpayer is the spouse or someone that does not have a Power of Attorney (POA), contact the taxpayer and request the filing within 15 calendar days, a written, signed statement affirming that the request was originally submitted on the taxpayers behalf. If the affirmation is not filed within 15 calendar days of the request, the CDP request will be denied with respect to the non-signing taxpayer. On a joint liability, if only one spouse's signature is present, contact the taxpayer to clarify whether the request is for both spouses and if so, to obtain the missing signature. Allow additional time if the taxpayer demonstrates that his/her lack of response was due to extenuating circumstances.
- If the CDP hearing request is filed timely but it is unsigned, first, contact the taxpayer by phone in an attempt to secure the missing signature via FAX. If unable to secure the signature via FAX, the taxpayer will be given 15 calendar days to perfect the CDP hearing request. If the taxpayer perfects the CDP hearing request within this time period, treat the CDP hearing as filed timely. When returning the Form 12153 for signature, circle out the IRS received date to show that it has been returned to the taxpayer. Make a copy and include it in for your case file. If the taxpayer does not perfect the hearing request with a signature, it does not meet the requirements for a processable CDP or equivalent hearing request. If the taxpayer or authorized representative perfects the CDP hearing request after this time period, it may qualify for an equivalent hearing.

Note:

An unsigned Form 12153 or other written request, or one with an invalid signature is considered an unprocessable request. It should not be input to the CDP Tracking System until a valid signature is received.

Note:

For additional information on Form 2848, see IRM 5.8.2.10.1.3 , Form 2848, Power of Attorney and Declaration of Representative and IRM 5.8.2.10.1 , Third Party Authorization Requests.

2. Take the following steps for an unprocessable request:

- Update ACS / AMS comments and the case history sheet with contact attempts and results.
- Remove CDP case information from ACS Notes and take the next appropriate action on ACS, **including levy**, and move to the appropriate function.
- Close your IDRS control base (e.g. C#,nosignature,C).
- Send the unsigned copy of Form 12153 without a valid signature or TIN with any other documentation to files using TC290 and appropriate blocking.
- If multiple tax periods are subject to the appeal, input the TC290 on the most current CDP period.

3. If the timely CDP hearing request does not need to be perfected, or the request is timely because it is perfected within 15 days, then suspend the CSED. *IRM 5.19.8.4.10.* , Suspension of Collection Statue of Limitations.

4. If the request for CDP hearing is untimely, determine if it qualifies as a timely request for an equivalent hearing.

5. If the CDP or equivalent hearing request is untimely, *IRM 5.19.8.4.3.1.* Separate Timeliness Determinations

6. If the taxpayer was not issued a CDP notice, contact the taxpayer and advise of his or her rights such as those available through CAP. If it is determined that the CDP notice the taxpayer received is invalid or was issued in error, refer to *IRM 5.19.8.4.4.*, Invalid CDP Notice and Rescinding a Notice of Intent to Levy and Notice of a Right to a Hearing, and *IRM 5.19.8.4.5.*, Rescinding Letter 3172(DO), Notice of Federal Tax Lien Filing and Your Right to a Hearing Under IRC 6320.

**5.19.8.4.7.5 (02-03-2014)
Initial Actions**

1. The following actions:

- Case Assignment
- CDP Tracking System (CDPTS) update
- ACS Actions
- Case Actions

are required within **five** workdays of receipt of a processable Form 12153 or other request for CDP or equivalent hearing in ACS Support / CDP Unit.

Note:

Sometimes at the direction of headquarters, CDP work must be transshipped from one site to another to balance workloads. In these situations, the date stamp of the site that receives the transshipped work will be used to base this five day requirement.

2. **Case Assignment** - Assign the case to a CDP caseworker. Establish the control base using status code "A" , Category Code "TPCI" , and Activity Codes as follows:

CDP Case Activity Codes	
CDPLV	-- for <u>timely</u> hearing request received in response to a CDP levy notice
CDPEHLV	-- for <u>untimely</u> hearing requests received in response to the CDP levy notice (Equivalent Hearing, Levy)
CDPLN	-- for <u>timely</u> hearing requests received in response to letter 3172DO Notice of Federal Tax lien (NFTL)
CDPEHLN	-- for <u>untimely</u> hearing requests received in response to letter 3172DO notice of lien (Equivalent Hearing, Lien)

CDPLV/LN -- <u>timely</u> levy notice <u>and</u> timely notice of lien on same tax period
CDPEHLV/LN -- <u>untimely</u> levy notice <u>and</u> notice of lien on the same period
RJLV-- request under retained jurisdiction for the CDP levy notice
RJLN-- request under retained jurisdiction for the lien
RJLV/LN-- request under retained jurisdiction for the CDP levy notice and notice of lien on the same period

• Example: C#,CDPEHLV,A,TPCI,employee#,IRS rec'd date of F12153

3. **CDP Tracking System (CDPTS)** - Input Stage 1 to the tracking system so that a TC 971 AC 275 or TC 971 AC 278 will post to IDRS. The date to use with stage 1 is the date the IRS office listed in the CDP hearing notice receives the hearing request. If the request was mailed to the wrong office, do not use for stage 1 the date the wrong office received the hearing request for the stage1 date. The Collection Due Process Tracking System (CDPTS) is IDRS based with a web interface for input and will track the initial receipt of the hearing request in IRS through resolution of the case in Appeals. Updates to the tracking system must be done within 5 workdays of the stage that was reached.

Note:

If the timely CDP request is in response to a Federal Payment Levy Program (FPLP), State Income Tax Levy Program (SITLP) or Alaska Permanent Fund Dividend Levy Program (AKPFD) notice, the modules will be systemically excluded from selection by these automated levy programs when the case is entered onto the CDP Tracking System (CDPTS). For this reason, it is important that cases be entered onto the CDPTS within five workdays of receipt in CDP. See IRM 5.1.9.6.3, Collection Appeal Rights, for additional information.

4. **ACS Actions -**

- Reassign the case to function "S8" . Cases in function S8 are CDP cases being built for Appeals. Only a CDP case worker has the authority to work these cases or move them from the S8 function.
- Input the following in the ACS Notes area:

If	Then
CDP issue is both levy and lien	Input: ***CDP, DO NOT Levy/Lien and tax year(s)***
CDP issue is only levy or only lien	Input: ***CDP, DO NOT Levy and tax year(s)***

- In the AMS History area, input: Form 12153 and the received date.
- Add any new phone numbers provided in the correct telephone number field on the AMS entity screen.

5. **Case Actions -**

- Review the case for completeness.
- Contact the taxpayer by phone for clarification of his request (e.g., all boxes checked) or to obtain missing information.
- If unable to reach the taxpayer by phone, write a letter to ask for any clarification needed, request missing information, and include any forms that need to be completed (e.g. Form 656, Request for Offer in Compromise, Form 433F, Collection Information Statement , Form 433-A, Collection Information Statement for Wage Earners and Self-Employed or Form 433-B, Collection Information Statement for Businesses, etc.) Give the taxpayer a 15 - day time frame for responding.

Note:

If corresponding with a Power of Attorney (POA) listed on the CAF/RAF file, just list the forms needed. Do not enclose the forms because most POAs already have them or prefer to obtain them on-line.

- Order any necessary documents from files.
- Order a Record of Accounts if the taxpayer needs a record of the account to see what has happened on the account.
- Release any outstanding levy, if not already done, except for tax periods that have already been subject to a CDP hearing. *IRM 5.19.8.4.6*.Collection Actions During the CDP Appeal Period. In this instance, you will have to reissue the levy only to include the non-CDP tax periods. If a levy is not in place, you can issue one for non-CDP tax periods. Be sure to follow levy actions per IRM 5.19.4.3.12, Issuing Levies.
- If the taxpayer raises doubt as to liability issues (e.g., audit assessments, AUR or self-assessed liabilities) or requests relief from liability (e.g., innocent spouse or interest abatements) or claims that a frivolous filer penalty should not have been assessed, clearly document this on AMS and on the case history sheet. Request the underlying assessment documents from files/AUR once to include with the case before sending it to Appeals.

Note:

Do not order the administrative file if the doubt as to liability is based on frivolous arguments. Do not order the administrative file if the assessment resulted from SFR or ASFR. Do not order the administrative file if the taxpayer does not want to work with Collection to resolve the issue.

Note:

When the taxpayer contests TFRP liability, Appeals will first review the ICS history to determine if L1153 was hand-delivered or mailed. If the L1153 was hand delivered, the ICS history entry would serve as a contemporaneous recording and prima-facie evidence and the taxpayer will not be able to challenge the liability at the CDP hearing. If the L1153 was mailed, Appeals will request a copy of it and the certified mail listing from Technical Service / Advisory. Appeals must verify that the taxpayer received the L1153.

- Update AMS as actions are completed.

6. Use the following time frames when requesting information (other than for perfection) from the taxpayer:

- Make one phone call attempt and ask taxpayer to send requested information within 15 days.
- If no phone contact on first attempt, send a letter, requesting a response within 15 days of the letter.
- Allow up to an additional 15 days past the deadline for the taxpayer to respond provided it does not exceed the time frame to forward the case to Appeals.
- If no response to the phone call or letter, continue case building for Appeals.

Note:

It is important to promptly forward CDP cases to Appeals. Avoid continued attempts to contact the taxpayer that only result in delays in case building and forwarding to Appeals.

7. Offer to work with the taxpayer to resolve the issue(s). If the taxpayer agrees to work with you, then proceed with the necessary actions and document the case file. Agreement with the taxpayer at this stage will expedite the Appeal process, not prevent it. If the taxpayer is satisfied with the resolution you reach together, offer the taxpayer the opportunity to withdraw the CDP request (see *IRM 5.19.8.4.8*). Withdrawal of a Request for a CDP or Equivalent Hearing. If the taxpayer does not agree to work with you, continue case building if necessary and promptly forward to Appeals.

Note:

If a Form 433F, Collection Information Statement (CIS) is included with the taxpayer's CDP/EH request, or is provided while you are working the case, verify the CIS per *IRM 5.19.1.1.6* paragraph (8), Financial Analysis, Verification and Substantiation. Note the results on Form 12153-B and AMS as a part of your case building before forwarding it to Appeals. If the CIS is received from the taxpayer after the case has been forwarded to Appeals, verify the CIS, note the results on AMS and forward it along with a copy of the AMS comments to Appeals. Appeals will accept as verified any CIS that Collection previously reviewed or had the opportunity to review within 12 months of receipt in Appeals. Appeals will consider corrections or revisions to the CIS noted on AMS.

8. If the taxpayer claims the balance owed was discharged in bankruptcy, ACS Support will contact the Insolvency Unit for technical advice if necessary. If not discharged and the taxpayer is unwilling to reach an alternative resolution (e.g., IA/CNC, etc.) and withdraw the hearing request, ACS Support will build the case for Appeals. You will also need to verify the validity of the CDP levy notice or 3172, if Bankruptcy was filed.

9. If a CDP levy notice was issued during the bankruptcy automatic stay, it is treated as void and invalid. Send letter 3790C and input TC 972 , AC 069, to reverse each TC971 that has already been input for the invalid notice. The input date for each TC972 must be the same as the TC971 it is reversing. In contrast, if a CDP Notice of Federal Tax Lien (NFTL) was issued during the bankruptcy automatic stay, it is valid. If an NFTL was filed during the bankruptcy automatic stay , contact Insolvency to have the NFTL withdrawn.

10. In an effort to expedite case processing, ACS Support will liaison with Exam, AUR, ASFR and Accounts Management to arrange priority handling of CDP cases with issues within their jurisdiction.

11. If a document is needed from files/AUR, ACS Support will request the document once. Per *IRM 3.5.61.1.2.3*, Priority Pull Listing, CDP will be given the same expedite pull from Files as court cases and Taxpayer Advocate cases, if "CDP/RRA 98" is noted in the remarks area of the document request. If the document is not received within 21 calendar days, ACS Support will note in the case file the date the document was requested and that it was not received, then complete case building and send the case to Appeals. A second request will not be done. If the document is received in ACS Support after the case has been sent to Appeals, recharge the document to Appeals and forward it to them for association with the CDP case.

Note:

ACS Support will request the return from files only when the taxpayer raises doubt as to liability (e.g., audit assessments, Innocent Spouse or claims that a Frivolous Filer Penalty should not have been assessed).

12. If the taxpayer includes an Innocent Spouse (IS) claim Form 8857 or Offer in Compromise (OIC) Form 656 with their CDP hearing request, inform the taxpayer that Compliance can assist them with the IS or OIC. Tell the taxpayer that the request will be forwarded to the IS or OIC area for processing. Inform the taxpayer that if the requested relief on the IS or OIC is not granted, the taxpayer may appeal that decision as part of his or her hearing.

Note:

Do not ask the taxpayer to withdraw the CDP hearing request prior to the consideration of an OIC or IS claim. The taxpayer may withdraw the CDP request if it is entirely voluntary on the taxpayer's part.

A. When an Innocent Spouse (IS) claim form is received with the CDP request:

IF	THEN
If the taxpayer includes an Innocent Spouse (IS) claim Form 8857 with the hearing request	<p>A. Within 5 days of receipt in the CDP Unit, fax the Innocent Spouse claim Form 8857 to the Cincinnati Centralized Innocent Spouse Operation (CCISO) at 855-233-8558, ATTN: Innocent Spouse Coordinator. Indicate prominently on the transmittal sheet: "IS claim received as part of a CDP request" . Maintain a copy of the IS claim in the CDP case file.</p> <p>B. Document on AMS and the Form 12153-B that an IS request was received with the CDP and the date the IS form was received and forwarded to CCISO.</p> <p>Note:</p> <p>The W&I Division requires that Forms 8857 received by other functions be forwarded as soon as possible to CCISO but no later than 10 working days from receipt.</p> <p>C. Complete the building of the CDP case file and then forward it to Appeals. When you forward the case, indicate on the cover sheet that the taxpayer is requesting IS relief and that the claim is being considered by CCISO.</p>

B. When an Offer In Compromise (OIC) is received with the CDP request:

IF	THEN
If the taxpayers' hearing request includes an Offer In Compromise (OIC) request Form 656	<p>A. forward the OIC request Form 656 to the appropriate location as specified in SERP under the Who/Where tab for Offer In Compromise (OIC) Centralized Service Center Locations.</p> <p>B. Document AMS, and and the Form 12153-B that an OIC request was received with the CDP and the date the OIC was received and forward it to the campus OIC location.</p> <p>C. Complete building the CDP case file and forward it to Appeals. When you forward the case, indicate in the cover sheet that the taxpayer is requesting an OIC and that the campus OIC is considering the request.</p>
The taxpayer has already filed an OIC with COIC	Forward the CDP Request to Appeals and fully document AMS.

C. When IS or OIC is indicated on the CDP request but the corresponding form is not included:

IF	Then
The taxpayer indicates request for IS or OIC on the request but does not include the Form 8857 Innocent Spouse (IS) claim or Form 656, Request for Offer in Compromise (OIC)	<p>A. Send the taxpayer the appropriate form and document AMS.</p> <p>B. Forward the case to Appeals.</p> <p>C. If the taxpayer returns the completed form to ACSS, forward the completed form to CCISO or COIC for processing with the notation on Form 3210: "IS claim received as part of a CDP request" or "OIC received as part of a CDP request." Document AMS. Send a copy of the Form 8857 or the Form 656 to the Settlement</p>

13. In the following situations, no attempt to work with the taxpayer is needed. However, the guidance from *IRM 5.19.8.4.7*, Processing CDP and Equivalent Hearing requests, regarding quality and timely responses must be followed. unless specifically exempt, per *IRM 21.3.3.2* What is Correspondence? - Policy Statement P-6-12 Exclusion List. Document the applicable circumstance in the AMS history and case history sheet.

- The taxpayer indicates he/she only wants to work with Appeals
- Constitutional or frivolous issues are raised
- The taxpayer is not seeking to resolve the issue but using the CDP process as a method for delay, i.e., pyramiding in-business trust fund taxpayer
- Bankruptcy was filed after the CDP levy of lien notice was sent.
- The trust fund assessment (MFT55/17) is being challenged (not the collection of)
- The only issue is a request for an installment agreement and the assessed balance is \$250,000 or more.
- Cases with a TC 914, TC 916 or TC918 (CID) where the TP raises concern over the CID issue. If the TP is not addressing the CID issue, treat as a regular CDP case. Be sure to annotate Form 12153B, Referral Request for CDP Hearing from ACS Support, that a TC914, 916 or 918 is present; if there was no contact; and which Fraud Detection Center input the TC 916 or 918. See *IRM 5.19.1.7.14*, CID Indicators on Balance Due Cases.

14. In other situations, the taxpayer may be willing to work with ACS Support to resolve the issue even after the taxpayer has requested a hearing with Appeals.

- When resolution is reached prior to commencement of the CDP hearing, the taxpayer can voluntarily withdraw the request for a CDP hearing. See *IRM 5.19.8.4.8*, Withdrawal of a Request for CDP or Equivalent Hearing. Advise the taxpayer that withdrawal of the request will prevent the taxpayer from obtaining judicial review of the collection action/resolution with respect to the tax periods included in the hearing request.
- When the resolution involves a Direct Debit Installment Agreement (DDIA), inform the taxpayer they may voluntarily withdraw the hearing request, and that doing so within fifteen days (indicate specific date) will allow ACSS to expedite the DDIA processing. If received, input the DDIA. If not, proceed to the following step.

Note:

Inform the taxpayer of the consequences of withdrawal and taxpayer rights as per *IRM 5.19.8.4.8*.

- If resolution is reached and the taxpayer does not withdraw the request, document in AMS history and forward the case file to Appeals.
- Whenever discussions with the taxpayer reach an impasse, document the AMS history and forward the request promptly to Appeals.

Note:

Any OIC Form 656 or Innocent Spouse claim Form 8857 received should be forwarded to the appropriate function according to the instructions in the chart under *IRM 5.19.8.4.7.5*, paragraph (12) above.

- If after 45 days from receipt of the CDP hearing request, resolution of taxpayer's issues seems likely, secure managerial concurrence to continue working with the taxpayer towards resolution up to 90 days after receipt of the hearing request. The taxpayers' willingness to continue to pursue an agreement beyond a 45-day period should be clearly documented on AMS history and the case file history. If resolution is not expected or cannot be reached within the next 45 days, forward the case to Appeals.
- Use the CDPTS Time in Stage Report to ensure that cases in Stage 1 or Stage 2 are timely processed and updated on the CDPTS. For cases sent to Appeals, follow up with Appeals if the case is not updated to Stage 4 within 30 days of mailing.

5.19.8.4.7.6 (02-03-2014)

Disaster Procedure for ACS Support Regarding CDP / EH Requests

1. If a CDP / EH request is received from a taxpayer that resides in a Federal Emergency Management Agency (FEMA) declared disaster area that is missing some necessary information, attempt to contact the taxpayer by phone for the information.

Note:

If the taxpayer responds to a notice was issued after the date the disaster began but prior to the systemic posting of the -O freeze on the account, rescind the notice per *IRM 5.19.8.4.4* if the issue involves a Notice of Intent to Levy (LT11), and the taxpayer has not requested a hearing.

2. If contact is made with the taxpayer, follow normal processing procedures.
3. If no response is received from the call, send out the appropriate correspondence advising the taxpayer of the missing information. Be sensitive to the fact that the taxpayer may be affected by the disaster situation and avoid using enforcement language or tone.
4. Control the case on IDRS and include the following information: ACS Support IDRS control number, FEMA disaster number, CDP/DISTR/TPCI.

Example:

02266001731 CDP/DISTR TPCI

5. Document actions on AMS.

Example:

"Call made to taxpayer with no response, letter sent to taxpayer in California disaster area #1731."

Give 15 days for a response.

6. If no response is received regarding the request for the missing information, suspend the case with a follow-up date that coincides with the expiration of the disaster declarations or other date as directed by management.

Example:

California wildfire is designated FEMA disaster #1731 and the disaster declaration expires 1/31/08. A form 12153, Request for CDP/EH is received from a taxpayer prior to the disaster. Taxpayer forgot to sign the Form or did not check the EH box to request and equivalent hearing. Make outcall to the taxpayer to secure the missing information. If no response is received by the follow-up date, document AMS: "Call made to taxpayer with no response, letter sent to taxpayer in California disaster area #1731. Suspend the case until 1/31/08 or further instructions from management."

7. Refer to *IRM 5.19.1.4.8*, Disaster / Emergency Relief, for additional information.

5.19.8.4.7.6.1 (09-02-2009)

Timeliness of CDP/EH Requests from Taxpayers Residing in Disaster Areas

1. The time period for requesting a hearing is extended until the disaster period end date for taxpayers residing in a FEMA declared disaster area.
2. When the hearing request timeliness is impacted by a disaster situation, clearly note on AMS how the request received date was determined.

5.19.8.4.7.7 (02-03-2014)

Frivolous CDP/Equivalent Hearing Requests

1. Background: IRC Section 6330, Notice and Opportunity for Hearing Before Levy, requires that the taxpayer provide a reason for the requested hearing. In addition, if the taxpayer provides a frivolous basis for requesting a hearing, then that portion of the request is to be treated as if the hearing request was not submitted (disregard).
2. IRC 6702(b) provides for a penalty of \$5,000 if any portion of a request for a hearing under IRC 6320 (relating to notice and opportunity for hearing upon filing of notice of lien) or IRC 6330 (relating to notice and opportunity for hearing before levy) is a specified frivolous position (see IRS Notice 2008-14) or reflects a desire to delay or impede the administration of federal tax laws.
3. ACS Support - CDP Unit Procedure: Follow routine procedures in IRM *IRM 5.19.8.4.2.2* or *5.19.8.4.3.2* to ensure the hearing request is processable, it is logged in and assigned, then follow the procedures below.

IF	THEN
A hearing request is received that is based on a frivolous position identified by the IRS Notice 2010-33,	<ul style="list-style-type: none"> • Forward the request to Appeals (per IRM 5.19.8.4.9) • Notate action on AMS.
A hearing request is received that reflects a desire to delay or impede the administration of federal tax laws by listing a reason that, while not one of the published specified frivolous positions, is a disagreement listing moral, religious, political, constitutional, conscientious or similar grounds.	<ul style="list-style-type: none"> • Forward the request to Appeals (per IRM 5.19.8.4.9) • Notate action on AMS.
A hearing request is received that contains a non-frivolous issue such as hardship or innocent spouse claims <u>in addition to</u> frivolous, delaying or impeding reasons.	<ul style="list-style-type: none"> • Forward the request to Appeals (per IRM 5.19.8.4.9) • Notate action on AMS.

4. Where the hearing requests lists issues which are frivolous, delaying or impeding reasons, Appeals will issue Letter 4380 giving the taxpayer 30 days to either perfect the request (e.g., provide a non-frivolous reason) or withdraw the request to avoid the \$5,000 IRC 6702(b) penalty. They must amend or withdraw the request in writing.
5. If the taxpayer does not take corrective action, Appeals will disregard the hearing request and return the case to the originating Collection office. Appeals will issue Letter 4381 and close the case with new closing code "13"
6. In instances where the hearing request lists BOTH frivolous/delaying and non-frivolous issues (also known as "hybrid requests"), Appeals will disregard the frivolous/delaying portion of the hearing request and conduct the hearing only on the non-frivolous issue. Appeals will issue Letter 3846 which gives the taxpayer 30 days to withdraw the frivolous/delaying position to avoid the \$5,000 IRC 6702(b) penalty and schedules a conference for the non-frivolous issue.
7. After the hybrid hearing, Appeals will issue a Notice of Determination or Decision Letter addressing the non-frivolous issues and will include a statement that the taxpayer also raised frivolous/delaying or impeding arguments.
8. Appeals will not recommend assessment of the IRC 6702(b) penalty. However, they will identify when the request meets the criteria for penalty assessment and return the hearing request as a "disregarded" hearing request. Appeals will return the case to ACS Support/CDP with the following:
 - A. Form 5402, Appeals Transmittal and Case Memo. It will include a statement that Appeals has determined that the issues raised in the CDP/EH request were either a "specified frivolous position," identified by the IRS in Notice 2010-33, or a disagreement listing moral, religious, political, constitutional, conscientious or similar grounds that reflects a desire to delay or impede the administration of federal tax laws.
 - B. A copy of the taxpayer's frivolous CDP/EH request.
 - C. A copy of Letter 4380 or L3846, the letter Appeals issued soliciting a withdrawal of taxpayer's "specified frivolous position" or desire-to-delay position.

Note:

Appeals will send the taxpayer an L3846 (and provide a copy in addition to the L4380) if the taxpayer responds to the L4380 and provides a legitimate reason but fails to withdraw the frivolous or desire-to-delay position.

 - D. A copy of the Notice of Determination or Decision Letter (for hybrid requests).
 - E. Copy of case history notes documenting discussions with the taxpayer about withdrawal of the frivolous or desire-to-delay positions, or withdrawal of the entire hearing request.
 - F. Copy of any written communications received from the taxpayer as a result of the withdrawal solicitation in either L4380 or L3846.
9. ACS Support - CDP Procedure: When a hearing request is disregarded by Appeals due to frivolous/delaying arguments:

IF	THEN
	Have the \$5,000 penalty assessed: <ul style="list-style-type: none"> • Prepare Form 3210, Document Transmittal, • Route to: Ogden Compliance Services, Attn: FRP, M/S 4390, Sr. Technical Advisor, Fax# 801-620-2422, 1973 N. Rulon White Blvd., Ogden, UT 84404,

The hearing request is returned as a disregarded hearing request that Appeals has identified as meeting the criteria for assessment of the \$5,000 penalty.

- List the TIN, Name Control, MFT55, Period (if multiple periods, use the latest period on the hearing request) and the Penalty Reference Code 543 which is used for IRC 6702(b) penalties.
- Include items listed in (8) above.
- Have a manager sign form 3210 to document approval of the assessment.
- Fax the package to Fax# 801-620-2422, ATTN; FRP, Sr. Technical Advisor.
- Notate action on AMS.

10. ACS Support - CDP Procedure: When a portion of a hearing request is disregarded by Appeals due to frivolous/delaying arguments:

IF	THEN
Notice of Determination or Decision Letter is received that addresses non-frivolous issues and states the taxpayer has raised frivolous/delaying arguments,	<ul style="list-style-type: none"> • Take actions as instructed per Form 5402 to address all non-frivolous issues. • Prepare and forward the documentation for penalty assessment as per (9) above for the tax periods pertaining to the frivolous/delaying arguments. • Notate actions on AMS.

11. Maintain a copy and control of Forms 3210 and follow-up with Ogden if the acknowledgement of the Form 3210 is not received within 15 days.

Note:

Assertion of the penalty is appropriate in all instances where the criteria for penalty assessment are met. If you identify any instance where assertion of the penalty does not seem warranted despite the criteria having being met, submit the matter to HQ attention.

12. Under IRC 6702(d), taxpayers may apply for a reduction of the penalty if certain criteria are met. This process is administered by the Frivolous Return Program (see IRM 20.1.10.10.3).

**5.19.8.4.7.8 (08-27-2010)
Deceased Taxpayer**

1. If a CDP or EH request is received and it is determined that the taxpayer has died since submitting the request,
 - A. Contact the Estate and ask the executor (or administrator / personal representative) if they want to continue or withdraw the request. Request that a new hearing request or withdrawal be submitted, signed by the executor of the estate within 15 days.
 - B. When the response is received, process the hearing request or withdrawal following routine procedures.
 - C. If no response is received, consider the request invalid and close the case.
2. See IRM 8.22.2.2.6.6, Decedent in CDP Case, for further general information and information regarding POAs.

**5.19.8.4.7.9 (07-29-2013)
Identity Theft Procedures**

1. When a taxpayer is a victim of Identity Theft he or she might submit a CDP request to halt collection action for which they are not responsible. The Appeals Officer must address in the CDP Notice of Determination all issues raised by the taxpayer. Appeals must review the entire CDP case including the ID theft claim before deciding whether Appeals has jurisdiction to consider the ID theft claim. When the taxpayer indicates ID Theft has occurred with their CDP request follow the instructions in the tables below:
2. When an Identity Theft Affidavit claim Form 14039 is received with the CDP request:

IF	THEN
the taxpayer includes a complete and legible Form 14039 and required documentation with their CDP request Note: See IRM 5.19.6.25(2) for required documentation.	<ol style="list-style-type: none"> A. Input a TC971 AC522 with the appropriate Tax Admin Source code that reflects the tax year of the identity theft incident. Refer to IRM 10.5.3.2.7.3 for guidance on the Identity Theft Tracking Indicators (TC971/972 AC522) B. Complete the building of the CDP case file and then forward it along with the ID Theft Claim to Appeals.
the taxpayer includes an incomplete and/or illegible Identity Theft Affidavit claim Form 14039 and/or is missing the required documentation with their CDP hearing request: Note: See IRM 5.19.6.25(2) for required documentation.	<ol style="list-style-type: none"> A. Make one phone call attempt to obtain missing information. B. If unable to reach the taxpayer by phone, send letter 239C/SP informing the sender (victim/taxpayer) of the information needed to submit a complete and legible claim. Provide a specific date to return the information (15 days from the date the letter is sent). Note: Use the sender's correct address - not necessarily the Last Known Address on IDRS/ACS. C. Ensure TC971 AC522 PNDCLM has been or is input for each tax period involved.

3. When Identity Theft is indicated on the CDP request but the corresponding form and required documentation is not included:

IF	THEN
The taxpayer indicates they are a victim of ID Theft but does not include a Form 14039 and/or required documentation	<ol style="list-style-type: none"> A. Check the Correspondence Image System (CIS) to see if Form 14039 and documentation is available. B. If the case is on CIS, print out a copy and follow procedures above in IRM 5.19.8.4.7.9(2)(a) first row of chart.
	<ol style="list-style-type: none"> A. Make 1 phone call attempt to obtain the missing information.

The taxpayer indicates they are a victim of ID Theft but does not include a Form 14039 and/or required documentation and the case is NOT on CIS

B. If unable to reach the taxpayer by phone, send letter Letter 239 C / SP informing the sender (victim/taxpayer) of the information needed to submit a complete and legible claim. Provide a specific date to return the information (15 days from the date the letter is sent).

Note:

Use the sender's correct address - not necessarily the Last Known Address on IDRS/ACS

C. Ensure TC971 AC522 PNDCLM has been or is input for **each tax period** involved.

4. When the taxpayer does or does not respond with the requested information:

IF	THEN
The taxpayer responds with the Form 14039 and/or required documentation	Follow procedures above in IRM 5.19.8.4.7.9(2)(a).
If the taxpayer does NOT provide the required ID Theft claim documentation	Input a TC972 AC522 NORPLY for each tax period involved. Work the CDP case following normal procedures.

5.19.8.4.8 (02-03-2014)

Withdrawal of a Request for a CDP or Equivalent Hearing Request

1. A taxpayer that reaches a satisfactory resolution with Collection after filing a request for a CDP or equivalent hearing can withdraw his or her request. The decision to withdraw the request lies fully with the taxpayer. The date for a withdrawal is the date received by the Service.
2. Form 12256, Withdrawal of Request for a Collection Due Process or Equivalent Hearing, is used to withdraw a request for a hearing on timely filed CDP cases only (Faxes are acceptable).
Use the following procedures for requesting/securing Form 12256:
 - A. Make one phone call in an attempt to secure the withdrawal.
 - B. If the taxpayer is not available, make a second attempt on the next workday.
 - C. If no contact made via phone, send one letter with Form 12256 and a return envelope.
 - D. If the withdrawal is not received within 15 days (21 days, if using a Correspondex letter), ACS Support will complete the case building process and forward the CDP case to Appeals.
 - E. Document in the case file the attempts to secure the withdrawal.

Note:

On joint liabilities, if both taxpayers signed the Form 12153, then both must sign the withdrawal (Form 12256).
3. Withdrawals are also required on full paid accounts. Some taxpayers may believe they need to file Form 12153 and full pay the liability at the same time, but do not agree with the balance owed. In other instances, credit offsets full pay the account, but the taxpayer does not agree with the liability that has been full paid by the offset.
4. The taxpayer is not required to submit and sign a form to withdraw an equivalent hearing request. The taxpayer can verbally withdraw their equivalent hearing request. If the matter is resolved and the taxpayer does not want to go to Appeals, document the case history and take the necessary closing actions.
5. If the taxpayer chooses to withdraw Form 12153 or other written CDP hearing request, inform the taxpayer of the following consequences and rights:
 - The taxpayer gives up their rights for a CDP hearing.
 - The taxpayer does not receive the issuance of an Appeals determination letter.
 - Retained jurisdiction by appeals is not applicable.
 - The taxpayer gives up their right to seek judicial review by Tax Court.
 - Suspension of levy action and statute of limitations for collection is no longer in effect.
 - The taxpayer does not give up any other appeal rights such as an appeal under CAP.
 - When an Equivalent Hearing request is withdrawn, a taxpayer may not request a second hearing on the same tax periods. However, CAP will be available.
6. The suspension of the collection statute expiration date (CSED) ends on the receipt date of the withdrawal request.
7. If a withdrawal is secured, do not forward the case to Appeals.
8. If the CDP request was timely, input a TC520 per *IRM 5.19.8.4.10*. Suspension of the Collection Statute Expiration Date (CSED) and a TC521 using the IRS received date of the withdrawal to extend the CSED for the duration of the CDP request.
9. Update AMS History with the date the withdrawal was secured (date received by the service), and all agreed to actions. Input the following in the ACS Notes area, ***CDP/WTHDRWNXXXXXX Ln or Lv and tax years(s), e.g. 95, 96, 97*** (where X's are the withdrawn date).
10. Update the CDP Tracking system to stage 12.
11. Close your IDRS control base and send Form 12153 and all documentation to files, using TC290 and appropriate blocking (see Document 6209, ADP and IDRS Information).
12. If a withdrawal is received after the case has been sent to Appeals, send the withdrawal to Appeals.
13. A taxpayer may withdraw their request for an equivalent hearing at any time before a hearing is commenced. Although a written request from the taxpayer is preferred, it is not required to be in writing. Document any requests for withdrawal of an equivalent hearing whenever the taxpayer does not provide a written request.

5.19.8.4.9 (02-03-2014)

Forwarding Cases to Appeals

1. It is important to forward to Appeals a well-organized and fully documented case file of the contacts and actions taken. The case file will serve as the basis for Appeals determination on whether the requirements of the Internal Revenue Code (IRC) and administrative procedures have been met. Use Document 11349, RRA Case File Tabs, to properly organize your case file and check all applicable case types on the first tab.

2. The Appeals Processing Services (APS) locations assigned to handle CDP cases are the Appeals Memphis Campus APS, Appeals Fresno Campus APS and the Brookhaven Appeals Campus APS. ACS Support CDP Units send CDP and EH cases to the APS as follows:

- Philadelphia ACSS CDP Unit will send its cases to the Memphis APS
- Kansas City and Fresno ACSS CDP Units will send their cases to the Fresno APS
- Cincinnati ACSS CDP Unit will send its cases to the Brookhaven APS

APS receives CDP cases, assigns them to Settlement Officers or Appeals Officers and tracks them while they are in Appeals. When an Appeals determination is made on the CDP case, or a decision is made on the equivalent hearing case, APS is responsible for initiating the actions to implement the determination. When the decision or determination involves collection action (levy/lien) APS will return the jurisdiction of the case to ACS Support for necessary action.

Note:

APS case routing is subject to change. If there is any question as to the proper routing, check the link on the Appeals website: [Campus Case Routing](#)

3. Copies of the following CDP or EH case documents will be maintained in ACS Support until a response regarding case determination is received from Appeals and the final action are taken:

- Form 12153
- Form 12153B
- Copy of envelope
- Copy of document indicating proof of received date

4. Form 12153B, Referral Request for CDP Hearing from ACS Support, is designed to assist ACS Support users in preparing a case for referral to Appeals. It also helps Appeals personnel when performing the initial screening and processing actions of the received CDP cases and is required with all Forms 12153 going to Appeals. Managerial review and approval is required. In addition, any narrative statement included on the Form 12153-B must be limited to a neutral list of documents and neutral statements regarding actions taken and documented in the case history, without any further discussion regarding the strengths and weaknesses of the taxpayer's appeal. The manager must ensure this requirement is met and that no prohibited ex parte communications are included before approving transmittal of the case to Appeals. For additional information refer to IRM 5.1.9.5, Communications with Appeals.

Note:

Transmittals that include prohibited ex parte communications need to be shared with the taxpayer at the time the case is sent to Appeals.

5. Information needed in the case file for Appeals (what to include):

- Forms 12153, 12153B, original returns (if case is going to Memphis APS), plus any correspondence or forms completed by the taxpayer.
- Copy of LT11, LT73, CP90/297, CP92 or CP77 if returned by the taxpayer. If not, request a copy from the taxpayer during your contact attempt. If not received within the timeframe you specified, obtain a copy of the notice from the Control-D system. If the notice cannot be located on Control-D, obtain a copy of the Certified Mail Listing from the Collection Due Process Certified Mail System.
- Copy of Letter 3172, Notice of Federal Tax Lien, if returned by the taxpayer. If not, provide a copy off the Automated Lien System (ALS).
- Prints of AMS screens. .
- Information on any levy that is still outstanding and what tax periods are involved.

Reminder:

For ALP cases with a TC910, TC916, or TC918(CID), annotate on the Form 12153B which TC is involved. If a TC916 or TC918 is involved, identify which Fraud Detection Center input the transaction (see IRM 5.19.1.7.14, CID Indicators on Balance Due Cases). Additionally, be sure to annotate if the case was treated as "no contact" . IRM 5.19.8.4.7. Processing CDP and Equivalent Hearing Requests.

6. Information needed on the Form 3210, Document Transmittal, for Appeals:

- Taxpayer(s) TIN.

Caution:

List only the last four digits of the TIN.

- Taxpayer(s) Name.
- Tax Year(s) or Tax Period(s).
- Whether the request is for a CDP or Equivalent Hearing.

Note:

If the TC520 is needed, the manager must ensure it was input correctly. (IRM 5.19.8.4.10., Suspension of the Collection Statute Expiration Date (CSED).

7. When the CDP or Equivalent Hearing case is forwarded to Appeals, re-assign its IDRS control base to the Memphis, Fresno or Brookhaven Appeals Processing Services (APS) site as follows:

Example:

C01,2APPLS,M,TPCI

- Philadelphia CDP Unit will forward its cases to the Memphis APS using entry code: 6621100001.
- Kansas City and Fresno CDP Units will forward their cases to the Fresno APS using entry code: 6626900001.
- Cincinnati CDP Unit will forward its cases to the Brookhaven APS using entry code: 6619500001.

Caution:

Do not change the IRS received date.

Note:

Use OFP code 810-64400, taking a count of volume and hours, for the process up to this point (CDP Front-end).

8. Update CDPTS to Stage 3 (Transfer to Appeals).
9. Notify the taxpayer that the case has been forwarded to Appeals by sending letter 4473C.
10. For any issue(s) raised by the taxpayer after the case has been forwarded to Appeals, they will secure any files pertaining to the taxpayer's appeal and request any relevant information needed from the taxpayer.

**5.19.8.4.9.1 (02-03-2014)
CDP/EH Case Follow-up**

1. Ensure that all shipments of CDP cases are acknowledged by the receiving APS site.

IF	THEN
there is no shipment acknowledgement Form 3210 received in 15 days.	Follow-up with the addressee by phone and/or email. Caution: If it is determined that a shipment has been lost or cannot be located, alert your manager to report it per the procedures in IRM 10.5.4, Privacy and Information Protection, Incident Management Program.
ACSS has not received an acknowledgement of receipt within 30 days	follow up on the status by researching the CDP Tracking System (CDPTS) and the Appeals Centralized Database System (ACDS).

2. Monitor the CDPTS Time in Stage Report to identify cases still in stage 1 (Received in ACSS) or stage 3 (forwarded to Appeals) and not updated to stage 4 (received in Appeals) for over 30 days.

IF	THEN
the case is still in ACSS inventory,	promptly complete the case and forward to Appeals.
the hearing request was withdrawn	update CDPTS to Stage 12 (CDP request withdrawn). <ul style="list-style-type: none"> • If a TC 520 cc 76/77 was added to the module, request a TC 521 cc 76/77 as of the date of the signed withdrawal.
If the hearing request was added to the CDPTS in error,	delete the module. <ul style="list-style-type: none"> • If a TC 520 cc 76/77 was added to the module, request reversal using TC 522 cc 76/77.
If the hearing request was sent to Appeals,	check ACDS to confirm receipt of the case in Appeals. <ul style="list-style-type: none"> • Once confirmed, have Appeals update CDPTS to stage 4.
If Appeals has no record of receiving the case,	re-create the CDP/EH hearing request case package and forward it to Appeals.

3. Monitor Time in Stage Report to identify cases still in stage 13 (Appeals case closed, sent to Collection) over 60 days. Review the report every 30 days to ensure all backend CDP cases are received, worked or accounted for.
4. If ACS Support CDP has not received disposition on a case in Appeals within 270 days, follow-up if necessary, by contacting the Appeals Account Resolution Specialists (AARS) at (559) 233-1267. The AARS handle inquiries for every type of case; open, unassigned, assigned, closed, and not yet in Appeals.

**5.19.8.4.10 (02-03-2014)
Suspension of the Collection Statute Expiration Date (CSED)**

1. The statute of limitations is suspended from the date the Service receives a timely filed request for a CDP hearing to the date the taxpayer's withdrawal is received by the Service, the date the determination from Appeals becomes final, or if a timely appeal is made to the Tax Court, until the date the Tax Court decision becomes final. The CSED is suspended even if the account is full paid, as long as the taxpayer does not agree with the offset/payment that full paid the account.
 - A. The date the determination from Appeals becomes final is the date that the period within which the taxpayer could appeal to the Tax Court expires, if the taxpayer does not exercise his/her right to seek judicial review. A taxpayer generally has 30 days from the CDP notice of determination to appeal to the Tax Court, but has 90 days to appeal the spousal defense determination under IRC 6015 and 180 days to appeal the interest abatement determination under IRC 6404.
 - B. If the taxpayer timely commences the appeal process to the Tax Court, the date the Tax Court decision becomes final is upon expiration of the time for seeking review or reconsideration.
 - C. If 90 days is not remaining on the period of limitations when the determination becomes final, additional time is tacked on the period of limitations to allow for this 90 day period.
2. Determine if the collection statute (CSED) needs to be suspended. The collection statute is suspended only when a taxpayer files a timely request for a CDP hearing. The taxpayer has one opportunity to request a CDP hearing for the taxable period and unpaid tax which is the subject of the lien filing or pre-levy notice. The CSED is not suspended on equivalent hearing cases.

Example:

A taxpayer receives a 6330 notice on 03/31/99 for Form 941 taxes for period ended 12/31/98 while the account is in ACS. The account is transferred to the Collection Field function. A Form 941 tax liability for the subsequent quarter is received. On 6/15/99, the revenue officer issues a 6330 notice for the 3/31/99 Form 941 taxes and includes the 12/31/1998 period on the notice. The taxpayer files a request for a CDP hearing on 06/30/99 and includes a copy of both notices. The taxpayer would be entitled to receive the following:

- 941 for 12/31/98—An equivalent hearing, no suspension of the collection statute.
- 941 for 03/31/99—A CDP hearing, collection statute is suspended.

3. When the CDP collection statute suspension occurs at the same time but differs from other applicable collection statute suspensions, e.g., those under the innocent spouse provisions of IRC 6015 or bankruptcy, the latest suspension period controls.

4. Determining the TC520 date:

- A. The TC520 date needs to reflect the beginning date of the statute suspension period, which is usually the IRS received date of the hearing request, unless this date is after the 30 days on a CDP request that is post marked timely.
- B. If the 30th day is a Saturday, Sunday or federal holiday and the postmark is for the next business day after Saturday, Sunday or federal holiday, then use the date of the next business day after the Saturday, Sunday or federal holiday as the TC 520 date.

- C. If the IRS received date is after the 30 days but the postmark date is on or before the 30 days, the TC 520 date should be the postmark date.
- D. If the postmark date is illegible or the envelope is missing, subtract 3 days for regular mail and 7 days for overseas (unless you can document in the case file why another date was used), from the IRS received date and use this as your TC 520 date.
- E. If the postmark date is illegible or the envelope is missing and there is no IRS received date, use the signature date as your TC 520 date.

Note:

If the taxpayer did not mail the request to the address on the CDP notice, the TC520 date is the date the request was received by the office to which the request should have been sent, provided the correct office receives the request within the appropriate 30 day time-frame.

Note:

A request that is hand-carried to a local Taxpayer Assistance Center will be timely if delivered within the 30 day period during which taxpayers may request a hearing. See IRM 5.19.8.4.7.1.2 .

5. If the collection statute is to be suspended:

Note:

Ensure that the case is on CDPTS before input of the TC520.

- A. Input a TC 520 for each module subject to the collection statute suspension.
- B. Use TC520 cc76 for lien CDP cases (also used when the lien and levy notices were issued together and the taxpayer files a hearing request on both).
- C. Use TC520 cc77 for levy CDP cases.

Note:

The TC 520 prevents levy by automated levy programs on timely filed requests and places the module in status 72.

6. As of January 1, 2001 the CDP CSED is systemically calculated and updated based on the TC520 and TC521. Both the TC520 and the TC521 need to be input after 1/1/2001 for the systemic CSED update to occur. If 90 days is not remaining on the statute of limitations when the determination becomes final, the statute of limitations is extended to equal 90 days. The *exception* to the systemic update of the CSED are IMF accounts involving joint income tax liabilities where only one spouse has requested the hearing (e.g. divorced/separated taxpayers). For MFT 30 accounts, input the appropriate IMF CSED TIN indicator with the TC520. The indicators are as follows:

- "P" CSED suspended for the primary TIN spouse.
- "S" CSED suspended only for the secondary TIN spouse.
- "B" CSED suspended on both primary and secondary TINs.

7. The systemic CSED calculation can be done on cases with the TC520 input before 1/1/2001 if:

- A. A TC521 is input to close this pre 2001 TC520.
- B. A new TC520 is input after 1/1/2001, using the original TC520 date.
- C. A new TC521 is input after 1/1/2001 to close the post 2001 TC520.

5.19.8.4.11 (08-27-2010) The Appeals Process

1. The hearing is held by the Office of Appeals. It is conducted by an officer or employee who has had no prior involvement with respect to the unpaid tax shown on the CDP notice. However, the taxpayer may waive this requirement. For an explanation of what constitutes prior involvement, see IRM 8.22.2.2.4.5, No Prior Involvement.
2. The taxpayer will be offered an opportunity for a hearing at the Appeals Office closest to the taxpayer's residence, their place of employment, or in case of a student, their school.
3. To the extent practicable, a hearing under IRC 6320 shall be held in conjunction with a hearing under IRC 6330.
4. The Appeals officer is required to obtain verification that the requirements of the Internal Revenue Code or administrative procedure have been met. Appeals will rely on the information in the case file or will seek clarification of items that appear to be incomplete within the case file.
5. During the appeal process, the taxpayer may raise at the hearing any relevant issue relating to the unpaid tax or the proposed levy, including:
 - Appropriate spousal defenses.
 - Challenges to the appropriateness of Collection actions.
 - Offers of collection alternatives, which may include the posting of a bond, the substitution of other assets, and Installment Agreement, or an Offer in Compromise.
6. The taxpayer may also raise challenges to the existence or amount of the underlying tax liability for any tax period if the taxpayer did not receive any statutory notice of deficiency for such tax liability or did not otherwise have an opportunity to dispute such tax liability.
7. An issue may not be raised at the hearing if:
 - The issue was raised and considered at a previous hearing under IRC 6320 or in any other previous administrative or judicial proceeding; and
 - The taxpayer seeking to raise the issue participated meaningfully in such hearing or proceeding.

5.19.8.4.12 (02-03-2014) Appeals Determination

1. The Appeals determination will take into consideration the following:
 - The verification that the requirements of the Internal Revenue Code or administrative procedure have been met
 - the issues being raised, including collection alternatives, and
 - whether any proposed Collection action balances the need for the efficient collection of taxes with the legitimate concern of the taxpayer that any Collection action be no more intrusive than necessary.

2. Appeals Officers will operate quasi-judicially and will not direct, request or suggest any enforcement actions be taken. Appeals will not be involved in any investigative actions to assist Compliance in the development of its cases. This is to maintain Appeals independence and increase taxpayers confidence in Appeals impartiality and fairness.
3. For a timely filed CDP hearing request, the taxpayer will receive a Notice of Determination letter that explains the taxpayer's right to petition the Tax Court within 30 days of the date of the letter (within 90 days with respect to a spousal defense determination under IRC 6015 or within 180 days with respect to a interest abatement determination under IRC 6404.
4. For an "equivalent" hearing, the taxpayer will receive a decision letter. In an "equivalent " hearing the decision by Appeals is final, except as it relates to certain spousal defenses under IRC 6015 (b), (c) or (f) if the taxpayer is challenging the timeliness of the CDP request.
5. In both the Appeals Notice of Determination and decision letter, Appeals will provide clear information regarding any agreement reached with the taxpayer, any relief given, and any necessary actions required by ACS Support. If the tax liability is upheld or the enforcement action is valid, the letter will so state even if the Appeals officer decides to provide the taxpayer a different collection alternative. The letter will also set forth specific ramifications should the taxpayer not comply with the terms of the agreement.
6. Appeals will generally follow the Service guidelines for Collection as set forth in the IRM. IRC 6330(c)(3)(C) requires the Service to balance tax collection needs with the legitimate concerns of the taxpayer that any Collection action be no more intrusive than necessary. Additionally, Appeals may take hazards of litigation into consideration when making its determination.

5.19.8.4.13 (02-03-2014)

After the Appeals Determination

1. In a CDP hearing case, Appeals Processing (APS) will suspend the case for 60 days after issuing the Notice of Determination to the taxpayer. If the taxpayer contacts us in response to the Notice of Determination, we can assist the taxpayer in carrying out the determination of Appeals, (i.e., Installment Agreement). However, no enforcement action can be taken until the determination is final. If no Tax Court petition is filed, the Notice of Determination is final. The suspension period will be longer if the CDP hearing included a spousal defense determination under IRC 6015 or an interest abatement determination under IRC 6404.
2. In an equivalent hearing the decision is final when Appeals issues its decision letter except as it relates to certain spousal defenses under IRC 6015 or interest abatement claims under IRC 6404.
3. Once the hearing is final, Appeals Processing Services (APS) will perform the following closing activities:
 - A. On a weekly basis every Monday, provide ACS Support (ACSS) via overnight express mail, with a copy of Forms 5402 on all closures. Forms 5402s, along with a Form 3210, will be provided back to the specific ACSS site from which the cases originated. ACSS will determine which 5402s sustain collection, and then will implement those actions. .

Note:

 - If Forms 5402 are received at the wrong CDP site, forward them to the correct site via express mail. Notify the APS site of the incorrect addressing.
 - B. Input TC 521 on all closures.
 - C. Input of all actions to carry out alternative resolutions.
 - D. Send the hard copy case to files.
4. Appeals (APS) will update cases on the CDPTS to stage 13, (Appeals Closing Actions Taken). When Appeals updates the CDPTS to stage 13, a TC 971 is systemically generated with action code 277 if it is a CDP request or action code 280 if it is an equivalent hearing. These action codes indicate when the hearing request is closed in Appeals.

5.19.8.4.13.1 (02-03-2014)

Tax Court Appeal

1. After Appeals makes its determination in a CDP hearing, the taxpayer may, within 30 days, petition the Tax Court (90 days for innocent spouse and 180 days for interest abatement).
2. To allow time for court petitions, Appeals hold cases for an additional 30 days (60 days after issuance of the Notice of Determination).
3. If the taxpayer files an appeal to Tax Court, Appeals updates the CDP tracking system to stage 8, Tax Court Appeal.

5.19.8.4.13.1.1 (08-27-2010)

Post Petition Reviews

1. While the Tax Court case is pending, the Counsel attorney may determine that an issue should be reviewed by Collection. This may occur, for example, when there is a substantial change in the taxpayer's circumstances since the CDP hearing or the taxpayer did not respond to Appeals during the CDP hearing due to illness or travel. The taxpayer is now offering a viable collection alternative which would resolve the case.
2. Counsel may request review or consideration of a proposed installment agreement or possible currently not collectible determination. Counsel will inform Collection of any deadlines imposed by the court on the Service's consideration of the collection alternative, and for seeking any continuances necessary for adequate review. The CDP Coordinators will give these requests priority.
3. Counsel will contact the centralized OIC site when the issue involves review of an OIC. For other collection alternatives, Counsel will contact Advisory to determine the appropriate collection office. If the CDP appeal originated from an ACS case and does not need field consideration, it will be referred to the appropriate CDP coordinator for review and action. During the review the CDP Coordinator will contact the taxpayer and attempt to resolve the issue
4. After the review is completed and if a resolution is reached, document all details of it. If a resolution could not be reached, document the reasons why.

Example:

If an installment agreement is secured, provide the payment terms. If it is determined that the account is not collectible, provide a copy of the Form 53. If full payment is available, notify counsel of its collectibility.

5. If the Tax Court case is settled based on the collection alternative reached, Counsel will return the case to Appeals. If Counsel obtains a Stipulated Decision with a waiver of the 90 day appeal period, Counsel will return the case immediately to Appeals. If the Stipulated Decision has no waiver language, Counsel will hold the case 100 days. Counsel will provide information regarding the collection alternative to allow Appeals to complete the back-end process.

5.19.8.4.14 (02-03-2014)

Working Cases Back From Appeals

1. Cases are worked and determinations are made by Appeals or Settlement Officers (AO/SO). The Campus Appeals Processing Services (APS) sites - Fresno APS, Memphis APS or Brookhaven APS are centralized operations responsible for taking the necessary actions (such as: installment agreements, CNCs, and adjustments) to ensure the final determinations are implemented. Appeals determinations may also include actions by the ACS Support/CDP Units. This is referred to as the CDP "back-end" work. ACS Support / CDP must complete back-end work within 30 days of receipt.

2. The campus Appeals Processing Services (APS) will send to the ACS Support CDP Units a copy of Forms 5402 on all cases: the determinations requesting collection actions (lien/levy) be sustained and for determinations resulting in alternative resolutions. APS will take actions as follows:
 - **Alternative Resolution** cases - APS will implement determinations that grant the alternative resolution (installment agreement, etc.). They will monitor the case to ensure actions have been posted, update the Appeals Centralized Data System (ACDS), update the CDP Tracking System (CDPTS), close the control base and forward the closed hard copy case to files.
 - **Collection Sustained** cases - APS will update ACDS, CDPTS, close the control base and forward the hard copy case to Files. In order to input Appeal's determination to sustain collection, the account will be brought back onto ACS by APS (input of STAUP 2200 and TSIGN 0604 to transfer the case to ACS and into Function R9).
3. APS will batch Forms 5402, prepare a Form 3210 and overnight express mail them to the respective ACS Support CDP Coordinators at Fresno, Cincinnati, Philadelphia, Kansas City at the close of business each Friday.
4. If there are any problems or questions the CDP Coordinator should contact the APS manager for clarification or work together to resolve. Accept Appeals' determination and process the case as indicated on the listing unless:
 - The system prevents input
 - The action would cause an unpostable
 - The action is clearly in violation of the law
5. APS is responsible for inputting all actions for the alternative resolution determinations. ACS Support will input all sustained collection actions. To continue with collections actions (sustained) determination, the account must be brought back onto ACS/AMS.

Note:

In some instances, a case will not come back onto ACS (e.g., large trust fund balance restriction - defined as service center balance plus accruals of any one module of \$10,000 or more when MFT is trust fund type 01, 03, 04, 09, 11. In these instances contact Collection Field Function (Cff) to coordinate their acceptance of the case so that they can pursue collection.

6. For ACSS /CDP units, the Forms 5402 will indicate whether collection was sustained or not sustained. If collection is not sustained the Form 5204 will indicate the reason. If a case is in status 26 when it comes back, forward the 5402 and TSIGN the account (use zip code listing - RO Group Address and Phone Number found on SERP under the Who/Where tab), to the RO.
7. APS IDRS actions for working CDP backend:
 - If a case originated as a FPLP (not on ACS) and the determination is to continue collection action, reverse the TC 971/061 with a TC 972/061. This will remove the block and make the account eligible for a FPLP or AKPFD levy. Leave the block in place however, if the case is being returned to ACS for further collection action.
 - In order to input Appeals' determination to sustain collection action, the account will be brought back onto ACS by APS (input of STAUP 2200 and TSIGN 0604 to transfer the case to ACS and into Function R9).
 - Monitor IDRS and the unpostables list to ensure actions post.
8. ACSS-CDP Units ACS/AMS actions for working CDP backend:
 - Control the cases on AMS to the employees assigned to working the backend cases within 7 days of receipt from APS.
 - Monitor to ensure the case comes back onto ACS after input of TC521, STAUP 2200 and TSIGN 0604 to prevent any adverse actions.
 - Immediately take the sustained collection action, as indicated on the listing as directed by Appeals' determination.

Note:

Do not take sustained collection actions on IMF Large Dollar cases. Update AMS comments with the Appeals Determination/Decision and reassign the case to the next appropriate ACS function with a 1 day follow up. See IRM 5.19.4, Enforcement Action, for guidance on the next appropriate ACS function.

- Move to the next appropriate function with the appropriate follow-up days. See IRM 5.19.4, Enforcement Action.
 - Update AMS comments of Appeals' determination and the collection actions taken. If these actions close the CDP, add to ACS notes section : ***CDP/CLSD mm/dd/yyyy LN or LV and tax year(s) e.g. 2006, 2007***.
 - Update AMS comments if the account will not or cannot be brought back onto ACS.
 - Destroy file copy of Form 12153B and associated documents.
 - Process all backend cases within 30 days of receipt of the backend case listing.
9. ACSS-CDP Units will input the collection actions requested on the Forms 5402, monitor to ensure posting and close the control base. ACSS-CDP will update CDPTS to stage 14 (Closed case received from Appeals) and after the collections actions are taken, update the case to stage 24 (concluding actions taken).

Note:

When Appeals grants an alternative, APS will close the case by inputting stage 13 to CDPTS and selecting "Returned to Office=Appeals" .

This action will automatically update the case to stage 24.

10. Centralized Case Processing (CCP) requires that requests for input of Manually Monitored Installment Agreements (MMIA) are made by the originating function. Therefore any cases that originated from ACS requiring an MMIA will be returned to ACS for input. Appeals will indicate these requests on the Form 5402.
11. Cases where a Direct Debit Installment Agreement (DDIA) has been obtained, Appeals will return the Form 433D to ACSS for input along with the Form 5402.
12. Occasionally a taxpayer will waive his/her rights to a CDP hearing as a condition of some other legal proceeding or part of the settlement of liabilities, however he/she may receive a CDP notice anyway in error. If the taxpayer responds to it by submitting a CDP request, Appeals will return this case to Collection as a "premature referral" . Inform the taxpayer by phone or in writing that they will not receive a hearing because they previously waived their rights. Then close the case and document AMS.
13. Report volumes and hours for CDP backend processing to OFP 810-64410.

**5.19.8.4.15 (11-01-2007)
Retained Jurisdiction Hearings**

1. Appeals retains jurisdiction on cases that are timely protested by taxpayers, i.e., CDP cases. In two circumstances, taxpayers may return to Appeals for a Retained Jurisdiction Hearing:

- Taxpayers may return to Appeals if they perceive that the collection function did not carry out Appeals' determination, as it was stated.
 - Taxpayers may return to Appeals if there is a change in circumstances with respect to them, which affects Appeals' determination. However, they must first exhaust all administrative remedies, such as discussing the issue with the service employee's manager.
2. The only issues that will be considered in a retained jurisdiction hearing are those that pertain to the resolution of the CDP notice of determination.
 3. Taxpayers who wish to raise new issues or tax periods and types of tax that were not in the CDP Notice of Determination should be advised to do so in a CAP request.
 4. The statutory period for collection (CSED), is not suspended during the retained jurisdiction proceeding.
 5. Collection action will generally be administratively withheld, unless collection is at risk. If collection is determined to be at risk, notify Appeals immediately. When it is determined that collection action during the appeal is appropriate, the lien or levy action must be approved by the manager.
 6. For retained jurisdiction hearings, the CDP caseworker will make an initial attempt to contact the taxpayer.
 - A. If contact is made, try and resolve the issue with the taxpayer. If unable to reach a mutual resolution, then the taxpayer must have a conference with a CDP manager.
 - B. If contact is not made, then the CDP manager will make one contact attempt.
 7. The taxpayer must participate in a conference with the CDP manager in charge in retained jurisdiction cases in which the taxpayer alleges a change in circumstances. If the taxpayer cannot be contacted, or refuses to participate in the conference, the case will be returned to the taxpayer, explaining this requirement and advising the taxpayer of CAP rights.
 8. For retained jurisdiction cases in which the taxpayer alleges that Appeals' determination was not carried out correctly, try to have the taxpayer participate in a managerial conference. If however the taxpayer does not want to talk to a CDP manager, the case may be sent to Appeals without a conference.
 9. If the taxpayer and CDP manager reach an agreement during the conference, the case will be given to the CAP caseworker for completion. All documentation will be filed with the TC290.
 10. If the taxpayer and CDP manager do not reach an agreement during the conference, the case will be given to the CDP caseworker to be forwarded to Appeals and the taxpayer will be so advised.
 11. The case will be forwarded to Appeals on Form 3210 and indicate that the case is a Retained Jurisdiction case to differentiate it from a CDP or CAP case.
 12. The taxpayer will receive a letter upon completion of the review under the retained jurisdiction provision. The decision by Appeals is final with no further appeals to U.S. Tax Court. See IRM 8.22.2, Special Collection Appeals Programs.

5.19.8.4.16 (11-01-2007)

Collection Appeals Program (CAP) Procedures

1. If a taxpayer is told by an IRS employee that a lien, levy or seizure action has been or will be taken, or that an Installment Agreement is rejected or terminated or proposed to terminated, the taxpayer can appeal the action.

Caution:

Generally, before Appeals consideration, the taxpayer must first discuss the problem with a manager. This is not required when the appeal is about the rejection, termination or proposed termination of an installment agreement.

Note:

Taxpayer may also be entitled to CDP appeal rights.

2. In addition, if the taxpayer requests that a lien be withdrawn and the Service denies their request, this is appealable under CAP.

5.19.8.4.16.1 (02-03-2014)

When an Appeal Is Appropriate Under CAP

1. The CAP procedure is available under more circumstances than the Collection Due Process hearing procedure. It is important to note that the taxpayer cannot proceed to court if he or she does not agree with Appeals' decision in a CAP case.

2. Collection actions that can be appealed under CAP:

- Before or after the filing of a Notice of Federal Tax Lien (NFTL)
- Before or after the serving of a notice of levy
- Before or after the seizure of property
- After the denial of a request for property to be discharged from a lien
- After the denial of the subordination of a lien
- After the denial of the withdrawal of a NFTL
- After the denial of the issuance of a certificate of non-attachment
- Termination or proposed termination, modification or proposed modification, of an installment agreement (IA)

Note:

A modification can involve a proposal by the IRS or the taxpayer

- Rejection of an installment agreement (IA)
- After the disallowance of a request for return of property under IRC 6343(d)
- Third party claims to property including alter ego and nominee liens.

3. Collection action is suspended while the case is in Appeals. The enforcement action continues during the appeals process if, in the judgment of the originator's manager, withholding the action would put collection of the tax liability at risk. For example, an action that puts collection of the tax liability at risk is when a taxpayer is disposing of assets for substantially less than full value or is putting assets out of the reach of the government. Appeals should be notified immediately if it is determined that enforcement action should be continued. However, if the propriety of the enforcement action is being considered during the CAP, refrain from the action. Do not contact Appeals regarding the actions as it may result in prohibited ex parte communications (see IRM 5.1.9.5, Communications with Appeals, for information on ex parte communications).

Note:

Levy action is suspended during the statutory period the taxpayer has to appeal an Installment Agreement or until Appeals makes a determination, whichever is later.

5.19.8.4.16.2 (08-27-2010)**Exclusions From This Program**

1. Several Collection issues have separate appeal procedures in place. When a taxpayer requests an appeal under CAP in error, advise the taxpayer of the correct procedures. Examples of such requests are:
 - Trust Fund Recovery Penalties
 - Offer in Compromise
 - Other penalty appeals
2. CAP cannot be used to reopen examinations or claims for refund. Examination reconsiderations and claims are appealable under their own appeals procedures. The established procedures for audit reconsiderations can be found in IRM 4.13, Audit Reconsiderations. Claim for refunds can be found in IRM 21.5.3.4, General Claims Procedures.
3. Refer taxpayers to Taxpayer Advocate Service (TAS) when the contact meets TAS criteria IRM 13.1.7, TAS Criteria and you can't resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve within 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and meets the TAS criteria. Refer to IRM 13.1.7.4, Same-Day Resolution by Operations. When you refer cases to TAS, use Form 911, Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order), and forward to TAS.
4. Actions under the control of a court of competent jurisdiction are excluded from this program.
5. Cases under the control of the Criminal Investigation Division will be excluded from this program.
6. Issues not within the scope of Internal Revenue laws (e.g., moral, religious, or constitutional issues) cannot be settled by Appeals.

5.19.8.4.16.3 (10-04-2011)**CAP Coordinator Duties**

1. A Collection Appeals Program (CAP) Coordinator must be established in each area, (e.g., ACS, CSCO, and AM). A list of CAP Coordinators can be found on SERP under the Who/Where tab.
2. CAP cases should be worked by the area that initiated the action that resulted in a CAP case.
3. Re-direct CAP cases to the area that:
 - Notified the taxpayer that a lien, levy or seizure action has been or will be taken, eg.. CP504, LT11, L3172 or 2603C.
 - Rejected or terminated an installment agreement, eg..CP523 or 2273C.
 - Denied the taxpayer request to withdraw a lien.

Note:

Rejected IA cases must have gone through independent review before it is accepted by Appeals or it will be rejected back to the originating manager. CAP requests should go to the area that rejected the IA and is holding the independent review case file.

4. If the area that took or will take the action is ACS and the taxpayer's CAP request was received through the ACS toll-free phone line (and was received in the correct BOD site) the call site receiving the call should work the CAP request. If the CAP received is correspondence (or on Form 9423), is received in the correct BOD and the account is in Status 22, then the Support site receiving the request should work the CAP issue.
5. If it cannot be determined who initiated the action that resulted in a CAP case, work the case where it is received.
6. The CAP Coordinator will assemble and fax the case to the Appeals Office serving the taxpayer's address using the Form 3210, Document Transmittal. The case routing may be found at [from the Appeals Home Page](#). The CAP Coordinator will maintain a copy of the case until receipt is acknowledged by Appeals. If acknowledgement is not received within 5 days, follow-up on it by contacting Appeals.
7. The attachments to the Form 3210 are as follows:
 - Pertinent AMS and ACS histories and appropriate ACS screens.
 - Copies of Taxpayer's correspondence.
 - Form 4442, Inquiry Referral.
 - Any other information you deem pertinent.
8. Any delays will be coordinated with and through the CAP coordinator.
9. Appeals will inform the CAP coordinator of their decision as soon as possible and within a 5-day time frame.

Note:

The 5-day timeframe begins upon the Appeals Officers receipt of the case and ends with the input of the AC/FR on ACDS.

10. If the taxpayers request did not meet the requirements for a CAP appeal, Letter 5060C may be used to notify the taxpayer.
11. OFP Code 64420 is used to report hours and volumes related to the CAP Coordinator duties in ACS/ACSS.

5.19.8.4.16.4 (06-02-2011)**How Does the Taxpayer Appeal an IRS Action**

1. The taxpayer can call at the phone number shown on the notice or write us by submitting Form 9423 or its equivalent. The taxpayer must be prepared to explain which actions(s) he/she disagrees with and why they disagree. The taxpayer must also offer a solution to their tax problem.
2. Try to resolve the issue(s) with the taxpayer. If you cannot reach an agreement with the taxpayer, the taxpayer can appeal your decision. Honor the taxpayer's request and refer the taxpayer to your manager if he or she is available to accept the call. The manager should speak with the taxpayer immediately or return the call within 24 hours. If your manager is not available, inform the taxpayer that a manager will call them back within 24 hours. Take the following actions to facilitate the manager's call-back:

- A. Document in AMS the taxpayer's best phone number and best time to call.
- B. Re-assign the case to the correct manager function, for example: TOS0,01,MGRCB or TOC0,01,MGRCB.
- C. Document AMS that case is a CAP and clearly describe the issue(s), and the taxpayer's proposed solution.
- D. Make a print of the case and give to the manager for the call-back.

Caution:

These call-backs can not be re-delegated.

Note:

If in attempting the call-back, a message must be left, leave the number where the manager can be reached directly. It is not appropriate in these cases to leave the 1-800 toll-free number.

3. Generally, before a taxpayer requests a CAP appeal, he or she must discuss the problem with a collection manager. Taxpayers or representatives who make themselves unavailable to the manager for the mandatory discussion will not be entitled to a CAP appeal unless it is apparent the manager did not offer a reasonable opportunity for such discussion to occur.

Note:

CAP appeal requests involving proposed termination, terminated or rejected installment agreements do not require a managerial conference.

4. After discussing the issue with the taxpayer, the manager will make a decision on the case. If the taxpayer does not agree with the manager's decision, the case will be forwarded to Appeals through the CAP coordinator. Take the following actions in preparing the case for the CAP Coordinator:
 - A. Clearly document the manager's call(s) discussion content with the taxpayer.
 - B. Include the manager's full name, title and phone number. Also include the date and time of the call between the manager and the taxpayer.
5. If the taxpayer does not decide to appeal at the point of the manager conference and has not already requested a CAP in writing or verbally, he or she has two days to call back and advise us that he or she has decided to appeal. If the taxpayer does not call back within 2 days, Collection action may resume, in lien, levy or seizure CAP cases.
6. In cases involving proposed termination, terminated or rejected installment agreements where you cannot reach a resolution with the taxpayer, these cases shall be prepared and forwarded directly to the CAP Coordinator as follows:
 - A. Document in AMS the conversation with the taxpayer, the taxpayers' best phone number and best time to call.
 - B. Document AMS that the case is a CAP and clearly describe the issue(s).
 - C. Make a print of the case and give it to the CAP Coordinator.
7. If the CAP appeal is not being sent to Appeals or considered invalid, input a TC 290 for .00, blocking series 18, on the most recent tax period involved and document the actions on AMS.

**5.19.8.4.16.5 (08-27-2010)
Appeals on Defaulted and Rejected Installment Agreements**

1. Installment Agreements (IA) that default are usually due to:
 - Missed payment
 - Insufficient payment
 - Additional liability
2. The taxpayer has 76 days from the date of the notice in which to request an appeal. When a taxpayer defaults on their installment agreement, a (CP523), Default Notice, is sent, which proposes termination of the IA unless he/she contacts us within 30 days. Under IRS procedures, the Installment Agreement will automatically terminate on the 46th day if he/she does not contact us within that time period to appeal or cure the default of the IA. After the 46th day, and the termination of the IA, the taxpayers' right to appeal will continue for 30 more days. Accordingly, an appeal must be made on or before the 76th day after the date of the notice.
3. The taxpayer must request an appeal of the rejection of a proposed IA on or before the 30th day after the date of the rejection letter. The mailed Form 9423 or written request must be postmarked on or before such day.
4. Levy is suspended by law for 30 days after IRS terminates an installment agreement. The taxpayer may appeal at any time during the 30-day period. Since the IRS is authorized to terminate an IA 30 days after the CP523, this means the law gives the taxpayer 60 days from the date of the CP523 to appeal.
 - If the taxpayer appeals the rejection/termination of the installment agreement within that 30 days, suspension will continue during the period of appeal.

**5.19.8.4.16.6 (06-02-2011)
Sending Cases to Appeals**

1. Form 4442, Inquiry Referral and Form 3210, Document Transmittal will be used to transmit the information to the Appeals Office through the CAP Coordinator. Forward the CAP cases to Appeals according to the routing guide on the Appeals Home page: <http://appeals.web.irs.gov/> Include copies of:
 - AMS History.
 - Copies of taxpayer's correspondence or documented conversation with the taxpayer.

Note:

Faxes will generally be used to transmit the information to Appeals within two days of the manager's conference.

2. Input a STAUP for four cycles. Enter an AMS history item as follows to indicate a CAP case has been received and forwarded:
 - CAPLNOP - CAP, Lien issue.
 - CAPLVOP - CAP, Levy issue.
 - CAPIAOP - CAP, IA Termination issue.
 - IADENIAL , IA denial.

3. Document any discussions about the case with the originating manager on the Form 4442.
4. When the appeal is closed by the Appeals Office, and the originating manager is notified, enter the IDRS history item CAPaaCLnn where (aa = the issued appeal LV, LN, IA) and nn = Appeals closing code (*IRM 5.19.8.5*. CAP Reports).

Example:

CAPLVCL14-CAP, Levy issue, closed by Appeals, originators decision supported with no changes.

5. Take all actions as directed by Appeals per Form 5402. Document actions on AMS. Monitor to ensure actions post properly. Send documents to files: Input TC290 for .00, blocking series 18 on the most recent tax period involved.

5.19.8.4.16.7 (08-27-2010)

Additional Instructions for ACS

1. Reassign the case to R0,15,CAPxx (xx=LV for levies; LN for liens; IA for denied or terminated installment agreements).
2. The request for an appeal and statements about the issue must be documented in the comments section of AMS.

Caution:

Do not use brevity codes.

3. When the appeal is closed by the Appeals office and the originating manager is notified, enter the IDRS history item CAPxx (xx=issue),CLnn (nn=appeals closing code). See *IRM 5.19.8.5.*, CAP Reports, for closing codes.

Example:

CAPLVCL14 = CAP, levy issue, closed by Appeals, originator's decision supported with no changes.

4. ACS will also:
 - A. Enter the information into AMS comments precisely as given by Appeals.
 - B. Include any previous comments at this time so no important information is missing.
5. The CAP Coordinator will return the case back to the originator for the next appropriate action(s), and monitor their input or the CAP coordinator will complete the actions.

5.19.8.4.16.8 (02-03-2014)

Cases Awaiting Appeals Decision

1. Appeals will review the case for appropriateness based on the law, regulations, policy and procedures (national and local), considering all the facts and circumstances.
2. Local procedures will only be considered appropriate if they are written and in accordance with the IRM. Judgement is likely to be an issue on these types of cases, although they can also involve legal or procedural issues. Appeals may reverse Collection's action, if evaluation of the taxpayer's history and current facts or circumstances reveal a more appropriate solution.
3. In a CAP hearing Appeals will be limited to sustaining collection or otherwise directing Collection to take the appropriate corrective action. Appeals does not consider alternatives to the issue under appeal, but solely determines the appropriateness of the issue under appeal. See *IRM 8.24.1.1.1(9)* and *IRM 8.24.1.2.7(13)* for additional information.
4. It is Appeals' goal to close these cases within five business days. It is suggested that Appeals hold a conference with the taxpayer within two days. If requested, taxpayers will be allowed a reasonable delay when warranted; however, it usually should not exceed five business days. Any delays will be coordinated with the CAP coordinator, manager, or originator as appropriate.
5. If the taxpayer tries to present new information to Appeals that the originating office manager or CAP coordinator has not considered, Appeals should not ask them to review and comment on the new information as it would be a request for prohibited ex parte communication (see *IRM 5.1.9.5*, Communications with Appeals, for information on ex parte communications) unless the request is shared with the taxpayer or taxpayer's representative.
6. Appeals will inform both the CAP coordinator and the taxpayer of their decision as soon as possible within the 5-day time frame. The CAP coordinator will be contacted immediately upon making a decision.
7. Appeals decision may initially be given orally, but MUST be followed up by a written closing letter. A copy of the letter will be given to the originating office. Upon oral advice, Collection actions may resume or the Appeals decision may be implemented.

5.19.8.5 (01-01-2000)

CAP Reports

1. Appeals has added codes to the Appeals Centralized Database System (ACDS) reports to help track this CAP reports program. The codes are:
 - CAPLV — levies
 - CAPLN — liens
 - CAPSZ — seizures
 - CAPIA — denied or terminated Installment Agreements
2. Closing codes tell whether the case was:
 - Fully sustained = 14 — Used when the originator's decision supported with no changes
 - Not sustained = 15 — Used when the originator's decision is completely overturned
 - Partially sustained = 16 — Used when only minor changes are made to the originator's decision. Also used when the taxpayer proposed a new acceptable proposal for resolution that was not presented to the originator and would have been accepted if it had been offered.

5.19.8.6 (06-02-2011)

OFP Program and Function Codes

1. OFP Reporting for CDP and equivalent hearing cases:
 - Use 810-64400 for front-end processing (volumes and all time spent building the case for Appeals)
 - Use 810-64410 for back-end processing (volumes and all time processing a case returned from Appeals)

- Use 810-64430 for Collection Information Statements (CIS) verification requests (volumes and time processing CISs from Appeals)

2. OFP Reporting for ACS Support CAP cases:

- Use 810-64420 (volumes and time spent by ACS and ACSS CAP coordinators).

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 9. Automated Levy Programs

5.19.9 Automated Levy Programs

- 5.19.9.1 [Automated Levy Programs Overview](#)
- 5.19.9.2 [State Income Tax Levy Program \(SITLP\) General](#)
- 5.19.9.3 [Federal Payment Levy Program](#)
- 5.19.9.4 [Alaska Permanent Fund Dividend Levy Program](#)
- 5.19.9.5 [Municipal Tax Levy Program \(MTLP\) General](#)
- Exhibit 5.19.9-1 [Table of Federal Payments Subject to FPLP](#)
- Exhibit 5.19.9-2 [FPLP - Federal Employee Salary Paying Agencies - NFC, NBC, GSA, DFAS](#)
- Exhibit 5.19.9-3 [FPLP Exclusion Criteria](#)
- Exhibit 5.19.9-4 [TC 971 AC 062 Document Locator Number \(DLN\) Format of Federal Payment Type](#)
- Exhibit 5.19.9-5 [Federal Payment Agency Identifier Code List](#)
- Exhibit 5.19.9-6 [Department of the Treasury, Bureau of the Fiscal Service Notice](#)
- Exhibit 5.19.9-7 [Permanent Fund Dividend Notice](#)

Manual Transmittal

June 23, 2014

Purpose

(1) This transmits revised IRM 5.19.9 Liability Collection, Automated Levy Programs.

Material Changes

- (1) Editorial changes have been made throughout this IRM, including updating the citations.
- (2) IRM 5.19.9.1.1, *What Are ALPs?* (6) was updated.
- (3) IRM 5.19.9.2, *State Income Tax Levy Program (SITLP) General*. (7) was clarified. (11) Arkansas was added.
- (4) IRM 5.19.9.2.2, *SITLP Exclusion Criteria*, was updated to reflect current SITLP exclusion criteria.
- (5) IRM 5.19.9.2.3, *SITLP Coordinator*, (3) was updated to include all duties for the Submission Processing SITLP Coordinator and the Compliance Services SITLP Coordinator.
- (6) IRM 5.19.9.2.6, *Taxpayer Contacts on SITLP Notices*, updated to provide clarity.
- (7) IRM 5.19.9.2.7, *Refunding SITLP Payments*, updated to provide clarity.
- (8) IRM 5.19.9.2.7.1, *SITLP Wrongful Levies*, updated to provide clarity.
- (9) IRM 5.19.9.2.7.2, *SITLP Wrongful Levy Documentation*, updated to provide clarity.
- (10) IRM 5.19.9.2.7.3, *Processing SITLP Manual Refunds*, updated to provide clarity.
- (11) IRM 5.19.9.3.1, *What is FPLP?*, is updated to include new payment types added to the FPLP, information on the new 100% levy expansion authority on vendor payments and the new FPLP FEDCON levy.
- (12) IRM 5.19.9.3.2, *FPLP Selection Criteria*, (3) was updated with current selection criteria.
- (13) IRM 5.19.9.3.2.1, *Modules Selected for the Disqualified Employment Tax Levy (DETL)*, (4) was updated to include RRB payments.
- (14) IRM 5.19.9.3.2.3, *Low Income Filter (LIF) Exclusions*, this subsection is new and describes FPLP low income exclusion criteria. Some descriptive areas are official use only (OUO) information.
- (15) IRM 5.19.9.3.2.4, *Modules Systemically Blocked from FPLP*, this section has been renumbered, it was previously 9.3.2.3. Added "Alaska Native Villages" in (5).
- (16) IRM 5.19.9.3.3, *FPLP Systemic Processes and Indicators*, updated throughout to incorporate new information on the new FEDCON levy process.
- (17) IRM 5.19.9.3.3.1, *Case and Module Selection Process (TC 971 AC 060)*, (3) was added for information on the CCR flag for Federal Contractors.
- (18) IRM 5.19.9.3.3.3, *FPLP Notice Process (TC 971 AC 069 or AC 169)*, incorporates new information on the new FEDCON levy process, and updated to provide clarity.
- (19) IRM 5.19.9.3.3.4, now titled *Levy Service Process (TC 971 AC 662, 677 or 762)*, incorporates new information on the new FEDCON levy process, and updated to provide clarity.
- (20) IRM 5.19.9.3.3.5, *Levy Payment Process (TC 670 DPC 18, DPC 19)* incorporates new information on the 100% levy expansion authority on vendor payments and the new RRB payment.
- (21) IRM 5.19.9.3.4, *FPLP Generated Notice(s) and Appeal Rights*, describes the new FPLP notice, CP 90C/297C.
- (22) IRM 5.19.9.3.4.1, *BFS Notice to Taxpayers*, addresses and phone numbers were updated.
- (23) IRM 5.19.9.3.6, *Taxpayer Contacts*, updated to include for information on the CCR flag for Federal Contractors.
- (24) IRM 5.19.9.3.7, *Levy Release: General*, is updated throughout and several new case examples are provided explaining the BFS payment processing cycle cutoff table.

(25) IRM 5.19.9.3.7.1, *Immediate Release Through the FPLP Coordinator*, was previously titled *Immediate Release Through the FPLP Liaison*. It was updated throughout and a case example was added when working with the FPLP coordinator for levy release.

(26) IRM 5.19.9.3.7.2, *FPLP Campus Coordinator Duties*, this section was previously titled *FPLP Campus Coordinator Duties*. It was updated throughout to include the new campus coordinator duties.

(27) IRM 5.19.9.3.8, *Return of FPLP Levy Proceeds*, (5) is updated to provide clarity when making a determination to return levy proceeds to the taxpayer.

(28) IRM 5.19.9.4, *Alaska Permanent Fund Dividend Levy Program*, is updated throughout its subsections with a name change to the analyst, new CP 177 and program modernization.

(29) IRM 5.19.9.4.1, *What is the AKPFD?*, was updated to add the 2013 Permanent Fund Dividend (PFD) amount.

(30) IRM 5.19.9.4.2, *How AKPFD Works*, the control base information has been removed.

(31) IRM 5.19.9.4.3, *AKPFD Selection Criteria*, Status 60 was clarified.

(32) IRM 5.19.9.4.3.1, *AKPFD Exclusion Criteria*, exclusion criteria was updated.

(33) IRM 5.19.9.5, *Municipal Tax Levy Program (MTLP) General*, this section was added for new automated levy program.

(34) Exhibit 5.19.9-1, *Table of Federal Payments Subject to FPLP*, updated to include new payment agency types added to the FPLP.

Effect on Other Documents

IRM 5.19.9 dated October 1, 2010, is superseded.

Audience

W&I and SB/SE employees in Campus Compliance and Customer Account Services (CAS)

Effective Date

(06-23-2014)

Rennae L. Ward
Director, Collection Analytics, Automation, Inventory Selection and Delivery
Enterprise Collection Strategy
Small Business Self-Employed

5.19.9.1 (06-23-2014)

Automated Levy Programs Overview

1. This section provides information and procedures on Automated Levy Programs (ALPs). An ALP is one where selected federal tax debts are matched with state taxing authorities, municipal taxing authorities and federal agencies disbursing funds, such as, salary, pension, and vendor payments.

5.19.9.1.1 (06-23-2014)

What Are ALPs?

1. Automated Levy Programs are divided into four categories:

- State Income Tax Levy Program (SITLP) – attaches state income tax refund
- Federal Payment Levy Program (FPLP) – attaches federal disbursements due an individual or business, such as, retirement, vendor/contractor payments, and social security
- Alaska Permanent Fund Dividend Levy Program (AKPFD) – attaches to the Permanent Fund Dividend distributed by Alaska
- Municipal Tax Levy Program (MTLP) – attaches to local income tax refund

Note:

See IRM 5.19.4 , *Enforcement Action*, for procedures related to levies.

2. Each levy program selects modules using slightly different criteria. Bankruptcy, Installment Agreement and Offer in Compromise accounts are excluded from the ALPs.

3. Agreements or a memorandum of understanding have been established with Bureau of the Fiscal Service (BFS) for FPLP, each state for SITLP and AKPFD and each municipality or municipality agency for MTLP.

4. The procedures in this section are specific to ALPs such as:

- Specific information on each program
- Levy identification
- Notices issued by each program
- Steps to release the account from the levy program

5. Other issues such as can't pay and don't owe are covered throughout IRM 5.19, *Liability Collection*.

6. Correspondence and notices for these programs will contain one of the following Automated Collection System (ACS) telephone numbers:

- 1-800-829-7650 for accounts with a business operating division (BOD) code of Wage and Investment (W&I)
- 1-800-829-3903 for accounts with a BOD code of Small Business/Self-Employed (SB/SE), Large Business and International(LM&I), or Tax-Exempt/Government Entities (TE/GE)
- 267-941-1004 for accounts with a universal location code (ULC) 98 indicating an international address; regardless of BOD

7. ALP notices only reflect the balance due as of the date of the corresponding TC 971 that indicates an ALP notice was issued. These notices, however, advise the taxpayer to pay the balance within 30 days. Since the notices cannot/do not reflect a future balance, a systemic grace period is provided for calculation of interest and failure to pay.

8. Taxpayers may contact Compliance Services Collection Operations (CSCO), Accounts Management (AM), a Taxpayer Assistance Center (TAC), or the Taxpayer Advocate Service (TAS) to resolve ALP issues. These contacts do not have to be referred to ACS unless:

- The account is in Status 22 and you do not have access to ACS.
- You are unable to resolve the case in accordance with your organization's delegated authority for case disposition (e.g., returning levied property, installment agreement, CNC 530 cc 24–32, etc.) and dollar criteria.
- The taxpayer is calling AM with specific ALP concerns. If the taxpayer is calling about issues other than ALP (i.e., explanation of their account, payments, current year refund calls with federal or state refund offset, etc.), AM should resolve the taxpayer issue following normal processing procedures.

9. Before disclosing any tax information, you must be sure you are speaking with the taxpayer or authorized representative. See the Taxpayer Authentication guidelines in IRM 21.1.3, *Operational Guidelines Overview*. For ACS representatives, see Electronic Automated Collection Service Guide (e-ACSG) for a guide to utilize in addressing all compliance issues and controlling the incoming call conversation.

**5.19.9.2 (06-23-2014)
State Income Tax Levy Program (SITLP) General**

1. Each state with income tax requirements can sign an agreement with the IRS to permit the state income tax refund to be applied to a federal tax liability.
2. An electronic file of qualifying federal tax debts is sent to each participating state along with a Notice of Levy (Form 668-A), or Memorandum in lieu of Form 668-A, through Secure Data Transport (SDT). The tax debt is matched against the state income tax refunds and all or a portion is sent to IRS to satisfy the federal debt.
3. In most cases, a new levy file will be transmitted every two weeks to participating states. On each subsequent file new modules can be added and modules that no longer meet the selection criteria are removed.
4. A few states receive SITLP levy files weekly. Each file will identify new modules, changes to existing modules, and/or removal of modules from the levy.
5. The state taxing agency processes the IRS issued file for a period of two weeks; matching the file against the state's refund database.
6. Some state laws allow the state to offset a portion of a state tax refund to satisfy the expenses of honoring the levy. For those states, the IRS will levy upon a taxpayer's refund for the amount in excess of the offset. The IRS will have no role in this offset. These states will remit to the IRS from a taxpayer's state refund an amount in excess of the offset.
7. The state then provides the IRS with the levy payment and data via SDT/paper check or Electronic Federal Tax Payment System (EFTPS). Currently, all states except New York and North Carolina using EFTPS to submit their payments.
8. A Submission Processing SITLP Coordinator is assigned at the W&I campus in Kansas City to process the paper checks and troubleshoot any problems identified in processing the SITLP payment data. A Compliance Services SITLP Coordinator is assigned at W&I campuses in Austin, Fresno and Kansas City to review all SITLP manual refund requests and troubleshoot any problems identified in SITLP. See IRM 5.19.9.2.3. A SITLP Liaison is assigned at the Kansas City Automated Collections System (ACS) Support Site to process the SITLP manual refunds.
9. Participating states are required to mail the taxpayer a notice indicating that the state tax refund has been levied by the IRS and applied to a Federal tax liability. The notice explains the amount of the refund levied and advises the taxpayer to contact the IRS at the appropriate ACS toll-free telephone number (W&I, SB/SE or International), for information regarding the SITLP levy. The notice also advises that an IRS notice may be forthcoming.
10. SITLP commences production in mid-January after the dead cycles. The final levy file is sent in cycle 50 or 51 depending on state processing. SITLP production concludes by mid-December each year.
11. Out of the 42 states (including the District of Columbia) with an income tax, the following currently participate in SITLP: Alabama, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont, Virginia, West Virginia, and Wisconsin.

**5.19.9.2.1 (06-23-2014)
SITLP Selection Criteria**

1. The following types of tax and collection status can be selected for levy through SITLP:
 - **Master File Tax Code (MFT)** - 29, 30, 31, 55

Note:

Individual Master File (IMF) only
 - **Master File and Integrated Data Retrieval System (IDRS) Collection Status Codes** - 22, 23, 24, 26, and 53 (with closing codes 03, 09, 12, 39, and hardship codes 24–32)
 - **=====**
2. Only valid social security numbers (SSNs) are included in the SITLP.
3. Each module whose current status is one of the above, must have a previous Status 58 to be included in SITLP. If there is not a previous Status 58, then there must be a TC 971 action code (AC) 035 or AC 069.
4. Each module included in the SITLP will have a TC 971 AC 600 posted.
 - This TC is an information only transaction which indicates that the levy has been served.
 - This TC posts to each module that is included in SITLP annually even if there is a prior TC 971 AC 600.
 - Module(s) that do not have a current year TC 971 AC 600 will not be on the levy file to the state.

**5.19.9.2.2 (06-23-2014)
SITLP Exclusion Criteria**

1. Modules meeting the criteria below are **not** subject to SITLP.
2. All **entities** that include one or more of the following **UNREVERSED TRANSACTION CODES** in **any balance due module**

UNREVERSED TRANSACTION CODES	DESCRIPTION
TC 480 or TC 780	Offer In Compromise (OIC) pending or approved
TC 500	Military deferment or Combat Zone
TC 520	Bankruptcy/Litigation

TC 540 (or date of death indicated on CC INOLES) 1 year after death	Deceased Taxpayer
TC 914	Active Criminal Investigation Division (CID) Investigation
TC 971 AC 043	Pending IA prior to a SITLP levy
TC 971 AC 086 or AC 087	Open Disaster Case
TC 971 AC 630	Taxpayer files Collection Due Process (CDP) request (levy & levy/lien) and is not yet assigned to Appeals
TC 976 or 977	Duplicate return freeze

3. Any **module** that has one of the following **UNREVERSED TRANSACTION CODES**

UNREVERSED TRANSACTION CODES	DESCRIPTION
TC 470 with no closing code	Amended return claim pending
TC 608	Expired statute
TC 971 AC 065	Innocent Spouse claim
TC 971 AC 071	Injured Spouse claim
TC 971 AC 501 or 506	Identity Theft

5.19.9.2.3 (06-23-2014)
SITLP Coordinator

1. SITLP has designated Compliance Service SITLP Coordinators located in Austin, Fresno and Kansas City and one Submission Processing SITLP Coordinator located in Kansas City. A current listing of the SITLP Coordinators can be found on the Servicewide Electronic Research Program (SERP) web site under the Who/Where tab. The names and phone numbers are for **internal use only**. Taxpayers should NOT be referred to the SITLP Coordinators.
2. The SITLP Coordinator is the contact point for the states and the IRS Governmental Liaison (GL) for each state. Only the Kansas City W&I campus process SITLP levy files and checks.
3. Submission Processing SITLP Coordinator duties and responsibilities include, but are not limited to:
 - A. Receiving the SITLP paper check from the state. Only two states send paper checks, they are New York and North Carolina. The coordinator must ensure that the SITLP paper check is date stamped with the IRS received date (usually done by Extraction).
 - B. Check Control D or the Accounting Log daily to ensure there are no SITLP file or check issues.
 - C. When a SITLP file has been received and no check and **5 business days** have passed, it will be necessary to contact the state agency.
 - D. When a paper check has been received and no SITLP file and **2 business days** have passed it will be necessary to contact the state agency. If after contact the file is not received in **2 additional business days** the paper check should be returned to the state.
 - E. Ensure that the paper check amount and SITLP file amount match. If the amounts don't match contact the state to resolve the problem, if after **3 business days** the problem isn't resolved return the paper check to the state.
 - F. Coordinating with Modernization & Information Technology Services (MITS) Computing Centers to ensure that the computer runs are scheduled and completed timely.
 - G. Coordinating with Revenue Accounting Control System (RACS) to ensure that the amount of the SITLP payment equals the total amount shown on the state SITLP file.
 - H. Maintaining a log of all files received with copies of the appropriate documentation (received date, record count, check, file number, ticket number, etc.). This file should include all information from the previous 12 months.
 - I. Update the Headquarters' monthly report located on the shared drive database. The payment data may be input weekly, however the last week of the month through the 4th of the following month the data should be input daily. If it takes **48 hours or more** to process a SITLP file and paper check, document the Deposit Remarks field on the database.
 - J. Notify the SITLP Headquarter (HQ) Analysts and the GL of any problems or delays in processing the SITLP files and paper checks immediately.
 - K. Completing various other miscellaneous duties related to SITLP processing.
4. Compliance Services SITLP Coordinator duties and responsibilities include, but are not limited to:
 - A. Resolving erroneous and wrongful levy situations. All manual refunds requests should be worked within **5 business days** of the IRS received date.
 - B. Update the Headquarters' manual refund log located on the shared drive database.
 - C. Maintain a file of manual refund requests and documentation received. This file should include any requests from the previous 12 months.
 - D. Completing various other miscellaneous duties related to SITLP processing, including contacts with the state's officials and the governmental liaisons.

5.19.9.2.4 (06-23-2014)
SITLP Notices

1. Pursuant to IRC 6330, SITLP will systemically issue a notice to the taxpayer, but unlike other notice requirements under IRC 6330, SITLP notices are **"post-levy"** notices. IRC 6330(f) requires that any taxpayer levied under SITLP shall be given an opportunity for a Collection Due Process (CDP) hearing within a reasonable amount of time **after** the levy if that levy is the first levy made with respect to a particular tax and tax period.
2. As a result of the Restructuring and Reform Act of 1998 (RRA 98) and IRC 6330, a post-levy notice, CP 92, *Notice of Levy on Your State Tax Refund Notice of Your Right to a Hearing*, was developed.
3. The following TC combinations will generate the CP 92:
 - **TC 971 AC 600 and a TC 670 designated payment code (DPC) 20**
 - **TC 971 AC 600 and a TC 670 DPC 21**
 - **TC 971 AC 600 and a TC 706** (The TC 706 would be a result of a TC 670 DPC 20 that overpaid an earlier SITLP tax period.)
4. These notices are mailed by certified mail and contain the following inserts:
 - Publication 594, The IRS Collection Process

- Publication 1660, Collection Appeal Rights
 - Form 12153, Request for a Collection Due Process or Equivalent Hearing
 - Return envelope
5. The CP 92 also provides an ACS telephone number for assistance. See *IRM 5.19.9.1.1*. These telephone numbers are available for taxpayers to resolve their tax accounts or exercise their appeal rights.
 6. A TC 971 AC 069 will systemically post on each module when a CP 92 is generated.
 7. If a taxpayer previously received a CDP notice for any tax period(s) included on the SITLP levy, then a CDP notice will not be issued for those tax periods, unless there was an additional assessment after issuance of the CDP notice.
 8. On joint liabilities, both taxpayers will receive a CP 92. A separate notice is issued to each taxpayer in accordance with RRA 98 Section 3201(d), even if the taxpayers live at the same address. Two TC 971 AC 069s will post to the primary SSN; however, the second TC 971 AC 069 will include the secondary SSN in the cross-reference (XREF) field.
 9. A separate notice will **not** be issued if there are problems with the name line or SSN as it relates to the secondary taxpayer. This includes:
 - The secondary taxpayer is deceased.
 - The secondary taxpayer SSN is invalid.
 - There is no secondary name in the name line.
 - The name line only gives the first name of the secondary taxpayer.
 - There is something that makes the secondary name incomplete or indecipherable.

5.19.9.2.5 (06-23-2014)

SITLP Payments

1. When a SITLP match occurs and levy proceeds are received from the state, a TC 670 DPC 20 will post to the earliest tax period identified in the SITLP file sent to the state. If the amount overpays the earliest tax period, it will systemically offset (TC 826/706) to the next SITLP module(s) whose balance was included in the levy or to other balance due tax periods as appropriate.
2. In some situations, SITLP payments are manually applied or transferred. These manual SITLP payments are posted with a TC 670 DPC 21.
3. SITLP levy proceeds are applied to the taxpayer account **prior to** issuance of the CP 92.
4. Generally, it takes 4 to 6 weeks or sometimes longer from the time the state receives a SITLP levy file until the time the SITLP levy proceeds are applied to the taxpayer's account. Since this is an automated levy process, timing issues may delay the process even longer.

5.19.9.2.6 (06-23-2014)

Taxpayer Contacts on SITLP Notices

1. Taxpayers may contact CSCO, AM, or TAC to resolve SITLP issues. These contacts do not always have to be referred to ACS. See *IRM 5.19.9.1.1*.
2. If contacted by a taxpayer, explain that the state tax refund was levied to satisfy a federal tax debt. The call should be considered a regular account call which will require explaining the assessment, discussing payment of any remaining balance, granting an installment agreement, or securing financial information to determine ability to pay. All of these procedures are covered in *IRM 5.19.1, Balance Due*.
3. SITLP contacts are often the result of the taxpayer receiving a notice from the state that their state tax refund was levied. Payments from states that do not use EFTPS may take up to four to six weeks to post after they have transmitted the SITLP file and mailed the paper check to the IRS and they have notified the taxpayer; therefore, you may not see the TC 670 DPC 20 posted to the taxpayer's account. Be sure to check for a current year TC 971 AC 600 to identify active SITLP accounts. In some cases, you may have to ask the taxpayer for a copy of the letter issued by the state. If a copy of the letter has to be secured, contact should be made with the appropriate SITLP Coordinator based on the state that the taxpayer resides in. **DO NOT contact state taxing agencies.**
4. During filing season, several calls are received from taxpayers asking why IRS levied their current year state refund when their federal refund was offset to satisfy the same liability. This is primarily due to the 4 to 6 weeks it takes for a non-EFTPS SITLP payment to post to a taxpayer's account. Advise the taxpayer that there was a balance due when the SITLP levy was issued, but that payment has not yet posted to their account. Since the federal refund has been offset from their current year account and full paid the balance, when the SITLP levy payment is received, it will be refunded to the taxpayer as long as there are no other outstanding balances.

Note:

If the SITLP levy payment is not posted to the account within 6 weeks, contact the appropriate Compliance Services SITLP Coordinator. A listing of the SITLP Coordinators can be found on SERP under Who/Where.

5. Refer taxpayer to the Taxpayer Advocate Service if appropriate per *IRM 5.19.1.2.1, For All Employees*, and *IRM 5.19.5.5.3, R2 - Taxpayer Advocate Service/Congressionals*.
6. If the taxpayer wants to appeal the levy action with the Office of Appeals, see *IRM 5.19.8, Collection Appeal Rights*.
7. Erroneous levies are handled by the Compliance Services SITLP Coordinator. See *IRM 5.19.9.2.7*.
8. Non-liable spouses may file a "wrongful levy" claim on a SITLP levy. A wrongful levy for SITLP would be when a portion of the state refund is attributable to the non-liable spouse's income only and the non-liable spouse may be entitled to have a portion of the money refunded. See *IRM 5.19.9.2.7*.

5.19.9.2.7 (06-23-2014)

Refunding SITLP Payments

1. The state may send a state refund to IRS erroneously. When this occurs, the state will request a refund through the Compliance Services SITLP Coordinator. See *IRM 3.17.79.3.11, Erroneous Receipt of Funds From State Income Tax Levy Program (SITLP)*.
2. The state representative will contact the appropriate Compliance Services SITLP Coordinator when a refund situation is identified and will prepare a memorandum requesting the required adjustment. This memorandum will be mailed, faxed or e-faxed to the Compliance Services SITLP Coordinator. The request will contain all entity information, as well as, the specific amount of the refund.
3. Wrongful levy claims are handled administratively, but non-liable spouses have the option to file a civil wrongful levy suit if the account cannot be resolved administratively. See *IRM 5.19.9.2.7.1*.
4. SITLP payments cannot be refunded if the payment created an overpayment and was subsequently refunded to the taxpayer. Research must be performed to ensure that the money remains available for refund. This research may involve tracking the levy proceeds from module to module.

- SITLP levy payment dates should be verified before refunding the payment. SITLP levy proceeds can only be refunded for up to 9 months after receipt of the levy payment. See IRM 5.11.2.4.1, *Current Authority for Returning Levied Property to the Taxpayer*.
- There may be other instances where the return of SITLP levy proceeds is warranted. The return (refund) of levy proceeds requires special handling. See IRM 5.19.4.4.11, *Levy Release: Returning Levied Property*.

Note:

Only erroneous or wrongful requests should be worked by the Compliance SITLP Coordinator. All other requests for return of SITLP levy proceeds, including hardship requests, should be worked according to operational guidelines and *not* sent to the Compliance Services SITLP Coordinator for manual refund.

- Do *not* refer taxpayers to any SITLP Coordinator or ACS Support Liaison.

**5.19.9.2.7.1 (06-23-2014)
SITLP Wrongful Levies**

- Non-liable spouses who fail to receive a portion of their state income tax refund due to the operation of the SITLP are not "injured spouses." Rather, they are third parties who believe that the IRS has made an error by levying their state income tax refund. The remedy available to the non-liable spouse is to file an administrative claim for return of "wrongfully levied" property pursuant to IRC 6343(b).

Note:

DO NOT confuse wrongful levy with erroneous levy. See IRM 3.17.79.3.11, *Erroneous Receipt of Funds From State Income Tax Levy Program (SITLP)*.

- Treasury Regulation Section 301.6343-2 provides directions for making such a claim. A written request must be made. A non-liable spouse may also file a suit for wrongful levy pursuant to IRC 7426. Making an administrative claim is not a prerequisite to filing such a suit. IRC 6532(c)(2) provides that if an administrative claim is filed, the third party has twelve months from the filing of an administrative claim or six months from the disallowance of such claim to file the suit, whichever is shorter. If no claim is filed, the third party must file suit 9 months from the date of the levy or agreement giving rise to such action. IRC 6532(c)(1).
- The criteria shown below is to be used as a guide in determining whether a SITLP wrongful levy may have occurred. Other conditions may warrant wrongful levy consideration and accounts should be considered on a case-by-case basis.

If	Then
A joint tax liability was levied through SITLP	Determine whether the taxpayer was liable for the balance due or if the taxpayer is an ex-spouse or unrelated taxpayer
The taxpayer filed an "injured spouse" claim with the IRS with respect to the refund that was levied through SITLP	Determine the status of the injured spouse claim with the IRS. This could be an indication that a wrongful SITLP levy may have occurred.
The taxpayer contacted the state taxing agency regarding a wrongful SITLP levy or a possible injured spouse situation	Determine the status of any state investigation, AND have the taxpayer provide documentation as to the results of the state investigation.

**5.19.9.2.7.2 (06-23-2014)
SITLP Wrongful Levy Documentation**

- In order to submit and accurately process an administrative claim for wrongful levy, the following information must be secured from the non-liable spouse:
 - A written request for return of the levied property that includes the name and address of non-liable spouse, the date of the levy if known, a copy of the state offset notice if available, and the levy amount being requested for refund.
 - A copy of the state and federal income tax returns for the tax year(s) in question. This information may be useful in verifying income, deductions, and credits for the non-liable spouse. In addition, this will assist in determining the percentage of the state tax refund attributable to each taxpayer.
 - A copy of any information from the state taxing agency that may be useful in making a wrongful levy determination. This may include a copy of an injured spouse claim, or any other documentation prepared by state employees investigating a claim.
 - A copy of Form 8379 (Injured Spouse Allocation) and Form 8379-A (Injured Spouse Claim Worksheet Computation) if the taxpayer filed an injured spouse claim for the tax year(s) in question. If not, then just a Form 8379-A should be completed and sent. While this form is intended for use in determining injured spouse percentages for a federal tax return, this form can be used as a guide in determining the percentage of state tax refund attributable to the non-liable spouse.
- It may be necessary to obtain information directly from the state. When this occurs, the request will be coordinated with the Compliance Services SITLP Coordinator at the applicable W&I Campus. The Compliance Services SITLP Coordinator will work with the state officials directly.
- The burden of proof is with the non-liable spouse. The majority of these claims can be resolved administratively, but the non-liable spouse may pursue a wrongful levy through a civil suit.
- Upon receipt of all required information, carefully analyze to determine if all or a portion of the SITLP levy payment should be returned. Document on Account Management Services (AMS) or Integrated Collection System (ICS) the reason for manual refund.
- All documentation, including the written request, may be sent by fax or e-fax if
 - contact has been made with the non-liable spouse by phone or in-person,
 - the non-liable spouse history file is documented with the date of contact, and
 - notation is made that the non-liable spouse wishes to send the document/form/letter by fax or e-fax

**5.19.9.2.7.3 (06-23-2014)
Processing SITLP Manual Refunds**

- The Compliance Services SITLP Coordinator will review all documentation and if approved, will assign a control number, and update the SITLP manual refund database.
- Using the SITLP Fax Cover Sheet, the coordinator will fax the documentation to the SITLP ACS Support Liaison in Kansas City. See SITLP ACS Support Liaison list on SERP under the Who/Where tab.
- The Compliance Services SITLP Coordinator will maintain a file of all requests for manual refunds. Included in the file should be the SITLP fax cover sheet, request from state, history information and any supporting documentation. This file should include any requests from the previous 12 months.
- The SITLP ACS Support Liaison will prepare using the IAT tool and seek approval for all SITLP Form 5792s and follow-up to ensure that the action has been completed. All manual refunds requests should be worked by the SITLP ACS Support Liaison within **5 business days** of receipt from the Compliance Services SITLP Coordinator.
- The SITLP ACS Support Liaison will update the SITLP manual refund database when the manual refund has been processed.
- The SITLP ACS Support Liaison will maintain a file of all SITLP Form 5792s including all supporting documentation. This file should include any requests from the current and prior fiscal year.

5.19.9.3 (06-23-2014)

Federal Payment Levy Program

1. The Federal Payment Levy Program (FPLP) is an automated levy program the IRS has implemented with the Department of the Treasury, Bureau of the Fiscal Service (BFS).
2. BFS administers the Treasury Offset Program (TOP) to collect delinquent **non-tax** debts for Federal agencies. The FPLP was developed in order to interface with TOP as a systemic and efficient means for the IRS to collect delinquent taxes by levying Federal payments disbursed or administered through BFS.

5.19.9.3.1 (06-23-2014)

What is FPLP?

1. IRC 6331(h), as prescribed by the Taxpayer Relief Act of 1997 (Public Law 105-34) Section 1024, authorizes the Internal Revenue Service to issue *continuous* levies on certain federal payments.
2. The law allows the IRS to levy up to fifteen percent (15%) of *specified payments*. *Specified payments* include any federal payment other than a payment for which eligibility is based on the income and/or assets of a payee.
3. IRC 6331(h)(3) allows the IRS to levy up to one hundred percent (100%) on any specified payment due to a vendor of property, goods or services sold or leased to the Federal government. The 100% levy increase is incorporated into the FPLP for federal contractor/vendor payments.
4. BFS is the disbursing agent for many of the federal payments that can be levied. The Defense Finance and Accounting Service (DFAS) and the United States Postal Service (USPS) are two other disbursement offices that also administer certain payments through BFS TOP.
5. FPLP is a paperless ALP the IRS has implemented with BFS that will systemically attach certain federal payments made or administered by BFS.
6. The first phase of the FPLP was implemented in July 2000. FPLP is being phased in as different federal payments become eligible for levy through the program.
7. The interagency agreement between the IRS and BFS provides for certain Federal payments disbursed or administered by BFS to be systemically levied. BFS is the levy source for all levies issued through the FPLP — *not* the Federal payment agencies. The following Federal payments are subject to the FPLP:

A. **Civil Service or Federal employee retirement annuities** administered through the Office of Personnel Management (OPM) Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS). The FPLP will levy 15% of the payment.

Note:

The FPLP does not levy the annuity payments in the Federal retirement Thrift Savings Plan (TSP).

B. **Treasury disbursed Federal civilian agency (non-Defense) contractor/vendor payments**. The FPLP will levy 100% of the payment. Prior to April 8, 2012, these payments were levied for 15% of the payment.

C. **Non-Treasury disbursed Federal civilian agency contractor/vendor payments by the Army Corp of Engineers, and the United States Postal Service (USPS)**. The FPLP will levy 100% of the payment.

D. **Federal employee travel payments** - advances and reimbursements. The FPLP will levy 15% of the payment.

E. **Federal (civilian) employee salaries** administered by the salary paying agencies (SPA): USDA National Finance Center (NFC), Department of the Interior's National Business Center (NBC), USPS, General Services Administration (GSA), and the Defense Finance and Accounting Service (DFAS).

Note:

DFAS, as a SPA, pays out some Federal civilian employee salaries, as well the Defense civilian employee and the military uniformed active/reserve member salaries and retiree payments. The FPLP does not include the military uniformed services members' salaries nor the military retirement payments.

Note:

See *Exhibit 5.19.9-2, FPLP - Federal Employee Salary Paying Agencies - NFC, NBC, GSA, DFAS*, for the listing of the Federal agencies whose payrolls are administered by these salary paying agencies. Federal employee salaries will be levied for 15% of the gross wages or salary remaining after current taxes, health insurance premiums, retirement contributions, and, if applicable, court ordered child support payments are deducted. There should be no other deductions taken into consideration for the 15% calculation.

F. **Social Security Administration (SSA) benefit payments under Title II of the Social Security Act**, aka Federal Old Age, Survivors and Disability Insurance (OASDI) benefits. (The exceptions are dependent child benefits, claims for lump sum payments, and payments that have partial withholding to repay an SSA benefit overpayment.) The FPLP will levy 15% of the payment.

Note:

Supplemental Security Income (SSI) payments are not subject to the FPLP.

G. **Department of Defense (DoD) contractor/vendor payments** paid through the Defense Finance and Accounting Service's (DFAS) 20 payment systems and sites. Each payment system and site were implemented into the FPLP at various times. FPLP will levy 100% of the payment. Prior to April 8, 2012, some of these payments may have been levied for 15% of the payment.

H. **Centers for Medicare and Medicaid Services (CMS) - Medicare Parts A, B, C and D provider and supplier payments**. Medicare Parts A and B payments disbursed through the CMS' Healthcare Integrated Government Ledger Accounting System (HIGLAS) are in the FPLP, FPLP will levy 100% of these payments. Be aware that not all of CMS' Medicare intermediary fiscal agents are yet incorporated into its HIGLAS. Complete incorporation should be by 2012. Medicare Parts C and D payments are disbursed by the Treasury Department and are in the FPLP, FPLP will levy 15% of these payments.

Note:

Medicare provider/supplier payments are not considered "contractor" or "vendor" payments, therefore are not subject to the 100% continuous levy increase allowance for the FPLP. This is because these providers/suppliers "enroll" to participate in the Medicare program, and are not subject to the Federal Acquisition Regulation (FAR) process for awarded contractors or vendors.

Note:

Medicaid provider/supplier payments are not subject to levy under IRC§ 6331(h) or FPLP. These payments are administered and paid out by state government agencies for CMS. The payments may still be subject to levy under IRC§ 6331(a).

I. **Miscellaneous Payments** - non-means tested, such as discretionary one-time payments and expenditures paid out by different Federal agencies' specialty programs. These are payments made for various Federal program-related expenditures, including interagency transfers, non-means tested loans, grants, medical, emergency and other administrative obligations. Also, included are payments from the Commodity Credit Corporation. The FPLP will levy 15% of the payment.

J. **Railroad Retirement Board (RRB) Benefit Payments** were added to the FPLP in July 2011. The FPLP levies 15% of the monthly annuity or pension payments under the Railroad Retirement Act (RRA), except the RRA Tier 2 benefit portion.

See *Exhibit 5.19.9-1, Table of Federal Payments Subject to FPLP*.

8. Third party notification provisions under IRC§ 7602 **do not** apply to this type of levy process as contact is made between electronic databases.
9. If a taxpayer is receiving two or more types of federal payments that are available for levy through the FPLP, then each payment may be levied for the same percentage allowed by the code.
10. Prior to 2006, on delinquent IMF joint income tax and BMF sole proprietor tax liabilities, the FPLP only levied Federal payments that matched to the primary TIN. Starting January 2006, FPLP began matching and levying Federal payments identified for the secondary or cross-reference (X-REF) SSNs on those IMF and BMF accounts.
11. Generally, the IRS must provide Collection Due Process (CDP) rights prior to levying. IRC§ 6330(f) and (h) provide some limited exceptions where, the IRS can serve a levy to collect taxes prior to giving the taxpayer pre-levy Collection Due Process (CDP) rights. A "disqualified employment tax levy" (DETL) and a "federal contractor (FEDCON) levy" are two of these exceptions found in IRC 6330(f). The FPLP implemented the DETL process in its automated process in January 2009, and the FEDCON levy process in January 2012. In these situations, the FPLP is served prior to the taxpayer receiving CDP rights but after the levy is served, CDP rights under IRC 6330 are given. Additional information on the general DETL process including the timing rules on when a taxpayer's prior request for a CDP hearing permits a DETL, can be found in IRM 5.1.9.3.15, *Disqualified Employment Tax Levy*. Further information on the FPLP DETL and FEDCON levy processes is described in the subsections below.

**5.19.9.3.2 (06-23-2014)
FPLP Selection Criteria**

1. FPLP computer requirements are based on an algorithmic process where all modules are first selected under certain collection statuses, then if appropriate, may be excluded by certain freeze codes based on a module exclusion criterion, or possibly an entity exclusion criterion. This subsection and its Exhibits describe the process.

2. =====

Exception:

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3. The following types of tax accounts and collection status can be systemically selected into the FPLP:

Taxpayer Identification Number	Valid SSN or EIN
Master File Tax Code (MFT)	01–06, 08–17, 29 -31, 33, 34, 36, 37, 44, 50, 51, 55, 60, 63, 64, 67, 77, 78
Module status	• Master File Status 22, 23, 24, 26 • IDRS Transaction Code (TC) 530, with Closing Codes (cc) 03, 06, 09, 10, 12, 39

**5.19.9.3.2.1 (06-23-2014)
Modules Selected for the Disqualified Employment Tax Levy (DETL)**

1. For a BMF employment tax module (MFT 01, 10, 11, 14 and 16) to qualify for a DETL, there must have been a CDP hearing previously requested on another BMF employment tax module no more than two years prior to that DETL-qualified module's period end date.
2. BMF employment tax modules that are selected into the FPLP may also be subject to the DETL process. In order to select FPLP DETL periods, a new FPLP BMF entity indicator "**AC 630 (YYYYMMDD) DATE**" has been created. This new indicator is displayed in the BMF entity CC BMFOLE. A taxpayer's employment tax module may be selected for a FPLP DETL, if the entity indicator's AC 630 date is within the "two-year look back" period of that DETL-qualifying module's period end date.
3. The FPLP BMF entity indicator "**AC 630 (YYYYMMDD) DATE**" is defined as the following:
 - A. The FPLP BMF entity indicator "AC 630 YYYYMMDD" will display a date which is the tax period end date of the latest BMF employment tax module containing a posted TC 971 AC 630 (levy or levy/lien combo for CDP appeal hearing request.)
 - B. "AC 630 YYYYMMDD" can only post one employment tax module's period end date at a time. For entities that have multiple employment tax modules with a TC 971 AC 630, the FPLP and BMF will post the period end date of the latest module with a TC 971 AC 630. The DETL would be issued on balance due modules where the indicator date is within two years of the modules' period end date - which will likely be later periods. The rationale is to issue the DETL on later pyramiding tax periods/quarters.
 - C. Even if the latest employment tax period with a TC 971 AC 630 is reversed by a Withdrawal - that period's end date will still be displayed.
 - D. "AC 630 YYYYMMDD" period end date can be overlaid when a later period employment tax module posts a TC 971 AC 630. This is regardless of the TC 971 AC 630 posting date. Again, as stated, the indicator will always post from the latest period employment tax module with a TC 971 AC 630. Therefore, be aware that a DETL-qualified module may have been selected based on an earlier posted "AC 630" period end date.
4. All Federal payments available in the FPLP, except SSA and RRB payments, may be subject to a FPLP DETL. (The CDP notice will be issued prior to issuing the FPLP levy on SSA or RRB payments.)
5. See *IRM 5.19.9.3.3, FPLP Systemic Processes and Indicators* and *IRM 5.19.9.3.4, Levy Service Process (TC 971 AC 662, 677 or 762)*, for the specific transaction codes on how to recognize when an employment tax module is selected into the FPLP DETL process.

**5.19.9.3.2.2 (06-23-2014)
Exclusions**

1. The selected balance due tax modules indicated in IRM 5.19.9.3.2, or its entities, that have certain condition and freeze codes in the primary TIN, will be excluded from FPLP selection. See *Exhibit 5.19.9-3, FPLP Exclusion Criteria*, displaying the list and description of entity and module transaction and freeze codes that are excluded from FPLP.
2. Excluded from the FPLP are the primary TIN's modules/entities that, generally, **should not**, statutorily or operationally, be in levy status and are coded that way, such as currently not collectible (CNC) hardships, pending installment agreements (IA) posted prior to a FPLP levy, approved installment agreements, pending or approved Offers-in-Compromise (OIC), open Disaster Zone indicators, Combat Zone, open bankruptcies or litigation, certain pending claims and adjustments, and certain imminent Collection Statute Expiration Date (CSED) accounts.

Note:

If a module is in the FPLP, and subsequently moves into one of these exclusions, then the module will systemically reverse out of the FPLP.

Example:

If a Status 22 module, which is in the FPLP, changes to status 72 with TC 520, the module will systemically reverse out of the FPLP.

Example:

If a Status 24 module, which is in the FPLP, is closed as a hardship with a TC 530 cc 32, the module will systemically reverse out of the FPLP.

**5.19.9.3.2.3 (06-23-2014)
Low Income Filter (LIF) Exclusion**

1. Delinquent Individual Master File (IMF) taxpayers who qualify for the FPLP and are reported to receive SSA benefit or Railroad Retirement Board (RRB) benefit payments, will be excluded from the program if their estimated total income falls below 250% of the Department of Health and Human Services (HHS) Poverty Level Guidelines (PLG). These taxpayers are processed through the FPLP Low Income Filter (LIF).

2. Taxpayers who have any of the following conditions are not processed through the FPLP LIF analysis and are selected into the FPLP:

- there are delinquent unfiled returns (TDI - Status 03) under the entity's primary SSN;
- there is a business master file debt under the module's primary (or spouse) SSN;
- the current entity name line does not match with the balance due module's name line;
- the entity spouse SSN is invalid;
- certain asset documents under the entity's SSN(s) are reported in IRP:
 - =====
 - =====
 - =====
 - =====
- the SSA or RRB income under the entity SSN(s) is not reported to the Information Returns Processing (IRP) Master File.

3. =====
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Note:

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4. Taxpayer accounts that are processed through the FPLP LIF are identified with TC 971 AC 543 posted in their entity. The TC 971 AC 543 indicates that the FPLP LIF analysis processing has taken place to determine if the balance due modules should be selected or excluded from the FPLP.

5. =====

- =====
- =====
- =====
- =====

Example:

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Example:

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6. If the TC 971 AC 543 total income amount is below 250% of the HHS PLG amount, then the taxpayer's balance due modules will be excluded or removed from the FPLP. If the income amount is at or above 250% of the PLG amount, then the taxpayer's balance due modules will be selected into the FPLP.

7. =====

Caution:

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**5.19.9.3.2.4 (06-23-2014)
Modules Systemically Blocked from FPLP**

1. Certain modules that may be selected into the FPLP, as discussed above, are **systemically** blocked from the program with TC 971 AC 061 (with the Document Locator Number (DLN) displaying a series of 9s). Under certain conditions, these accounts may be manually or systemically unblocked. To have the FPLP levy take place on a systemically blocked module, you can manually input an "unblock" (TC 972 AC 061).

2. All Status 22 modules are systemically blocked (TC 971 AC 061) when the modules are **first established on ACS** unless an unreversed TC 971 AC 060 posted to the module prior to assignment to Status 22. The generated TC 971 AC 061 DLN format will be NN277-999-99999-Y.

3. Then, when these Status 22 modules are moved into the following ACS inventories, ACS will systemically unblock the modules with TC 972 AC 061, and then they are subject to the FPLP.

- The account is assigned to C1 through C9, F1, I2 through I5, I8, I9, R7, R8, S2, S3 or S6.
- Accounts with a FERDI indicator in I1 and I7.

Note:

These systemically unblocked Status 22 modules remain unblocked even if they move to another ACS inventory. If necessary, those modules may be blocked through a manual input of TC 971 AC 061, in accordance to IRM 5.19.9.3.5, *ACS Inventory Processing and FPLP*.

- When the systemically blocked Status 22 modules subsequently move to another Master File collection status, the modules will be systemically unblocked. A TC 972 AC 061 will post. The DLN format will be NN277-999-99999-Y, unless there is also a manual block in place, then both blocks will be reversed (unblocked) and the DLN format will be NN277-888-88888-Y.
- Balance due modules of State, local, Alaska Native Villages or Indian Tribal government entities with employment code (G, T, or I, respectively) are systemically blocked from the FPLP with TC 971 AC 061 as well. The accounts may still become subject to the FPLP through case-by-case decision, and a manual unblock (TC 972 AC 061) will need to be input.

Caution:

Collection employees must contact the ITG Specialist assigned to their Tribe prior to any reversal of a FPLP block on an ITG account; refer to IRM 5.1.12.24, *Collection Procedures - Cases Requiring Special Handling, Indian Tribal Governments*.

5.19.9.3.3 (06-23-2014)

FPLP Systemic Processes and Indicators

- The FPLP has five (5) sequential systemic processes - the case and module selection process; the match process; the notice process; the service of levy process; and the levy payment process. Each process has its own specific account transaction codes (TC) and/or indicators. Details for each process are outlined in the following subsections.
- The following TC 97X action codes are associated with those systemic processes and **are computer/systemically generated only** (unless otherwise noted as being able to manually input).

TC 971 AC 060	Module selected for FPLP.
TC 972 AC 060	Module reversed out of FPLP. Reverses TC 971 AC 060. Also reverses TC 971 AC 662, and TC 971 AC 762.
TC 971 AC 061 (may be manually input)	Module blocked from FPLP. (DLN displays series of 8s or 9s for systemic generation. DLN displays random numerics for manual inputs.)
TC 972 AC 061 (may be manually input)	Reversal of <i>FPLP Block</i> on module. Manual input of TC 972 AC 061 reverses systemic and/or manual TC 971 AC 061.
TC 971 AC 062	FPLP account matched with a Federal payment, or FPLP account will be posting a levied Federal payment. The "XREF TIN" field may display the primary or secondary/XREF TIN that receives the Federal payment. The DLN displays the Federal agency source; the type of Federal payment and whether a match or levy, or both, exist. The "Miscellaneous" field may display more Federal agency source codes. See IRM 5.19.9.3.3.2.
TC 972 AC 062	Federal payment match or levy hit posted in error. Reverses TC 971 AC 062.
TC 971 AC 069 (may be manually input)	FPLP generated the collection due process, <i>Final Notice, Notice of Intent to Levy & Notice of Your Right to a Hearing</i> (CP 90 or 297) from the TC 971 AC 062 match. Or, the FPLP generated the DETL or FEDCON collection due process, <i>Notice of Levy & Notice of Your Right to a Hearing</i> (CP 297A) from the TC 971 AC 762 posting or (CP 90C or 297C) from the TC 971 AC 677(see below). For IMF joint returns, the spouse SSN will be displayed on the XREF TIN field, including each of the SSNs on joint income tax liabilities. For BMF, no XREF TIN will display. Other CDP notices may display the TC 971 AC 069: -LT 11 : ACS issued -L1058: Field Collection issued -CP 77: Alaska Permanent Fund Dividend Levy Program (AKPFD) issued -CP 92: State Income Tax Levy Program (SITLP) issued
TC 972 AC 069 (may be manually input)	<i>Final Notice (Notice of Intent to Levy & Notice of Your Right to a Hearing)</i> not mailed. Reverses TC 971 AC 069.
TC 971 AC 169	FPLP generated <i>Final Notice Before Levy on Social Security Benefits</i> (CP 91/298). The XREF TIN field will display the matched SSN of either the primary or secondary/XREF SSN from the TC 971 AC 062.
TC 972 AC 169	<i>Final Notice Before Levy on Social Security Benefits</i> (CP 91/298) not mailed. Reverses TC 971 AC 169.
TC 971 AC 662	A FPLP levy is served to BFS whether or not a Federal payment source is found. The account will have a FPLP Federal payment source <u>only if</u> a TC 971 AC 062 or a TC 670 DPC 18 or 19 also posts. The "Miscellaneous" field will display the literal "SAL-OTH-RRB" (which is a levy for all Federal payment types except SSA) or "SSA ". For current levies issued prior to January 2009, the "Miscellaneous" field will also display the literal "PREEXISTING" .
TC 971 AC 677	A FPLP Federal Contractor Levy (FEDCON) is served to BFS whether or not a Federal payment source is found. The account will have a FPLP Federal payment source <u>only if</u> a TC 971 AC 062 or a TC 670 DPC 18 or 19 also posts. The "Miscellaneous" field will display the literal "SAL-OTH" (which is a levy for all Federal payment types except SSA or RRB). This generates a new FEDCON CDP notice (CP 90C or 297C) and posts a TC 971 AC 069.
TC 971 AC 762	A FPLP Disqualified Employment Tax Levy (DETL) is served to BFS whether or not a Federal payment source is found. The account will have a FPLP Federal payment source <u>only if</u> a TC 971 AC 062 or a TC 670 DPC 18 or 19 also posts. This generates a new DETL CDP notice (CP 297A) and posts a TC 971 AC 069.
TC 670 DPC 18 or 19	FPLP designated payment code. DPC 18 is for the primary TIN; DPC 19 is the secondary or XREF SSN.
TC 672 DPC 18 or 19	FPLP payment reversed by BFS due to non-entitlement claim initiated by Federal payment agency source. Reverses TC 670 DPC 18 or DPC 19.

5.19.9.3.3.1 (06-23-2014)

Case and Module Selection Process (TC 971 AC 060)

- All balance due modules that meet the selection criteria, as discussed in IRM 5.19.9.3.2, will be transmitted to BFS to be matched with Federal payments.

Note:

Although a taxpayer may never receive a Federal payment, their tax module may still meet the selection criteria and will be transmitted to BFS to search for a possible future match.

Note:

If the module is selected, it remains in its original MF status code and its collection status progression may continue, i.e. account going from Status 22 to Status 26.

2. When the module is selected, a TC 971 AC 060 will post. An unreversed TC 971 AC 060 generates the following account indicators:

- A. MF entity screens (IDRS CC IMFOL/BMFOL) will display the indicator **FMS CD:1**, and IDRS entity screens (CC ENMOD) will display **FMS-CD>1**, if at least one module is selected with an unreversed TC 971 AC 060. If there are no modules selected, then the indicator will display 0 or no digit.
- B. ACS accounts with FPLP modules will display the following indicators on the Module Screen and/or in the Alerts section of the Entity screen:

Alert	Definition
FMS1	Currently not included in FPLP (on MOD Screen).
FMS3	Currently included in FPLP (on the MOD and ENT Screen). Generated by a TC 971 AC 060.
Other alpha/numeric code	Currently blocked from FPLP (on the MOD screen)

- C. Account Management Services (AMS) will display FPLP (selected) in the Alert section on the Account Summary page.
- D. Integrated Collection System (ICS) will display FPLP in red on the case summary and module summary screens when the case meets the criteria and is placed in the program. The red FPLP is generated from the entity indicator FMS-CD>1.
- E. Each MF and IDRS **tax module** (CC TXMOD, IMFOLT/BMFOLT) screen will display the following indicators:

FMS CD (VALUE)	DEFINITION
1	Not selected into the FPLP, but at one time was included. (Do not confuse this module value with the entity value of <i>FMS CD:1</i> described in the previous paragraph.)
3	Currently selected into the FPLP and unreversed TC 971 AC 060 present on module.

F. Other values indicate the module is blocked from FPLP:

FMS CD (VALUE)	DEFINITION
4, 5, 7	MANUAL FPLP block (TC 971 AC 061) present on module
8, 9, B	SYSTEMIC FPLP block (TC 971 AC 061) (DLN has a series of 8s or 9s) present on module
C, D, F	Both MANUAL and SYSTEMIC FPLP block (2 or more unreversed TC 971 AC 061) present on module

3. The FPLP cases that are sent to BFS become part of the BFS National Interactive Delinquent Debtor Database (NIDDD) of U.S. Federal debtors, which includes non-tax debtors. This BFS federal debtor database is shared with the GSA Central Contractor Registration (CCR) database. CCR (www.ccr.gov) is the Federal government's centralized registrar database of taxpayer entities who register to bid for a federal contract or grant. The CCR flags federal registrants who have federal debt in the BFS NIDDD, including FPLP tax debt. The CCR record will indicate 'yes' or 'no' for a federal debt. No other debt information is provided. If a registrant inquires about their debt flag, then BFS or CCR will refer them to the IRS to resolve their accounts. For IRS tax debts, a taxpayer's debt flag will be removed when they are removed from the FPLP.

**5.19.9.3.3.2 (06-23-2014)
Matching (TC 971 AC 062)**

- 1. Once a tax module is selected for the FPLP, it is transmitted to BFS. If BFS identifies a Federal payment or source match, then a TC 971 AC 062 will post on the module.
- 2. The matched TIN will be displayed under the TC 971 AC 062 XREF field for IMF accounts and BMF accounts.
- 3. The DLN associated with TC 971 **AC 062** will include information about:
 - Federal payment agency source codes
 - Type of Federal payment matched
 - If the module identified a **match** and/or an impending **levy** payment.
See *Exhibit 5.19.9-4, TC 971 AC 062 Document Locator Number (DLN) Format of Federal Payment Type*, for the descriptive format of the TC 971 AC 062 DLN.
See *Exhibit 5.19.9-5, Federal Payment Agency Identifier Code List*, for the type of Federal payment and Federal payment agency source.

Note:

The Federal payment agency source for Federal salaries paid by NFC and NBC will only display the codes of NFC and NBC, rather than the actual Federal employer (or "suboffice" code) of the Federal employee taxpayer. See *Exhibit 5.19.9-2, FPLP - Federal Employee Salary Paying Agencies - NFC, NBC, GSA, DFAS*, for the list of the Federal agencies whose payroll is serviced by these salary paying agencies.

- 4. If the TC 971 AC 062 DLN indicates **match** - the TC will post on all FPLP modules. The "match" TC 971 AC 062 will generate the FPLP notice process discussed below.
- 5. If the TC 971 AC 062 DLN indicates **levy**- the TC will only post on the module intended for the levy payment. See *IRM 5.19.9.3.3.5 Levy Payment Process*.

**5.19.9.3.3.3 (06-23-2014)
FPLP Notice Process (TC 971 AC 069 or AC 169)**

- 1. The FPLP notice process generates four notices by the IRS - a pre-levy Collection Due Process (CDP) notice, a FPLP final notice for Social Security beneficiaries, a FPLP (DETL) post-levy CDP notice, and a FPLP (FEDCON Levy) post-levy CDP notice. This subsection describes their systemic processes and *IRM 5.19.9.3.4, FPLP Generated Notices and Appeal Rights*, describes the notices in detail.
- 2. If a TC 971 AC 062 **DLN match** is posted, then Master File will systemically verify if a *Final Notice, Notice of Intent to Levy and Notice of Your Right to a Hearing* (CDP notice), had been issued by identifying an unreversed TC 971 AC 069 on the module. If there is none issued, then Master File will systemically generate a FPLP CDP final notice, either the CP 90 (IMF) or CP 297 (BMF), prior to the levy and post a TC 971 AC 069 on the module. On the IMF, the appropriate SSN(s) will be displayed on the TC 971 AC 069 XREF field. See *IRM 5.19.9.3.4* for the description of the notice.

Note:

For joint income tax liabilities on the IMF, even if the match is only on one of the spouses, both spouses will be issued the CP 90 notice. The TC 971 AC 069 will post for each spouse.

3. If the match identifies a Social Security benefit payment, and an unreversed TC 971 AC 069 had been posted for at least ten cycles (weeks), then prior to the levy, the Master File will systemically generate an additional final notice to Social Security beneficiaries, either CP 91 (IMF) or CP 298 (BMF), *Final Notice Before Levy on Social Security Benefits* and post a TC 971 AC 169 on the module. The TC 971 AC 169 will display the TIN of the individual that matched with the Social Security payment. See *IRM 5.19.9.3.4* for the description of the notice.

Note:

On joint income tax liability accounts, the matched spouse's SSN will receive their own CP 91 with a copy going to the joint spouse. This is because of the specific information listed on the notice. The 971 AC 169 XREF SSN will display the matched spouse.

Note:

For SSA levies issued after July 2005, the IMF will systemically generate another TC 971 AC 169 and reissue a CP 91 when 26 cycles or more have passed since a prior TC 971 AC 169 occurring before the most recent TC 971 AC 060.

4. The FPLP may issue systemic CDP notices after a DETL or FEDCON levy, known as post-levy CDP notices. The CP 297A, *Notice of Levy and Notice of Your Right to a Hearing*, is issued after a FPLP DETL and the CP 90C (or 297C), *Notice of Levy and Notice of Your Right to a Hearing*, is issued after a FPLP FEDCON levy. See *IRM 5.19.9.3.3.4, Levy Service Process*. After a FPLP post-levy CDP notice is issued, Master File will post a TC 971 AC 069 to the module.

5.19.9.3.3.4 (06-23-2014)

Levy Service Process (TC 971 AC 662, 677 or 762)

1. The FPLP will transmit (or "serve") a levy to BFS in the following situations.

Note:

Even if FPLP levy has been served to BFS, the account will have a FPLP federal payment source only if a TC 971 AC 062 and/or the FPLP payment transaction codes, are posted, as discussed in the next section. This is so that if a federal payment does match in the future, the levy will attach to the payment at the time of disbursement.

2. *FPLP Levy (Pre-levy CDP notice issued) — TC 971 AC 662*

For Federal payments other than Social Security, a levy will be transmitted to BFS at least ten (10) weeks from when Collection Due Process (CDP) CP 90 or CP 297, *Final Notice, Notice of Intent to Levy and Your Right to a Hearing*, or after any other CDP, such as the ACS LT 11 or field collection L1058 was issued (indicated by the unreversed TC 971 AC 069 posting cycle) and a CDP hearing was not requested. A FPLP levy **TC 971 AC 662** will post on the module with the literal "SAL, OTH, RRB" displayed in the Miscellaneous Field and TIN in the XREF TIN field.

For Social Security payments matched, a FPLP levy will be transmitted to BFS eight (8) weeks from when the CP 91 or 298, *Levy on Social Security Benefits*, was issued (indicated by the unreversed TC 971 AC 169 posting cycle). A FPLP levy **TC 971 AC 662** will post on the module with the literal "SSA" displayed in the Miscellaneous Field and TIN in the XREF TIN field.

3. *FPLP Federal Contractor Levy (FEDCON) (Post-levy CDP issued) — TC 971 AC 677*

For Federal payments other than Social Security or RRB benefit payments, a FPLP FEDCON levy may also be transmitted to BFS on all BMF tax modules and IMF (excluding filing status 2, married filing joint modules) if the entity is identified as a Federal contractor with an unreversed TC 971 AC 647 posted on the entity. A **TC 971 AC 677** will post on the module with the literals "SAL, OTH" displayed in the Miscellaneous Field. This will generate a post-levy CDP notice CP 90C (or 297C) and post a TC 971 AC 069. The taxpayer is provided CDP appeal rights after the levy. See *IRM 5.19.9.3.3.3, FPLP Notice Process (TC 971 AC 069 or AC 169)*.

4. *FPLP Disqualified Employment Tax Levy (DETL) (Post-levy CDP issued) — TC 971 AC 762*

For Federal payments other than Social Security or RRB benefit payments, a FPLP DETL levy may also be transmitted to BFS on qualified BMF employment tax modules with MFT 01, 10, 11, 14 and 16. A FPLP DETL **TC 971 AC 762** will post on the module. FPLP will then generate a post-levy CDP notice CP 297A and post a TC 971 AC 069. The taxpayer is provided CDP appeal rights after the levy. See *IRM 5.19.9.3.3.3, FPLP Notice Process (TC 971 AC 069 or AC 169)*.

5. Depending on a tax module's levy qualifications, a single tax module could have any of the levy actions codes at various times, particularly if the module goes in and out of the FPLP; or a taxpayer's multiple modules may each have different levy codes occurring at the same time.

6. The FPLP FEDCON (TC 971 AC 677) and DETL (TC 971 AC 762) levy processes occur after the issuance of a CP 504 on FEDCON and/or DETL modules. The issuance of the CP 504 meets the 30-day pre-levy requirement of IRC 6331(d). Also, if a tax module qualifies for both a FEDCON and DETL levy during the same cycle, then the DETL (TC 971 AC 762) will be selected first.

7. For joint income tax and sole proprietor tax liabilities, the FPLP systemic process affects the whole tax module with both TINs. The FPLP levy cannot be issued only on one TIN of these modules. All matched TINs in the tax modules or entity will be levied for their appropriate matched payments. (The same process will occur when releasing a FPLP levy on these particular modules. See *IRM 5.19.9.3.7*)

8. For taxpayers who have multiple tax periods in either the IMF and/or BMF, the levy should only subject their Federal payment against one tax module at a time. That taxpayer's payment will not be levied more than the appropriate FPLP levy percentage to pay more than one tax module at a time, regardless if the taxpayer's TIN is the primary, secondary and/or XREF TIN on any tax module.

Example:

Taxpayer Thomas Trout has delinquent IMF income tax liabilities under his SSN. He also owes delinquent BMF employment tax liabilities as a sole proprietor, under his EIN and XREF SSN. Both his IMF and BMF tax modules are in the FPLP, with the BMF modules in the FPLP first. Both IMF and BMF modules match with a OPM retirement payment under his SSN. After the appropriate notices, the FPLP transmits levies on the IMF and BMF tax modules. The levies will attach 15% of the retirement payment. Since the BMF module was in the FPLP first, the levy payment will apply first to the BMF module and the 15% levy payment will post on that account. The IMF module will still have the open FPLP levy, but will not be double-paid or credited from that levy payment. Levy payments will begin to post on the IMF modules after the BMF modules are fully paid.

9. If the FPLP levy is released, a TC 972 AC 060 will display to indicate the account is removed from the FPLP. A TC 972 AC 662/762/677 will not display.

5.19.9.3.3.5 (06-23-2014)

Levy Payment Process (TC 670 DPC 18, DPC 19)

1. BFS has to process the various types of Federal payment files within processing cycles in order to meet the various payment or disbursement dates. The levy is processed during these cycles, and must meet its cutoff date for it to attach the payment by the payment date. The levy payment is then transmitted to the IRS and posted on the account on the taxpayer's payment date.

FEDERAL PAYMENT	PAYMENT DATE	PROCESSING CUTOFF DATE
OPM (Federal retirement income)	1st of each month	2 weeks before payment date
SSA (OASDI) benefits	3rd of each month; 2nd, 3rd & 4th Wednesday of each month	6 business days before the payment date
RRB benefits (retirement annuity except Tier 2)	1st business day of each month	5 business days before the payment date
Federal employee salaries	Biweekly	2 weeks before payment date
Defense and civilian agency contractor/vendor/supplier payments; Federal employee travel payments;	Daily	Cutoff dates vary; payments may be processed up to 30 days prior to payment date depending on invoice terms

"Miscellaneous " payments; CMS Medicare provider payments;		
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2. BFS lets IRS know that the levy is being processed against a Federal payment by a TC 971 AC 062, with its DLN indicating a levy payment processed (or "1" in the 13th position) for that module. See *Exhibit 5.19.9-4, TC 971 AC 062 (DLN) and Miscellaneous Field Format* for additional specific payment agency information .
3. The payment will post on the payment date with a TC 670 DPC 18 (payment from the primary TIN) and/or DPC 19 (payment from the secondary or XREF TIN) when BFS transmits the payment to the IRS through the Electronic Federal Tax Payment System (EFTPS).

Note:

The TC 670 DPC 18 and DPC 19 are systemic transaction codes and cannot be manually input.

4. Most of the levy payments will be 15% of the Federal payment (or balance due, whichever is less). The exception will be on federal contractor or vendor payments, which may be 100% of the payment. See *IRM 5.19.9.3.1, What is FPLP?*.
5. BFS will then send a notice to the taxpayer indicating the Federal payment has been reduced because of the IRS FPLP levy. See *IRM 5.19.9.3.4, FPLP Generated Notices and Appeal Rights* and *Exhibit 5.19.9-6, FPLP Levy Notice - Department of the Treasury, Bureau of the Fiscal Service (BFS) Notice*.
6. Inter-agency processing and timing constraints may delay some actions in this levy payment process:
 - A. The TC 971 AC 062 may post before or after the TC 670. This is due to timing issues, because the TC 971 AC 062 is posted on a weekly basis and the TC 670s are posted on a daily basis.
 - B. Although the TC 971 AC 062 DLN that indicates a levy payment was processed for the module, the Federal payment may still not be received from BFS due to programming interface constraints between the time the levy was transmitted by the BFS to the payment agency to hold the payment and when the payment had been processed for disbursement. This may be the case on Defense contractor/vendor payments.
7. BFS may systemically reverse a TC 670 DPC 18 or DPC 19 payment with **TC 672** DPC 18 or DPC 19 when the Federal payment agency determines the taxpayer was not entitled to the payment.

5.19.9.3.4 (06-23-2014)

FPLP Generated Notice(s) and Appeal Rights

1. As discussed in the FPLP Notice Process section, there are four types of FPLP notices issued by the IRS. Each notice is described in this subsection.
2. *CP 90 (IMF) or CP 297 (BMF) Final Notice, Notice of Intent to Levy and Notice of Your Right to a Hearing.*
 - A. The CP 90/297 will be generated by the MF and mailed certified with a return receipt through the National Print Site (NPS) or its successor system. TC 971 AC 069 will systemically post on each module where the CP 90/297 was generated. A cross reference (XREF) TC 971 AC 069 will also post on joint income tax liabilities if both notices are systemically generated during the same cycle.
 - B. The USPS return receipt listing will be delivered back to the IRS electronically. Upon receipt, the appropriate notice response TC 971 AC 066, 067, or 068 will be electronically input on the account.
 - C. The CP 90/297 will display the balance due amounts and the appropriate ACS contact phone number for taxpayers to resolve the case or exercise their appeal rights.
 - D. The notice will inform taxpayers of their right to appeal. Taxpayers may exercise their appeal rights, appropriately, through the:
 - Collection Appeals Program (CAP)
 - Collection Due Process (CDP)
 - Equivalent Hearing (Appeals request made within 1 year of the day after the date on the CDP notice)

Note:

If a *Final Notice, Notice of Intent to Levy and Notice of Your Right to a Hearing (CP 90/297, Letter 1058, ACS LT 11)* was issued prior to the last 180 days, a new warning of enforcement action does not have to be issued because this process is a computer matching levy program.

3. *CP 91 (IMF) or CP 298 (BMF), Levy on Social Security Benefits.*
 - A. CP 91/298 displays the balance due amounts and provides an additional 30 days after the CDP notice time frame to resolve the tax liability.
 - B. CP 91/298 specifically identifies the Social Security benefit payment that may be levied for 15% by indicating the taxpayer's Claimant's Account Number (CAN) and the Beneficiary's Own Account Number (BOAN). The BOAN is always the taxpayer's SSN. These numbers are systemically provided by BFS from SSA during the FPLP matching process to identify the taxpayer's Social Security benefit information.
 - C. CP 91/298 is generated by the Master File; mailed regular mail to the taxpayer's last known address; and a TC 971 AC 169 will systemically post on each affected module. These notices will also have the appropriate 1-800 ACS contact phone number listed.
 - D. Starting July 2005, the CP 91 will be considered aged and will be reissued if it is more than 26 cycles old prior to a levy transmitted after July 2005. There is no CP 298 aging criterion for the BMF modules.
 - E. The notice will inform taxpayers of their right to appeal. Taxpayers may exercise their appeal rights through the following:
 - Collection Appeals Program (CAP)
 - Equivalent Hearing Request — if no prior CDP or Equivalent hearing on the FPLP periods.
 - F. CP 91/298 is systemically generated for the FPLP only. It should not be issued manually and is not required prior to issuing duly authorized paper levies pursuant to IRC 6331(a), Levy and distraint, Authority of Secretary, on Social Security benefit payments.
4. *CP 297A, Notice of Levy, Notice of Your Right to a Hearing.*
 - A. The FPLP DETL process sends the CDP notice after the levy.
 - B. This notice informs the taxpayer that a levy has already been issued, and they may still exercise their appeal right as discussed for the pre-levy CDP notice CP 90 (297).
 - C. These notices are mailed certified, and displays the ACS contact information.
5. *CP 90C (IMF) or 297C (BMF), Notice of Levy, Notice of Your Right to a Hearing.*
 - A. The FPLP FEDCON levy process sends the CDP notice after the levy.
 - B. This notices informs the taxpayer that a levy has already been issued, and they may still exercise their appeal right as discussed for the pre-levy CDP notice CP 90 (297).

C. These notices are mailed certified, and displays the ACS contact information.

6. IRS personnel are to process any appeals requests according to procedures in IRM 5.1.9, *Collection Appeal Rights* or IRM 5.19.8, *Collection Appeal Rights*.
7. During any time of the FPLP notice and levy process, refer taxpayers to TAS (see IRM 13, *Taxpayer Advocate Service*) when the contact meets TAS criteria (see IRM 13.1.7, *TAS Case Criteria*) and you can't resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to *begin* resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same Day Resolution by Operations*. When you refer cases to TAS, use Form 911, *Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order)*, and forward to TAS.
8. It may be necessary to block or release the case from the FPLP (See IRM 5.19.9.3.7, *FPLP Levy Release: General*) if a resolution is pending through the Appeals or TAS process and no other FPLP exclusionary criteria exist. See Exhibit 5.19.9-3, *FPLP Exclusion Criteria*.
9. There is a fifth FPLP notice generated for the program. It is generated by BFS after a payment is levied. See IRM 5.19.9.3.5, *Levy Payment Process (TC 670 DPC 18 or 19)*.

5.19.9.3.4.1 (06-23-2014)
BFS Notice to Taxpayers

1. Once BFS processes the IRS database against its payment disbursement files, then BFS will transmit the proceeds to IRS and send the remaining disbursement to the taxpayer along with a notice indicating the federal payment has been levied. Exhibit 5.19.9-6, *Department of the Treasury, Bureau of the Fiscal Service Notice*, displays the following information on the notice:

- A. At the bottom of the notice: the type of Federal debt and the agency due the Federal debt; the type, date and amount of the Federal payment disbursement and the paying Federal agency; and then the amount levied.
- B. In the middle of the notice: an 18 digit **Account Number**, which consists of the *TIN type* (0 for SSN; 2 for EIN), *TIN (the primary TIN of the tax period)*, *MFT*, and the *tax period* where the levied payment posted. The BFS notice also displays a **TIN Number**. Due to BFS programming, the **TIN Number** is displayed only in SSN format (NNN-NN-NNNN), but the **TIN Number** can either be an SSN or EIN. (Verify the TIN by researching the TIN found under **Account Number**.)

Note:

The **TIN Number** is the matched TIN that is being levied for the payment. On joint income tax or sole proprietor liabilities, **this may be either the primary or secondary (XREF) SSN.**

C. The BFS notice informs taxpayers to contact the following ACS addresses and phone numbers to resolve their account. (If a taxpayer calls the ACS phone number and the taxpayer is assigned to a local field collection office, the taxpayer will be referred to that appropriate office.)

(SBSE, Tax Exempt and Government Entities (TEGE), Large Business and International (LB&I) taxpayers)
 Post Office Box 8208
 Bensalem PA 19020-8208
 1-800-829-3903 or 267-941-1004 (International)

(W&I taxpayers)
 Post Office Box 219236 Stop 5050 P-4
 Kansas City MO 64121-9236
 1-800-829-7650

Correspondence received at these addresses should be handled according to IRM 5.19.9.3.6 or forwarded to the appropriate office for resolution.

D. BFS mails the notice to the taxpayer either to the address provided by the IRS (if the Federal payment disbursed electronically) or to the address provided by the Federal payment agency source (if the Federal payment is disbursed through a paper check).

5.19.9.3.5 (06-23-2014)
ACS Inventory Processing and FPLP

1. ACS may encounter FPLP accounts through incoming calls or inventory processing.

If	And	Then
Contact is made with the taxpayer,		1. See IRM 5.19.9.3.6. 2. Input TC 971 AC 061 to block the module from the FPLP levy if required (e.g., allowing time to file and/or pay).
You want to enforce collection because other levy sources are present on ACS or found through locator services and/or research,	There has not been an FPLP levy issued,	1. Input TC 971 AC 061 to block the module from the FPLP levy process if you plan to issue a levy on a federal levy source. See IRM 5.19.9.3.5.1. 2. You can issue levies on other non-federal levy sources and don't have to input a block.
You want to enforce collection because other levy sources are present on ACS or found through locator services and/or research,	An FPLP levy has been issued,	See IRM 5.19.9.3.5.1.
The FPLP module or the entire account is resolved (closed off of ACS),		No action is needed to stop the FPLP. If the module no longer meets the selection criteria. See IRM 5.19.9.3.2.2. A TC 972 AC 060 will post to the module and inactivate the FPLP process.

Note:

Since a manually input block (TC 971 AC 061) will expire after 52 cycles, timely action should be taken to resolve the account or exhaust the ACS levy sources. If more time is required, the TC 971 AC 061 must be reinput.

5.19.9.3.5.1 (06-23-2014)
FPLP Levy vs ACS Paper Levy

1. If an FPLP levy is already in place, you can issue a paper levy on other levy sources, such as a bank (see IRM 5.19.4.3.12, *Issuing Levies*), but not the same FPLP levy source.
2. If you want to issue a paper levy on a federal agency source that could potentially be levied through the FPLP, then enter TC 971 AC 061 on IDRS to block the tax module(s) from FPLP. The paper levy on the Federal agency source generally would attach more than the FPLP and may be the preferred method of collection (see IRM 5.19.4.3.10, *Levy Types*). Check the MOD Screen, CC TXMOD, or IMFOL/BMFOL to determine which tax module(s) require the block.

Note:

Issuing a paper levy on Social Security income is a last resort, and not a first levy. Generally, the FPLP may have already started levying the Social Security income. Because levies through the FPLP is less labor intensive in processing than issuing a paper levy, the FPLP, generally, should suffice in levying this income. If a paper levy on Social Security is the preferred method of collection on a case in order to attach more than the 15% through the FPLP, then follow (4) below. SSA should honor the paper levy instead of the FPLP levy if faced with a double levy situation, by the interagency agreement. Also follow IRM 5.19.4.3.12, *Issuing Levies*, and acquire delegated managerial approval.

3. There may be joint income tax liability collection situations, where both the primary and secondary spouse may be subject to the FPLP for their individual Federal payment (i.e. Federal wages). Case decisions may be made to impose a levy on only one of spouse's Federal payment and not the other spouse. In these situations, a paper levy procedural process will need to be taken, and whatever case disposition is determined; i.e. continuing with levy enforcement or closing and resolving the account for only one spouse (see IRM 5.19.1.5.4.12.1 *Front End Mirror Assessments Process for IA and CNC Closures*). The account should not be subject to the FPLP. See IRM 5.19.9.3.7(11), *FPLP Levy Release- General*.

4. Whenever an FPLP levy is issued, it takes precedence over the paper levy (except those to SSA), until the FPLP levy is stopped. The federal agencies have been instructed to return the paper levy to the originator and honor the FPLP levy. If you want the paper levy to take priority, take the following actions:

A. Input TC 971 AC 061 to stop the FPLP levy.

B. Suspend the account on ACS for 30 days to allow sufficient time for the FPLP levy to be released. The TC 972 AC 060 indicates the account is no longer in the FPLP. Send the case TOR5,30,PN97161 for non-FERDI accounts or TOF5,30,PN97161 for FERDI accounts. Document in comments that the FPLP levy has been released and the paper levy is to be issued at the end of the 30 day suspension period.

Note:

If the levy issuance requires managerial approval per IRM 5.19.4.3.12(7) then reassign the case TOCO,30,PN97161 for non-FERDI accounts or TOF0,30,PN97161 for FERDI accounts.

C. For accounts not on ACS, input a history item PN97161 on CC ENMOD.

D. After the 30 days, issue the "paper" levy (LVnn) on the FPLP levy source (see IRM 5.19.4.3.12, *Issuing Levies*).

E. Once levy payments are received according to IRM 5.19.4.3.12, *Issuing Levies*, you can establish the CTLV.

5. **Do not** input a continuous wage levy (CTLV) when an FPLP levy is in place because when the account goes to Status 60, the account no longer meets the selection criteria and the FPLP levy will be stopped. To stop the FPLP levy and convert it to a CTLV, take the following actions:

A. Determine the source of the FPLP levy and add it to the ACS Levy Screen (if not present).

Note:

Do not add SSA as a levy source, because ACSWeb prevents adding SSA-1099 income as a levy source. Do not add SSA as a levy source, unless you have confirmed, via CC IRPTR (W-2) that the taxpayer is an employee.

B. If you want the paper levy to take priority, follow steps 1 through 4 in (4) above.

6. **Do not** issue the paper Form 668–D, Release of Levy (full or partial), to the federal agencies to stop a FPLP levy. See IRM 5.19.9.3.7.

7. Whenever a double levy inadvertently takes place (FPLP levy and paper levy) on the same levy source/payment (other than SSA, See IRM 5.19.9.3.5.1. (2) Note), the levy proceeds from the paper levy must be refunded.

8. Most FERDI accounts are unblocked; therefore, an FPLP levy may already be in place. Follow IRM 5.19.18, *Federal Employee/Retiree Delinquency Initiative (FERDI)*, in resolving FERDI accounts.

9. Field Assistance employees working Status 22 cases will follow the same procedures above. If working cases through ICS or AMS, then take appropriate case actions and update comments on the appropriate system.

**5.19.9.3.6 (06-23-2014)
FPLP Taxpayer Contacts**

1. An ACS telephone number will be on all FPLP notices (CP 90, CP 90C, CP 297, CP 297A, CP 297C, CP 91, CP 298, and the BFS Notice) regardless of the status of the module(s).
2. These FPLP taxpayer contacts are received by telephone, in writing, or walk-in. Unless stated otherwise, procedures are the same for all contacts.
3. Taxpayers may contact CSCO, AM, and TAC to resolve FPLP issues. These contacts do not always have to be referred to ACS. See IRM 5.19.9.1.1.
4. If there is an open control base, contact the employee for case processing instructions.
5. ACS will work any FPLP incoming calls regardless of the Collection Status; except for accounts in Status 26. Revenue officers will work their own FPLP cases. Advise the taxpayer to contact the revenue officer or SB/SE Compliance Area Office. Provide the telephone number from the Zip Code listing on SERP, under the Who/Where tab, if the taxpayer requests it.
6. Taxpayers may call referring to the Federal Contractor ccr.gov debt flag. Handle the call by following normal FPLP case processing procedures. To remove the "flag" the module must be removed from FPLP.
7. During any time of the FPLP notice and levy process, refer taxpayers to TAS (see IRM 13, *Taxpayer Advocate Service*) when the contact meets TAS criteria (see IRM 13.1.7, *TAS Case Criteria*) and you can't resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to *begin* resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same Day Resolution by Operations*. When you refer cases to TAS, use Form 911, *Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order)*, and forward to TAS.
8. If there is a Criminal Investigation (CI) TC 910, 916, or 918 posted to the account, **do not** advise the taxpayer. Continue to follow the appropriate FPLP procedures outlined in IRM 5.19.9.3 to resolve the collection issues only. If the taxpayer has received a letter from the IRS regarding the CI issue, the taxpayer should call the number on that letter.

**5.19.9.3.6.1 (06-23-2014)
Taxpayer Contact - Prior to Levy**

1. If the taxpayer contacts the IRS after receiving the notice, but **prior to** levy issuance, take the following actions:

If	Then
Taxpayer appeals notice of intent to levy,	Follow procedures in IRM 5.19.8 <i>Collection Appeal Rights</i> . 1. A TC 971 AC 630 will be input for timely filed levy or levy/lien combination CDP appeal requests, and remove the account from FPLP. See IRM 5.19.9.3.2.2. Also see IRM 5.19.8.4.1, <i>Notice of Collection Due Process (CDP) Appeal Rights</i> , and IRM 5.19.8.4.7, <i>Processing CDP and Equivalent Hearing Requests</i> .

	2. A TC 520 will be input for timely filed CDPs that are sent to Appeals and systemically remove the account from FPLP, if not already removed by a TC 971 AC 630. See <i>IRM 5.19.9.3.2.2</i> . Also see <i>IRM 5.19.8.4.10. Suspension of the Collection Statute Expiration Date (CSED)</i> .
Actions are taken to resolve the module (e.g.: IA, CNC, TFRO, etc.),	No action is required to block the module from FPLP. The resolution will cause the module to either meet or not meet the selection criteria. See <i>IRM 5.19.9.3.2.2</i> .

5.19.9.3.6.2 (06-23-2014)

Taxpayer Contact - Existing Levy and Request for Release

1. If a FPLP levy has been issued, do not release the FPLP levy unless it meets the FPLP levy release criteria. See *IRM 5.19.9.3.7*.
2. Resolve the contact according to normal procedures. When the FPLP modules are resolved, they will be removed from FPLP if they no longer meet the selection criteria. See *IRM 5.19.9.3.2.2*.
3. Advise the taxpayer that the FPLP release is made electronically between IRS and BFS, and it may take up to two weeks to stop the FPLP levy, and generally one FPLP levy payment may be taken prior to the release for monthly issued disbursements. For salary payments, up to two payments may be taken prior to release. See *IRM 5.19.9.3.7*.

5.19.9.3.7 (06-23-2014)

FPLP Levy Release: General

1. When BFS records indicate that the taxpayer is owed funds, they will begin taking 15% or 100% of any disbursement(s) due the taxpayer at least ten (10) cycles after the required CDP notice (TC 971 AC 069) or eight (8) cycles after the notice for SSA disbursements (TC 971 AC 169). Taxpayers generally call the IRS once they learn that an FPLP levy is being processed by BFS. Though the primary purpose for issuing the FPLP levy is to collect the delinquent tax liability, a levy release may be necessary.

Reminder:

Research for a TC 971 AC 662 (762 for DETL), with an unreversed TC 971 AC 060 to determine if a FPLP levy has been issued. See *IRM 5.19.9.3.3.5*.

2. The FPLP levy must be released whenever any of the following conditions apply:
 - A. A levy was issued prior to the expiration of the taxpayer's 30 day notice period and none of the exceptions found at IRC 6330(f) apply, i.e., DETL levy, FEDCON levy, or collection is in jeopardy.
 - B. Liability is no longer owed (or a pending adjustment will fully satisfy liability).
 - C. FPLP levy is creating an economic hardship (meaning the taxpayer is unable to meet basic reasonable living expenses) and if the taxpayer is an individual.
 - D. The CP 90/297 (or equivalent) was sent, but not to the most recent taxpayer confirmed address that was available to us when we requested the letter.
 - E. Release facilitates the collection of the liability. The IRS, not the taxpayer, makes the determination that a levy release facilitates collection.
 - F. Statutory collection period has expired.
 - G. The taxpayer enters into an approved installment agreement.
 - H. The taxpayer indicates that bankruptcy has been filed.
 - I. Wrongful levy (i.e. LLC entity inquiries) or erroneous levy conditions apply.
 - J. The taxpayer makes an Offer in Compromise (Status 71 with a posted TC 480).
3. There may be instances where a FPLP levy may be released for reasons not outlined in (2) above. In an interagency agreement between Treasury and DoD agencies, 100% FPLP levies on Defense contractors may be considered for release if their inability to perform their contract will jeopardize national security or impose significant additional costs to the Federal government. When the taxpayer raises these issues, inform the taxpayer to immediately contact their DoD contracting officer (CO). The CO has established channels of communications within the DoD and DFAS about these issues.
 - DoD will formally submit a written request to IRS FPLP headquarters when they determine that a levy release and/or return of levy proceeds should be considered.
 - IRS FPLP headquarters will then contact the appropriate FPLP Coordinator to initiate expedited handling of the case and direct contact from IRS to that particular taxpayer.
 - In the interim of the taxpayer attempting to resolve the levy through these channels and not resolving the outstanding liability, continue with collection action. DO NOT release or block the levy solely due to the taxpayer's claim for national security or contract jeopardy reasons.
4. A FPLP levy release determination on a Status 22 (ACS) account should be coordinated with an employee who has access to the ACS data base since ACS documentation might impact release decision.
5. **The FPLP levy is released electronically when closing actions are taken and transaction codes are posted on the Master File that would remove the affected modules from the selection criteria.** See *IRM 5.19.9.3.2.2*.

Example:

When a module goes from Status 22 to Status 60, it no longer meets the selection criteria. If an immediate release of the FPLP levy is needed, additional actions are required. See *IRM 5.19.9.3.7.1*.

6. A FPLP exclusion TC or TC 971 AC 061 must be posted before the next payment is processed by BFS. BFS has different cutoff dates before they process the federal payments to the taxpayer and IRS. Therefore the TC must be posted for the following types of payments by:

FEDERAL PAYMENT	PAYMENT DATE	PROCESSING CUTOFF DATE
OPM	1st of each month	2 weeks before payment date
SSA	3rd of each month; 2nd, 3rd & 4th Wednesday of each month	6 business days before the payment date
RRB benefits (retirement annuity except Tier 2)	1st business day of each month	5 business days before the payment date
Federal Salaries	Biweekly	14 days before payment date
Defense and civilian agency contractor/vendor/supplier payments; Federal employee travel payments; "Miscellaneous" payments; CMS Medicare provider payments	Daily	Cutoff dates vary; payments may be processed up to 30 days prior to payment date

Example:

Taxpayer Sandra Salmon has a delinquent Form 1040 (MFT 30) for 200812 in Status 22. She receives an OPM retirement payment the 1st of each month. Her November 1 OPM payment is levied through FPLP. She calls the IRS on November 2 to request an installment agreement and gets approved for it. The installment agreement is input on November 2 and the module is in Status 60 which will release the FPLP levy.

When will the automated levy release take effect?

The Status 60 (or TC 971 AC 063) posts on the Master File. Based on the Master File posting cycle calendar, this will generate and post a TC 972 AC 060 on November 12, indicating the FPLP is released. The TC 972 AC 060 will post prior to the payment processing cutoff date, which is 2 weeks prior to her next OPM payment on December 1. In this example, the cutoff off date is November 16. Taxpayer Salmon's December 1 OPM payment should not be levied since the FPLP exclusion TC (Status 60 or TC 971 AC 063) and FPLP reversal TC (TC 972 AC 060) are posted before the processing cutoff time frame stated above.

Note:

If the cutoff date is missed, then the levy releases will be effective for the payments thereafter. Refer to IRM 21.4.4.2, *Why Would a Manual Refund be Needed?*, and IRM 5.11.2.4, *Returning Levied Property to the Taxpayer*, to determine if the levied payment **may** be returned and refunded due to timing issues.

Example:

Taxpayer Cathy Cashew has a delinquent Form 1040 (MFT 30) for 200812 in Status 24. Taxpayer Cashew receives a SSA benefit payment on the 3rd of each month. Her December 3rd SSA payment is levied through FPLP. She calls the IRS on January 1 to request and is approved for a hardship determination. The IRS employee inputs a TC 530 CC 32 on January 1, which will generate and post a TC 972 AC 060.

When will the automated levy release take effect?

The TC 530 CC 32 and the TC 972 AC 060 will not be posted until the Master File 'dead cycle' period is completed (which is after cycle 04, and in this example is January 23.) The TC 972 AC 060 will not be posted in time to 'save' the January 3rd SSA payment from being levied. In order for the FPLP levy to not take the taxpayer's January 3 SSA payment, the TC 972 AC 060 should have been posted at least 6 business days before January 3, which is the processing cutoff time frame discussed in the table above. In this example, the cutoff date for the January 3 payment is December 24. The TC 972 AC 060 will post on the module on January 23 which is in time to prevent her February 3 SSA payment from being levied. The cutoff date for the February 3 payment is January 26.

- A. If you are unsure of the payment date, ask the taxpayer.
 - B. It may take up to 3 weeks for the levy to be released. The exclusion TC typically takes 2 weeks to post and the following cycle a TC 972 AC 060 will be generated by MF.
 - C. Explain to the taxpayer and document (for Status 22 accounts) that additional payments may be levied. For OPM and SSA, it could be one additional payment and for salary it could be two additional payments.
 - D. If you need to immediately release the levy, additional actions may be required. See *IRM 5.19.9.3.7.1*.
7. Manual blocks (TC 971 AC 061) can be input at any time to stop the FPLP process. If a FPLP exclusion TC is not yet warranted on a taxpayer's case, then input the automated levy block, TC 971 AC 061, on each appropriate module that should not be levied. Posting the TC 971 AC 061, will either generate a TC 972 AC 060 which reverses the existing TC 971 AC 060, or blocks the module from the FPLP and does not allow a TC 971 AC 060. Do not input both a FPLP exclusion TC and TC 971 AC 061 during the same cycle.
 8. All manual blocks expire after 52 cycles for (IMF) or (BMF) regardless of the actions on the case. If you want the block to remain beyond the allowed cycles, you will have to re-input the TC 971 AC 061 (and have it post to the MF) before the end of the expiration cycle.
 9. Field Assistance employees working Status 22 cases will follow the same procedures above. If working cases through ICS or AMS, then take appropriate case actions and update comments on the appropriate system.
 10. In some situations, the taxpayer may insist on going to an IRS office to obtain a PAPER release of the FPLP levy. Advise the taxpayer that visiting an IRS office is unnecessary. **Explain that the release is handled electronically by the IRS.**

Caution:

Since the FPLP levy release is only handled electronically, **do not**, under any circumstances, mail Form 668-D to BFS or any other federal agency such as OPM or SSA.

Note:

See IRM 5.19.4.4.10, *Levy Release: General Information*, regarding re-delegation of levy release authority.

11. In the event of a joint tax return, where both spouses have FPLP levies on their sources of income and it is determined that one spouse should not be levied; a release of levy needs to be granted. In these situations take the following actions:
 - A. Input a TC 971 061 on each module to block the FPLP.
 - B. Explain to the taxpayer that another payment may be taken if the cut-off date for their payment type is missed. See paragraph 6 above.
 - C. If immediate release is needed follow the procedures in IRM 5.19.9.3.7.1 *Immediate Release Through the FPLP Coordinator* below.
 - D. Follow the procedures in IRM 5.19.9.3.5.1(3), *FPLP Levy vs ACS Paper Levy*, for preparing a manual levy for the spouse who is still subject to levy.

5.19.9.3.7.1 (06-23-2014)

Immediate Release Through the FPLP Coordinator

1. *In addition* to inputting the appropriate FPLP exclusion TC or TC 971 AC 061 releasing the FPLP levy as discussed above, certain situations will arise when an immediate release is needed where the disbursement of the Federal payment is imminent. These certain situations include TAS request cases, bankruptcy, wrongful or erroneous levy claims, or the taxpayer is appealing through the various appeal rights.

Example:

Taxpayer I. Skipjack has a delinquent Form 1040 (MFT 30) for 201112 in Status 22. Taxpayer Skipjack receives a SSA benefit payment on the 3rd of each month. His March 3 SSA payment is levied through FPLP. He calls the IRS on March 16 to request and is granted an unable to pay hardship determination. The IRS employee inputs a TC 530 CC 25 on March 16, which will generate the TC 972 AC 060 and release the FPLP levy.

Will the 'rescind' release the next payment from the levy?

The TC 530 CC 25 posts on the Master File, which will generate and post the TC 972 AC 060 on March 30 based on the Master File posting cycle chart. Based on the processing cutoff date chart, the TC 972 AC 060 will not post in time to release the levy prior to the taxpayer's next SSA payment on April 3. The TC 972 AC 060 should have posted at least 6 business days prior to the April 3 payment date or which is, in this example, March 26. If the taxpayer wants to 'save' his April 3 SSA payment from being levied, then the IRS employee should request the FPLP coordinator 'rescind' the levy on March 16. Since March 16 'rescind' input through the BFS system is before the March 26 processing cutoff date (or more than 6 business days before the April 3 SSA payment date), then the April 3 SSA payment will not be levied. The TC 972 AC 060 will be posted in time so that the May 3 SSA payment is not levied.

2. You should work through your designated FPLP coordinator. A list of the FPLP coordinators is found in the SERP, "Who/Where" tab listing.
3. The FPLP Coordinator has *real-time* access to the BFS database in order to release or "rescind" an active levy under these situations.

A. The levy "rescind" from the BFS database is effective at the time of the input until the next time the BFS database is updated with taxpayer information from the Master File (MF), which is usually every week. The FPLP Coordinator's "rescind" input in the BFS database will not upload to IDRS or MF. The input must also be done before the cutoff date. See *IRM 5.19.9.3.7*.

B. Since the BFS database is updated weekly with the current taxpayer information from the MF, any actions on the BFS database, including "rescinds" by the FPLP Coordinator, will only last until the database is updated again which is usually the following week. It may take up to 3 cycles before the BFS database receives the FPLP reversal TC 972 AC 060, and it may be necessary to request the rescind as often as necessary until the TC 972 AC 060 posts. It will be the responsibility of the employee requesting the "rescind" to monitor the TC.

4. To release a FPLP levy through the FPLP coordinator's *rescind*, complete a Form 668-D, Release of Levy and send it to the FPLP Coordinator. Prepare Form 668-D as follows:

A. Complete the "To " box as: Federal Payment Levy Program.

B. Complete the "Taxpayer(s) " and "Identifying Number(s) " boxes with the appropriate information.

C. Check the boxes on the Form 668-D that relate to release of a wage, salary and other income levy, even though a paper levy is not issued through FPLP.

D. Date and sign the Form 668-D.

E. Mail the taxpayer a copy of the Form 668-D **only if requested**.

F. Send Form 668-D to your FPLP Coordinator for immediate releases of the FPLP levy. See *IRM 5.19.9.3.7.2*.

Caution:

Do not, under any circumstances, mail Form 668-D, Release of Levy, to BFS, or any other federal agency, such as OPM or SSA.

5. Document on AMS or ICS the reason for the release. ACS will input History Code OADT,21,FPLRELS on accounts in Status 22.

Note:

Even for immediate releases of levy, it may take two weeks for a FPLP levy payment to be stopped due to timing issues.

5.19.9.3.7.2 (06-23-2014)

FPLP Campus Coordinator Duties

1. FPLP Campus Coordinators are located in each ACS Support Site and the Jacksonville ACS Call Site. FPLP Field Coordinators are located in each SB/SE Compliance Area. To determine the correct FPLP Coordinator for your account you will need the module status, the Business Operating Division (BOD) of the account, and the state that the taxpayer resides in. This information will need to be used on the FPLP Coordinators page located in the Who/Where tab on SERP. This information is for internal use only. **Do not** refer taxpayers to the coordinator.

2. The coordinator immediately releases a FPLP levy directly from the BFS database. The FPLP coordinator has on-line and real-time access to the BFS database system in order to temporarily release or "rescind" a levy during certain situations.

3. FPLP coordinators will have and should maintain their computer access to the BFS website, known as the *Treasury Offset Program (TOP)* taxpayer database, in order to input (aka "rescind") an emergency or stop-gap FPLP levy release requests. These types of levy release input requests will come from field Collection employees, TAC and TAS frontline operations employees. On the IRS intranet Servicewide Electronic Research Program (SERP) page, under "Who/Where" , there is a current listing of the FPLP coordinators.

4. The FPLP coordinators are not required to input the TC 971 AC 061 block/release or any other TC excluding the account from the FPLP. It is the responsibility of the operational/functional (i.e. ACS, Collection Field, TAS, TAC) employee resolving the case to input.

5. Form 668-D (or Form 4844 from Collection Field employees following guidance under *IRM 5.11.7, Collection, Notice of Levy, Automated Levy Programs*) will serve as the input document for the FPLP coordinator. The coordinator will sign onto the BFS system and rescind **all** the modules from the levy.

6. The original Forms 668-D will be annotated with the date and time that the release was input into the BFS database and maintained in a file for 30 days.

Caution:

Do not, under any circumstances, mail Form 668-D to BFS or any other federal agency such as OPM or SSA.

7. Requests for FPLP levy rescinds must be input within one (1) workday from receipt.

8. The FPLP coordinator is not responsible for authorizing the levy release.

9. Coordinators should also provide subject matter support for the operating and functional divisions, and should also contact the FPLP headquarters staff for clarity and guidance.

5.19.9.3.8 (06-23-2014)

Return of FPLP Levy Proceeds

1. FPLP payments are identified with a TC 670 DPC 18 or DPC 19.

2. The return (refund) of levy proceeds requires special handling in accordance with IRC 6343(d) and *IRM 5.11.2.4, Returning Levied Property to the Taxpayer*.

3. In situations where a levied payment has already been processed by BFS and transmitted to the IRS , then the levied payment may be returned to the taxpayer and a manual refund may be issued in accordance with *IRM 5.11.2.4, Returning Levied Property to the Taxpayer* and *IRM 21.4.4, Manual Refunds*.

4. In a double levy situation, the taxpayer does not need to ask for the money back. The levied proceeds that would need refunding are any proceeds that have been received from the paper levy for the **exact same federal payment for the same time frame as the FPLP levy**. Identification of the double levy situation where the same levy source/payment was levied with the FPLP and a paper levy Form 668-A or W includes, but is not limited to, working with the taxpayer by phone or through correspondence.

Example:

A taxpayer's OPM monthly payment from April 2012 was levied under the paper levy and the FPLP levy. The levy proceeds from the paper levy (usually identified by TC 670 DPC 05) should be refunded to the taxpayer.

5. In situations due to timing issues, where a levy has been released and the levied payment has already been processed by BFS, but not yet transmitted to the IRS by the pay date, the levied payment may be returned to the taxpayer in accordance with *IRM 5.11.2.4*. There may be other situations, where the levied proceeds that had already been received prior to the levy release may be returned to the taxpayer and a manual refund processed.

Note:

In situations where the levy was released due to a finding of economic hardship or because the taxpayer entered into an installment agreement, the levied payment may be returned to the taxpayer; generally, it is in the Government's best interest to do so. However, if the taxpayer requests that the IRS keep the funds, the IRS should follow the taxpayer's instructions.

**5.19.9.4 (06-23-2014)
Alaska Permanent Fund Dividend Levy Program**

1. This section provides information and procedures on the Alaska Permanent Fund Dividend Levy Program (AKPFD).

**5.19.9.4.1 (06-23-2014)
What is the AKPFD?**

- 1. The AKPFD is an ALP between the IRS and the State of Alaska, Permanent Fund Dividend Division (PFDD).
- 2. The program matches a Master File database of delinquent taxpayers against a database of Permanent Fund Dividend (PFD) applicants.
- 3. The PFD is the result of the state's oil wealth investment, which belongs to all residents of the State of Alaska. The fund was created in 1976 by a voter-approved amendment to the state constitution. The value of the fund varies from year to year, based on the economy. The value of the fund is used to determine the amount of the PFD each year. For example, in 2013, the dividend for each resident was \$900.

**5.19.9.4.2 (06-23-2014)
How AKPFD Works**

- 1. On or about June 1st of each year, the PFDD will provide the IRS with its database of eligible applicants, at which time the validation process begins.
 - A. The PFDD file is transferred using Secure Data Transport (SDT) from the Alaska Permanent Fund Office.
 - B. The file is then sent to Enterprise Computing Center (ECC) to validate the Alaska records.
 - C. Errors in the file are then corrected by the Enterprise Collection Strategy (ESC) Analyst.
- 2. The next step in the levy process is to ensure that the IRS database of taxpayers has been validated and only the taxpayers eligible for levy action remain on the levy file.
- 3. In order to ensure that only taxpayers eligible for levy action are included on the IRS database, extensive exclusion criteria has been established and programmed into the IRS validation process. See *IRM 5.19.9.4.3.1*.
- 4. Once a determination has been made to include a taxpayer on the levy file, a **TC 971 Action Code 601** is input on each tax period subject to the AKPFD levy. This is a unique identifier used exclusively to identify AKPFD accounts selected for levy action.
- 5. Then Master File will systemically verify if a *Final Notice, Notice of Intent to Levy and Notice of Your Right to a Hearing* (CDP notice), has been issued by identifying an unreversed TC 971 AC 069 on the module. If there was not one issued, then Master File will systemically generate an AKPFD CDP final notice, either the CP 77 (IMF) or CP 177 (BMF), prior to the levy and post a TC 971 AC 069 on the module. Notices are mailed to taxpayers in June to allow ample response time for the taxpayer. See *IRM 5.19.9.4.4*.
- 6. After notices are issued to taxpayers, there is a period of no less than 45 days for the taxpayer to resolve the balance due prior to levy issuance. Resolution may include, but is not limited to:
 - Full payment
 - Proof of payment
 - Installment Agreement
 - Offer-in-Compromise
 - CDP
 - Currently not collectible (TC 530 cc 24-32)
- 7. During this period of time prior to initiating levy action, accounts are worked either through written correspondence and/or telephone contacts. Most resolutions will cause the account to be removed from the levy file. In some situations, however, documentation is required to be completed and forwarded to the ECS Analyst for inclusion into a "No Levy" list maintained strictly by that office. See *IRM 5.19.9.4.6.1*.
- 8. The IRS levy file is transferred via SDT to the State of Alaska, PFDD, along with a blanket levy memorandum, in lieu of Notice of Levy, signed by the SB/SE ECS Director by August 31st.

Note:

The PFDD will only accept levies issued through the AKPFD. Any paper levies will be returned to the ECS Analyst. The Electronic Levy System (ELS) has been programmed so that ACS issued levies on the PFDD are manually voided.

9. Generally, levy proceeds are received beginning in October and continue throughout the year. Payments generally include one large payment and several smaller payments. This is contingent upon State of Alaska processing constraints.

**5.19.9.4.3 (06-23-2014)
AKPFD Selection Criteria**

1. The following types of tax and collection status can be selected for levy through the AKPFD program:

- **MASTER FILE TAX CODE (MFT) -**
IMF - 29, 30, 31, 55
BMF - 01, 03, 08, 10, 11, 13, 14,16, 17, 60, 63, and 64

Exception:

See (2) below

- **MASTER FILE AND IDRS COLLECTION STATUS CODES -** 22, 23, 24, 26, 53 (with closing codes 03, 09, 10, 12, and 39), 60 (with TC 971 AC 898 or TC 971 AC 899 (older than 18 cycles))
- =====

2. For BMF accounts, only sole-proprietorships are included in AKPFD.
3. The Master File status of a tax module will not change when it is selected for AKPFD levy.
4. A TC 971 AC 601 is posted annually to identify accounts that are eligible for AKPFD.
5. For each tax module, there must be a TC 971 AC 069, and it must have been posted on the account for at least 30 days prior to levy.

**5.19.9.4.3.1 (06-23-2014)
AKPFD Exclusion Criteria**

1. The AKPFD automated levy program incorporates numerous safeguards to ensure that only tax accounts subject to levy are included in the AKPFD database, which is sent to the PFDD each year.
2. Taxpayer entities or specific balance due tax periods with certain conditions are excluded from the AKPFD levy.
3. There are two exclusion runs. The first occurs when the entity/modules are first selected to match against the PFDD applicant file. The second occurs in August before the final levy file is created.
4. Entities meeting the criteria below are **not** subject to AKPFD:
 - =====
 - All **entities** that include one or more of the following transaction codes in **any** module:

UNREVERSED TRANSACTION CODES	
TC 480 or TC 780	OIC pending or approved
TC 500	Military deferment or Combat Zone
TC 520	Bankruptcy/Litigation
TC 540	Deceased Taxpayer
TC 844	Erroneous Refund
TC 914	Active CID Investigation
TC 971 AC 043 or AC 063	Pending or currently approved IA
TC 971 AC 086 or AC 087	Open Disaster case
TC 976 or TC 977	Duplicate return freeze
TC 971 AC 630	Taxpayer files CDP request (levy & levy/lien) and is not yet assigned to Appeals
ENTITY INDICATOR - KITA	

5. Modules meeting the criteria below are **not** subject to AKPFD:

- | CSED - Earliest CSED is prior to October 1 of the current year | |
|----------------------------------------------------------------|---------------------------------------------------|
| UNREVERSED TRANSACTION CODES | |
| TC 470 | Taxpayer claim or adjustment to return is pending |
| TC 971 AC 065 | Innocent Spouse claim |
| TC 971 AC 071 | Injured Spouse claim |
| TC 971 AC 501 or 506 | Identity Theft |

**5.19.9.4.4 (06-23-2014)
AKPFD Notices**

1. Pursuant to IRC 6330, Master File will systemically verify if a *Final Notice, Notice of Intent to Levy and Notice of Your Right to a Hearing* (CDP notice), had been issued by identifying an unreversed TC 971 AC 069 on the module. If there is none issued, then Master File will systemically generate an AKPFD CDP final notice, either the CP 77 (IMF) or CP 177 (BMF), *Final Notice, Notice of Intent to Levy and Notice of Your Right to a Hearing*. This is sent to the taxpayer certified mail, return receipt requested prior to initiating levy action.
2. A TC 971 AC 069 will systemically post on each module when the CP 77 (CP 177) is generated. For the BMF, the TC 971 AC 069 will post to the EIN with a cross-reference to the sole-proprietor as appropriate. For the IMF, the appropriate SSN(s) will be displayed on the TC 971 AC 069 XREF field.

Note:

For joint income tax liabilities on the IMF, both spouses will be issued the CP 77 notice. The TC 971 AC 069 will post for each spouse.

3. The USPS return receipt listing will be delivered back to the IRS electronically. Upon receipt, the appropriate notice response TC 971 AC 066, 067, or 068 will be electronically input on the account.
4. Both the CP 77 and CP 177 provide an ACS toll-free telephone number to contact for assistance. See *IRM 5.19.9.1.1*.
5. There is another AKPFD notice which is issued to the taxpayer by the Alaska PFDD Office, this notice is issued after the payment is levied. See *IRM 5.19.9.4.4.1*.

**5.19.9.4.4.1 (06-23-2014)
PFD Notice**

1. The Alaska Department of Revenue, Permanent Fund Dividend Division issues a notice to the taxpayer indicating their PFD payment has been levied. *Exhibit 5.19.9-7, Permanent Fund Dividend Notice*, displays the following information on the notice:
 - A. In the middle of the notice: a 9 digit **Case Number**, which consists of the *TIN (the primary TIN of the tax period)*, where the levied payment posted. The Case Number can either be an SSN or EIN. (Verify the TIN by researching the TIN found under **Case Number**.)
 - B. The PFD notice advises the taxpayers that part or all of their PFD was taken by the United States Treasury. The appropriate IRS address and ACS toll-free telephone number (W&I, SB/SE or International) is given on the notice.

**5.19.9.4.5 (06-23-2014)
AKPFD Payments**

1. The PFDD generally begins the payout process during the month of October. The AKPFD levy payments are generally paid in one large payments in October and several smaller payments throughout the year.
2. AKPFD payments are identified on tax modules with a TC 670 DPC 22 for systemically applied payments and DPC 23 for manually applied payments.

3. The State of Alaska provides the IRS with the levy payment and data via the Electronic Federal Tax Payment System (EFTPS).

5.19.9.4.6 (06-23-2014)

AKPFD Inquiries

1. CP 77 or CP 177 responses will be via written correspondence or a telephone call to ACS.

Note:

If the taxpayer has not received the IRS notice but has the PFD Notice, request the case number listed on the notice. See *IRM 5.19.9.4.4.1, PFD Notice*.

2. Taxpayers are generally afforded 45 days or more to resolve the tax account prior to the final levy file going to the State of Alaska.
3. Taxpayers may contact CSCO, AM, TAC, and TAS to resolve AKPFD issues. These contacts do not always have to be referred to ACS. *IRM 5.19.9.1.1*.
4. The taxpayer may request a CDP hearing, at which time the procedures outlined in *IRM 5.19.8, Collection Appeal Rights*, should be followed.
5. If the taxpayer enters into an approved payment arrangement, files a Form 911, Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), or otherwise takes action that would result in a decision to remove the account from levy action, be sure to input the appropriate actions to IDRS and follow procedures below. See *IRM 5.19.9.4.6.1*.
6. If case resolution will stop the levy but the taxpayer wants the PFD applied to the IRS balance, advise him/her to complete an "Assignment of Rights Form". This form is available at the Alaska Department of Revenue web site at www.pfd.state.ak.us. Caution the taxpayer that even though the "Assignment of Rights Form" is submitted, the IRS may not receive the dividend if other creditors have a claim to it.
7. If there is a Criminal Investigation (CI) TC 910, 916, or 918 posted to the account, **do not** advise the taxpayer. Continue to follow the appropriate AKPFD procedures outlined in *IRM 5.19.9.4* to resolve the collection issues only. If, however, the taxpayer raises any questions about the CI issues, refer to *IRM 5.19.1.4.13, Criminal Investigation Division Indicators (CID) on Balance Due Cases*. If the taxpayer has received a letter from the IRS regarding the CI issue, the taxpayer should call the number on that letter.
8. If the taxpayer raises issues regarding the AKPFD which you can not address, the call can be transferred to the Seattle ACS Call Site using extension #92068.

5.19.9.4.6.1 (06-23-2014)

No Levy/Levy Release Procedures

1. Any pending or posted exclusion TCs input through IDRS before the levy deadline will remove the account from the levy file to the PFDD.
 - A. See *IRM 5.19.9.4.3.1*. This provides a listing of transaction codes that will result in the account/module being removed from the levy file.
 - B. The deadline for inputting the transactions to IDRS changes each year. The dates can be found in the AKPFD Cutoff Dates link on SERP under IRM Supplements. The link is updated annually.
2. If the exclusion transaction is not pending or posted before the levy deadline, then the following actions must be taken to prevent the levy:
 - A. Complete the Form 13641, *Permanent Fund Dividend No Levy Request*, including an explanation as to why the PFD should not be levied. The form contains various reason codes, which are used to identify the basis for requesting a release of levy. The form is available as a fillable document on the Publishing web site.
 - B. Send via secure E-mail or fax the Form 13641 directly to the ECS Analyst.
 - C. The Form 13641 must be received by the ECS Analyst by the cutoff date. This date may change each year.
 - D. The AKPFD Cutoff Dates link on SERP contains the ECS Analyst information and the current year time frames/deadlines related to the AKPFD.

Note:

If the Form 13641 is incomplete, the form will be returned to the initiator for completeness.

3. The ECS Analyst can rescind the levy from the PFDD website.

5.19.9.5 (06-23-2014)

Municipal Tax Levy Program (MTLP) General

1. Each municipality with income tax requirements can sign an agreement with the IRS to permit the municipal income tax refund to be applied to a federal tax liability. Only cities or organizations of cities that have an individual income tax and a population of 250 thousand or more are eligible to participate in MTLP.
2. An electronic file of qualifying federal tax debts is sent to each participating municipality or municipality agency along with a Notice of Levy (Form 668-A), or Memorandum in lieu of Form 668-A, through Secure Data Transport (SDT). The tax debt is matched against the municipal income tax refunds and all or a portion is sent to IRS to satisfy the federal debt.
3. A new levy file will be transmitted every two weeks to participating municipalities. On each subsequent file new modules can be added and modules that no longer meet the selection criteria are removed.
4. The municipality taxing agency processes the IRS issued file for a period of two weeks; matching the file against the municipality's refund database.
5. The municipality then provides the IRS with the levy payment and data via Electronic Federal Tax Payment System (EFTPS).
6. Participating municipalities are required to mail the taxpayer a notice indicating that the local tax refund has been levied by the IRS and applied to a Federal tax liability. The notice explains the amount of the refund levied and advises the taxpayer to contact the IRS at the appropriate ACS toll-free telephone number (W&I, SB/SE or International), for information regarding the MTLP levy.
7. MTLP commences production in mid-January after the dead cycles. The final levy file is sent in cycle 50. MTLP production concludes by mid-December each year.
8. Currently, the only participating municipality agency is the Regional Income Tax Agency (RITA). RITA has agreed to be the first agency to enter into a MOU and pilot the program. The agency has oversight of more than 200 Ohio cities' income tax administration. The pilot with RITA is scheduled to start in late Fiscal Year 2014.

5.19.9.5.1 (06-23-2014)

MTLP Selection Criteria

1. The following types of tax and collection status can be selected for levy through MTLP:

- **Master File Tax Code (MFT)** - 29, 30, 31, 55

Note:

Individual Master File (IMF) only

- **Master File and Integrated Data Retrieval System (IDRS) Collection Status Codes** - 22, 23, 24, 26, and 53 (with closing codes 03, 09, 12, 39, and hardship codes 24–32)

• =====

2. Only valid social security numbers (SSNs) are included in the MTLP.
3. Each module whose current status is one of the above, must have must have a TC 971 action code (AC) 069.
4. Each module included in the MTLP will have a TC 971 AC 602 posted.
 - This TC is an information only transaction which indicates that the levy has been served.
 - This TC posts to each module that is included in MTLP annually even if there is a prior TC 971 AC 602.
 - Module(s) that do not have a current year TC 971 AC 602 will not be on the levy file to the municipality.

**5.19.9.5.2 (06-23-2014)
MTLP Exclusion Criteria**

1. Modules meeting the criteria below are **not** subject to MTLP.
2. All **entities** that include one or more of the following **UNREVERSED TRANSACTION CODES** in **any balance due module**

UNREVERSED TRANSACTION CODES	DESCRIPTION
TC 470 with any closing code	Taxpayer claim or adjustment to return is pending
TC 480 or TC 780	Offer In Compromise (OIC) pending or approved
TC 500	Military deferment or Combat Zone
TC 520	Bankruptcy/Litigation
TC 540 (or date of death indicated on CC INOLES)	Deceased Taxpayer
TC 914	Active Criminal Investigation Division (CID) Investigation
TC 971 AC 031	Full Bankruptcy Discharge
TC 971 AC 032	Fully Accepted OIC
TC 971 AC 043	Pending IA prior to a SITLP levy
TC 971 AC 086 or AC 087	Open Disaster Case
TC 971 AC 630	Taxpayer files Collection Due Process (CDP) request (levy & levy/lien) and is not yet assigned to Appeals
TC 976 or 977	Duplicate return freeze

3. Any **module** that has one of the following **UNREVERSED TRANSACTION CODES**

UNREVERSED TRANSACTION CODES	DESCRIPTION
TC 420	Examination Indicator
TC 424	Examination Request Indicator
TC 470 with no closing code	Amended return claim pending
TC 534	Expired balance - write-off
TC 608	Expired statute
TC 971 AC 065	Innocent Spouse claim
TC 971 AC 071	Injured Spouse claim
TC 971 AC 501 or 506	Identity Theft

**5.19.9.5.3 (06-23-2014)
MTLP Payments**

1. When a MTLP match occurs and levy proceeds are received from the municipality, a TC 670 DPC 30 will post to the earliest tax period identified in the MTLP file sent to the municipality. If the amount overpays the earliest tax period, it will systemically offset (TC 826/706) to the next MTLP module(s) whose balance was included in the levy or to other balance due tax periods as appropriate.
2. Generally, it takes 4 to 6 weeks or sometimes longer from the time the municipality receives a MTLP levy file until the time the MTLP levy proceeds are applied to the taxpayer’s account. Since this is an automated levy process, timing issues may delay the process even longer.

**5.19.9.5.4 (06-23-2014)
MTLP Taxpayer Contacts**

1. Taxpayers may contact CSCO, AM, or TAC to resolve MTLP issues.
2. If contacted by a taxpayer, explain that the municipal tax refund was levied to satisfy a federal tax debt. The call should be considered a regular account call which will require explaining the assessment, discussing payment of any remaining balance, granting an installment agreement, or securing financial information to determine ability to pay. All of these procedures are covered in IRM 5.19.1, *Balance Due* .
3. MTLP contacts are often the result of the taxpayer receiving a notice from the municipality that their municipal tax refund was levied. Be sure to check for a current year TC 971 AC 602 to identify active MTLP accounts. In some cases, you may have to ask the taxpayer for a copy of the letter issued by the municipality. **DO NOT contact municipal taxing agencies.**
4. If the MTLP levy payment is not posted to the account within 6 weeks, contact the MTLP Coordinator. The MTLP Coordinator can be found on SERP under Who/Where.
5. Refer taxpayer to the Taxpayer Advocate Service if appropriate per IRM 5.19.1.2.1, *For All Employees*, and IRM 5.19.5.5.3, *R2 - Taxpayer Advocate Service/Congressionals*.
6. If the taxpayer wants to appeal the levy action with the Office of Appeals, see IRM 5.19.8, *Collection Appeal Rights*.
7. Erroneous and wrongful MTLP levies are handled by the MTLP Coordinator.

**Exhibit 5.19.9-1
Table of Federal Payments Subject to FPLP**

This table is a matrix that displays what **types of federal payments** are levied in the FPLP; what the **levy type code** is displayed under Miscellaneous Field (TC 971 AC 662, 677 or 762); what **account TINs** are matched against the payments; and the **levy percentage** of the payment. For example, the SSA payments are levied for 15% against the IMF primary or secondary SSN, BMF (sole prop) XREF SSN, and BMF primary SSN.

FEDERAL PAYMENT TYPE	LEVY TYPE CODE	LEVY PERCENTAGE FOR				
		IMF PRIMARY SSN	IMF SECONDARY SSN	BMF PRIMARY EIN	BMF X-REF (Sole Prop) SSN	BMF PRIMARY SSN
SSA	SSA	15%	15%	N/A	15%	15%
RRB	RRB	15%	15%	N/A	15%	15%
FEDERAL (OPM) RETIREMENT	OTH	15%	15%	N/A	15%	15%
FEDERAL SALARY	SAL	15%	15%	N/A	15%	15%
FEDERAL CIVILIAN AGENCY (TREASURY DISBURSED) CONTRACTOR/VENDOR	OTH	100%	100%	100%	100%	100%
FEDERAL CIVILIAN AGENCY (NON-TREASURY DISBURSED) CONTRACTOR/VENDOR	USPS	OTH	15% or 100%	15% or 100%	15% or 100%	15% or 100%
	ACOE	OTH	100%	100%	100%	100%
MILITARY (DEFENSE) CONTRACTOR/VENDOR	OTH	100%	100%	100%	100%	100%
CMS MEDICARE (PARTS A & B) PROVIDER/SUPPLIER	OTH	15%	15%	15%	15%	15%
MISCELLANEOUS PAYMENTS	OTH	15%	15%	15%	15%	15%

USPS - 15% on payments defined for non goods/services, i.e. real estate transactions; commercial off-the-shelf (COTS) licensed software; 100% on payments defined for property/goods/services

Exhibit 5.19.9-2
FPLP - Federal Employee Salary Paying Agencies - NFC, NBC, GSA, DFAS

The following table lists the NFC, NBC, GSA and DFAS agencies that participate in FPLP.

(0407) NFC Paid Agencies
Armed Forces Retirement Home
Agricultural Marketing Service
Architect of the Capitol
Animal and Plant Health Inspection Service
Appalachian Regional Commission
Agricultural Research Service
U.S. Architectural and Transportation Barriers Compliance Board
Alcohol, Tobacco, Firearms and Explosives
Alcohol and Tobacco, Tax and Trade Bureau
Office of the Under Secretary (B&TS)
Immigration and Customs Enforcement
Bureau of the Census
Bureau of Citizenship and Immigration Services
Federal Law Enforcement Training Center
Bureau of Economic Analysis
Bureau of Engraving and Printing
U.S. Botanic Garden
Bureau of Industry and Security
Bureau of the Public Debt
U.S. Court of Appeals for Veterans Claims
Congressional Budget Office
Congressional Executive Committee on the People's Republic of China
Child Care Development Center
Commodity Futures Trading Commission
U.S. Coast Guard (Civilian Pay)
Corporation for National and Community Service
Community Relations Service Commission on Security and Cooperation in Europe
U.S. Chemical Safety and Hazard Investigation Board
Office of the Director
Cooperative State Research, Education, and Extension Service
Bureau of Customs and Border Protection
Departmental Administration
Office for Infrastructure Analysis
Drug Enforcement Administration
Defense Nuclear Facilities Safety Board
Department of Education
Department of Labor
Department of State
Departmental Offices
Office of the Under Secretary (MGMT)
Economic Development Administration
Executive Office for Immigration Review
Office of Civil Rights
Directorate for Emergency Preparedness & Response, Office of the Under Secretary
Economic Research Service
Economics and Statistics Administration
Foreign Agricultural Service
Farm Credit Administration
Federal Air Marshals Service
Federal Communications Commission
Farm Credit System Insurance Corporation

Federal Deposit Insurance Corporation
Federal Election Commission
Federal Emergency Management Agency
Federal Energy Regulatory Commission
Office of Federal Housing Enterprise Oversight
Federal Bureau of Investigation
Federal Maritime Commission
Federal Mediation and Conciliation Service
Bureau of the Fiscal Service
Federal Mine Safety and Health Review Commission
Food and Nutrition Service
Federal Prison System
Forest Service
Farm Service Agency
Farm Service Agency - County Offices
Food Safety and Inspection Service
Government Accountability Office
Grain Inspection, Packers, and Stockyards Administration
Government Printing Office
(Leased Lines for DEPNET)
Headquarters Components
Housing and Urban Development (HUD) Office of Inspector General
HUD
Office for Information Analysis
Inter-American Foundation
International Boundary & Water Commission
Interagency Council on the Homeless
Office of the Under Secretary (Information Analysis & Infrastructure Protection)
Institute of Museum and Library Services
Internal Revenue Service
International Trade Administration
Office of the Inspector General
Library of Congress
Minority Business Development Agency
Merit Systems Protection Board
National Appeals Division
National Agricultural Statistics Service
National Capital Planning Commission
National Endowment for the Arts
National Endowment for the Humanities
National Gallery of Art
National Gallery of Art (Publication Fund)
National Gallery of Art (Trust Fund)
National Institute of Standards and Technology
National Labor Relations Board
National Oceanic and Atmospheric Administration
Natural Resources Conservation Service
National Sheep Industry Improvement Center
National Telecommunications and Information Administration
National Technical Information Service
Office of Budget and Program Analysis
Office of Communications
Office of Compliance
Office of the Comptroller of the Currency
Office of the Chief Information Officer
Office of Chief Economist
Office of the Chief Financial Officer
Office of the Executive Secretariat
Office of the Inspector General
Office of the General Counsel
Office of Government Ethics
Office of Inspector General
Office of Justice Programs
Immediate Office of the Secretary
Office of the Secretary
US Office of Special Counsel
Occupational Safety and Health Review Commission
Office of Thrift Supervision
Peace Corps
U.S./Saudi Arabian Joint Commission On Economic Cooperation
Treasury's Personal Services Contractors - Foreign
Patent and Trademark Office
Pretrial Services Agency
Rural Business-Cooperative Service Rural Housing Service
Reading is Fundamental

Risk Management Agency
Rural Utilities Service
Small Business Administration
Office of the Secretary
Smithsonian Institution (Federal)
Smithsonian Institution (Trust)
U.S. Senate Restaurants
United States Secret Service
Office of the Under Secretary (S&T)
Transportation Security Administration
Technology Administration
Bureau of Alcohol, Tobacco, Firearms and Explosives
Office of Inspector General for Tax Administration
Treasury Office of the Inspector General
Treasury Technical Assistance
US Attorneys Office
US Agency for International Development
US Commission on Civil Rights
US Capitol Police
US Mint
US Marshals Service
US Trustee Program
Woodrow Wilson International Center for Scholars (Federal)
Woodrow Wilson International Center for Scholars (Trust)
(0801) NBC Paid Agencies
Advisory Council on Historical Preservation
Arctic Research Commission
African Development Foundation
Bureau of Indian Affairs
Bureau of Land Management
Bureau of Reclamation
Casual (Emergency) Workers
Chemical Safety & Hazard Investigation Board
Commission of Fine Arts
Consumer Product Safety Commission
Department of Education
Department of Transportation
Equal Employment Opportunity Commission
Federal Labor Relations Authority
Federal Retirement Thrift Investment Board
Federal Trade Commission
Harry S. Truman Scholarship Foundation
Holocaust Memorial Museum
Institute of Museum & Library Sciences
Inter-American Foundation
International Trade Commission
James Madison Memorial Foundation
Millennium Challenge Corporation
Minerals Management Service
National Aeronautics Space Administration
National Labor Relations Board
National Park Service
National Science Foundation
National Transportation Safety Board
Nuclear Regulatory Commission
Office of Inspector General -Dept of Interior
Office of Navajo/Hopi Indian Relocation
Office of Special Trustee for American Indians - Dept of Interior
Office of Surface Mining - Dept of Interior
Office of the Secretary - Dept of Interior
Office of the Solicitor - Dept of Interior
Overseas Private Investment Corp
Pension Benefits Guarantee Corp
Presidio Trust
Public Defenders Service of D.C.
Securities and Exchange Commission
Selective Service System
Social Security Administration
USDA Forest Service - Casual Workers
US Fish and Wildlife Service
US Geological Survey
US Trade & Development Agency
Utah Reclamation Mitigation and Conservation Commission
Valles Caldera Trust
(0305) GSA Paid Agencies (with Suboffice Code)

GSO	General Services Administration
RR0	Railroad Retirement Board Reminder: Employee salaries
OM0	Office of Personnel Management Reminder: Employee salaries
AB1 through AB6	American Battles Monuments Commission
AI0	U.S. Institute of Peace (Some employees may not be citizens and not subject to TOP)
BF0	Defense Facilities Nuclear Safety Board (paid allowances, not salaries)
BH0	Commission for the Preservation of American's Heritage Abroad
BW0	Nuclear Waste Technical Review Board
BZ0	Christopher Columbus Fellowship foundation
CO0 FN0 SC0	Superior Courts of the District of Columbia
CU0	National Credit Union Association
DA0	Delta Regional Authority
DB0	Public Interest Declassification Board
EB0	Import/Export Bank of the U.S.
EO0	Morris K. Udall Scholarship and Excellence in Nat'l Environmental Policy fund
F10	Appraisal Subcommittee/Federal Financial Institutions Exam Council
GE0	Barry M. Goldwater Scholarship and Excellence in Education Foundation
GO0	Vietnam Education Foundation
GQ0	Election Assistance Commission
HB0	Committee for Purchase From People who are Blind or Severely Disabled
HW0	U.S. Interagency Council on Homelessness
LQ0	Stennis Center for Public Service
MA0	Marine Mammal Commission
NK0	National Council on Disability
NQ0	National Archives and Records Administration
NM0	National Mediation Board
SM0	JFK Center for the Performing Arts
UJ0	Japan/U.S. Friendship Commission
WH0	Former President Annuitant (1099 income)
ZL0 ZL9	Medicare Payment Advisory Commission
ZP0	U.S. Commission on Int'l Religious Freedom
ZS0	U.S. China Economic and Security Review Commission
<i>(0102) DFAS Paid Agencies (with Suboffice Code)</i>	
ZPH	Department of Health and Human Services and its agencies
ZPE	Department of Energy
ZPA	Environmental Protection Agency
ZPB	Broadcasting Board of Governors
ZKE ZFA ZFR OMA ZL0 ZGT ZKA CP1	Defense Civilian Agencies

**Exhibit 5.19.9-3
FPLP Exclusion Criteria**

All balance due modules of an **entity** that has one or more of the following codes in any balance due module, will either be systemically reversed out of or not selected for the FPLP:

TRANSACTION OR FREEZE CODE	DESCRIPTION
A	Unreversed TC 500 or – (minus) C Freeze Military deferment or Combat Zone
B	Unreversed TC 914 or - (minus) Z Freeze Active CID investigation
C	Unreversed TC 480 or TC 780 or – (minus) Y Freeze OIC pending or approved
D	Unreversed TC 976 or 977 or –(minus) A Freeze Duplicate return freeze
E	Unreversed TC 530 cc 24–32 CNC Unable to Pay
F	Unreversed TC 530 cc 08 CNC Deceased
G	Unreversed TC 540 or Date of Death indicated on INOLES Deceased taxpayer
H	Unreversed TC 971 AC 043 Pending IA prior to a FPLP levy only
I	Unreversed TC 971 AC 063 Current or approved IA
J	Unreversed TC 524 Collateral Agreement pending or approved
K	Unreversed TC 971 AC 086 or 087 or O freeze Open Disaster Zone Case
L	Unreversed TC 520 all closing codes Bankruptcy/Litigation
M	Unreversed TC 520 cc 76, 77 (CDP) CDP on filed lien or intent to levy with Appeals Office
N	Unreversed TC 470 with a defined cc only Taxpayer claim or adjustment to return is pending
O	Unreversed Master File Employment Code> F Taxpayer is Federal Government Agency
P	KITA, HSTG - Master File entity indicators Taxpayer is Killed in Terrorist Action, or Taxpayer is in Hostage Situation
Q	Unreversed TC 971 AC 275 - IMF Only Taxpayer files CDP request (levy, lien, levy/lien) and is not yet assigned to Appeals - posted cycle 200853 or earlier
R	Unreversed TC 971 AC 630 - IMF Only Taxpayer files CDP request (levy & levy/lien) and is not yet assigned to Appeals

A balance due **module** that has one of the following, will be systemically reversed out of or not selected for the FPLP:

TRANSACTION OR FREEZE CODE	DESCRIPTION
A	Earliest CSED is within 3 months of expiration For modules where there is no FPLP levy or if the FPLP levy exists on OPM or SSA payments

B	Earliest CSED is within 1 month of expiration	For modules where a FPLP levy exists on any Federal payment source except an OPM or SSA payment
C	Unreversed TC 971 AC 061	Block from FPLP
D	Unreversed TC 971 AC 065	Innocent Spouse module
E	Unreversed TC 971 AC 071	Injured Spouse module
F	Unreversed TC 971 AC 275 - BMF Only	Taxpayer files CDP request (levy, liens, levy/liens) and is not yet assigned to Appeals - posted 200853 or earlier
G	Unreversed TC 971 AC 630 - BMF Only	Taxpayer files CDP request (levy & levy/lien) and is not yet assigned to Appeals
H	Additional TC 240 (MFT 55 only), TC 29x, or TC 30x assessment	If these TCs are posted between the last posted TC 971 AC 069 and the current cycle, except where this is an intervening Status 12 between TC 971 AC 069 and current cycle.
I	Unreversed TC 470 no cc if posted prior to FPLP levy	Amended return claim pending
J	Entity TC 076 with alpha indicators C, F	LLC Disregarded Entity - Employment tax periods prior to January 2009 will not be selected into or will be reversed out of the FPLP
K	Unreversed TC 971 AC 365, 366 posted on any tax module prior to January 2009	LLC Disregarded Entity- Employment tax periods prior to January 2009 will not be selected into or will be reversed out of the FPLP
L	MFT 03 with tax period YYYY08	Branded Prescription Drug (BPD) fee module

The following entity or module will be systemically blocked from the FPLP and may be manually unblocked to be included into the FPLP:

Indicator	Remarks
Unreversed Master File entity employment code: G, T, I	Taxpayer is State, Local or an Indian Tribal Government (ITG) entity
ACS modules at inception of ST 22	Certain modules in certain Status 22 ACS inventories are subsequently systemically unblocked; refer to IRM 5.19.9.3.2.3

**Exhibit 5.19.9-4
TC 971 AC 062 Document Locator Number (DLN) Format of Federal Payment Type**

FPLP Document Locator Number Positions

1	2	3	4	5	6	7	8	9	10	11	12	13	14
N	N	N	N	N	N	0	1	0	8	0	2	0	N

The values for positions **7, 8, 9, & 10** identify the **Federal Payment Agency**.

Note:

See *Exhibit 5.19.9-5* for a complete list of the *Federal Payment Agency Identifier Code List*.

Example:

Office of Personnel Management: 0108

The values for positions **11 & 12** identify the **Type of Federal Payment**:

- **01** – Social Security benefit payment
- **02** – Federal retirement income
- **03** – Federal contractor or vendor payment (IMF or BMF entities)
- **03** – Miscellaneous Payments (See IRM 5.19.9.3.1) (IMF or BMF entities)
- **03** – Federal employee travel advance/reimbursement payment (limited to IMF only)
- **04** – Federal salary payment

The value for position **13** identifies whether BFS matches a record for the taxpayer or if funds were levied:

- **0** – Federal disbursement **matched**
- **1** – Federal disbursement **levied**

The DLN listed above would indicate that BFS matched (position 13 = 0) records with OPM (positions 7, 8, 9 & 10) on an OPM payment (positions 11, 12 & 13).

Other examples:

Example:

TC 971 AC 062 DLN 28277-901-08020-0
Match — OPM (Federal source) on federal retirement payment.

Example:

TC 971 AC 062 DLN 28277-902-07011-0
Levy — SSA (Federal source) on Social Security benefit payment.

Example:

TC 971 AC 062 DLN 28277-904-07041-0
Levy — National Finance Center (Federal source) on federal salary payment.

Miscellaneous Field

The "Miscellaneous Field" literal may or may not display a 3 character "suboffice code" to the salary paying agency (SPA). See *Exhibit 5.19.9-2*.

Caution:

Prior to July 2009, the "suboffice codes" under the SPA DFAS (Federal Paying Agency code 012), were erroneous. After July 2009, the suboffice codes display correctly for DFAS.

XREF Field

The "XREF Field" literal will display the TIN (SSN or EIN) of the matched individual or entity.

**Exhibit 5.19.9-5
Federal Payment Agency Identifier Code List**

The below table represents the Federal payment agency identifier codes.

Payment Agency Identifier	Agency Name
0000	Recent Federal contract awarded; Federal agency to be identified when levy payment identified under TC 971 AC 062 <Levy> .
0001	Office of Child Support Enforcement (OCSE) - Health and Human Services (HHS) - Aid to Families with Dependent Children (AFDC)
0002	OCSE - HHS - non-AFDC
0003	HHS
0004	Veterans Administration (VA)
0005	Department of Education (ED)
0006	Small Business Administration (SB)
0007	Department of Housing and Urban Development
0008	US Department of Agriculture (USDA) - Rural Development
0009	US Department of Justice (DOJ)
0100	Bureau of Public Debt - Treasury
0101	Department of the Treasury (DOT) - Office of the Secretary
0102	Defense Finance and Accounting Service (DFAS) - Denver/Cleveland
0103	DFAS - Columbus
0104	Federal Energy Regulatory Commission
0105	Army and Air Force Exchange Services
0106	US Consumer Product Safety Commission
0107	US Navy Exchange Service Command
0108	Office of Personnel Management
0109	US Peace Corps
0110	Navy Personnel Command
0111	Debt
0112	Department of Homeland Security
0113	Transportation Security Administration
0114	US Army Corps of Engineers
0115	US House of Representatives
0116	International Broadcasting Bureau
0117	National Endowment for the Arts
0118	American Battle Monuments Commission
0119	Overseas Private Investment Corporation
0120	Department of Health & Human Services
0121	Federal Mediation & Conciliation Service
0122	Federal Election Commission
0123	United States Tax Court
0124	Administrative Offices of the U.S. Courts
0125	DOT — Federal Motor Carriers Safety Administration
0126	Farm Credit Administration
0127	National Transportation Safety Board
0128	Occupational Safety & Health Review Commission
0129	Bureau of Engraving & Printing
0130	Valles Caldera Trust
0131	Office of Surface Mining
0132	DOJ - U.S. Marshals Service
0133	Federal Labor Relations Authority
0134	U.S. International Trade Commission
0135	Appalachian Regional Commission
0200	US Department of Energy
0201	Railroad Retirement Board
0202	Department of Interior - National Park Service
0203	US Department of State
0204	Department of Transportation - Office of the Secretary
0205	Federal Emergency Management Agency
0206	United States Customs
0207	Social Security Administration
0208	Food and Nutrition Service - USDA
0209	Patent & Trademark Office - Department of Commerce
0210	U.S. Holocaust Memorial Museum
0211	Executive Office of the President
0212	Selective Service System
0213	Defense Threat Deduction
0214	Bureau of the Fiscal Service
0215	National Mediation Board
0217	National Capital Planning Commission
0218	U.S. Chemical Safety and Hazard Investigation Board
0219	U.S. Office of Government Ethics
0220	Court of Appeals for Veterans Claims
0221	Merit System Protection Board

0222	Federal Mine Safety
0223	Export Import Bank of the United States
0224	Presidio Trust
0225	Denali Commission
0226	Millennium Challenge Corporation
0227	Department of Immigration Health Services
0228	U.S. Commission on Civil Rights
0229	National Security Education Program
0230	United States Capitol Police
0231	Domestic Nuclear Detection Office
0232	Court Services and Supervision Agency
0234	Department of Defense Dependent Schools
0235	U.S. Naval Hospital Naples Italy
0300	US Secret Service
0301	National Science Foundation
0302	US Department of Commerce
0303	Bureau of the Fiscal Service (BFS) - DMSC
0304	Environment Protection Agency
0305	General Services Administration
0306	HHS - Health Care Financing Administration
0307	Agency for International Development
0308	Smithsonian Institution
0309	Bureau of Alcohol, Tobacco, Tax, and Trade
0400	US Department of Labor
0401	United States Postal Service
0402	National Credit Union Administration
0403	Employment Standards Administration
0404	USDA - Animal Plant Health Inspection Service
0405	Central Intelligence Agency
0406	USDA - Farm Services Agency
0407	USDA - National Finance Center
0408	USDA - Risk Management Agency
0409	Federal Communications Commission
0500	DOT - Comptroller of the Currency
0501	IRS
0502	DOT - Office of Thrift Supervision
0503	DOT - US Mint
0504	Federal Law Enforcement Training Center
0505	National Labor Relations Board
0506	Federal Maritime Commission
0507	Inter-American Foundation
0508	Equal Employment Opportunity Commission
0509	Security and Exchange Commission
0600	Pension Benefit Guaranty Corp.
0601	US Information Agency
0602	Marine Corps Exchange
0603	Armed Forces Retirement Home (AFRH) - US Naval Home
0604	Architect of the Capitol
0605	Federal Housing Finance Board
0606	Commodity Futures Trading Commission
0607	General Accounting Office
0608	US Nuclear Regulatory Commission
0609	HHS - Centers for Disease Control and Prevention
0700	HHS - Food and Drug Administration
0701	HHS - National Institute of Health
0702	DOJ - Justice Management Division
0703	DOJ - Bureau of Prisons
0704	DOJ - Drug Enforcement Agency
0705	NASA Headquarters
0706	Corporation for National Service
0707	DOJ - Federal Bureau of Investigation
0708	Air Force Service Agency
0709	Army/Air Force Exchange Service
0800	Department of Interior (DOI) -US Geological Survey
0801	DOI - Bureau of Reclamation
0802	DOI - Bureau of Land Management
0803	DOI - US Fish & Wildlife Service
0804	Bureau of Indian Affairs
0805	DOI- Office of Trust Fund Management
0806	Immigration and Naturalization Services
0807	AFRH - US Soldier's and Airmen's Home
0808	International Boundary and Water Commission
0809	Department of Transportation - Bureau of Transportation Statistics
0900	Federal Aviation Administration
0901	Federal Highway Administration

0902	Federal Railroad Administration
0903	Federal Transit Administration
0904	Maritime Administration
0905	National Highway Traffic Safety Administration
0906	Volpe National Transportation
0907	Surface Transportation Board
0908	US Coast Guard
0909	BFS - Reclamations

Exhibit 5.19.9-6

Department of the Treasury, Bureau of the Fiscal Service Notice

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Exhibit 5.19.9-7

Permanent Fund Dividend Notice

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[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 10. Collection Operations Transcript Processing

5.19.10 Collection Operations Transcript Processing

- 5.19.10.1 [Compliance Services Collection Operation Transcript Overview](#)
- 5.19.10.2 [Acronyms/Definitions](#)
- 5.19.10.3 [Credit Offsets](#)
- 5.19.10.4 [Collection Statute Expiration Date \(CSED\) Verification and Correction](#)
- 5.19.10.5 [Balance Due Transcripts](#)

Manual Transmittal

March 10, 2016

Purpose

(1) This transmits revised IRM 5.19.10, Liability Collection, Collection Operations Transcript Processing.

Material Changes

- (1) IPU 15U0660 issued 04-09-2015 IRM 5.19.10.3.11.2 (2) - Table, added additional Then chart, when AMS history is less than 6 months old.
- (2) IPU 15U0660 issued 04-09-2015 IRM 5.19.10.6.2 (1) - Added clarification, unless initiated by the taxpayer.
- (3) IPU 15U0660 issued 04-09-2015 IRM 5.19.10.9.3 (4) - Added second bullet for Account Change List.
- (4) IPU 15U0660 issued 04-09-2015 IRM 5.19.10.9.3.1 (3) - Table, added additional Resolution to Charge user fee.
- (5) IPU 15U0660 issued 04-09-2015 IRM 5.19.10.9.3.2 - Added new section, Account Change List.
- (6) IPU 15U0660 issued 04-09-2015 IRM 5.19.10.10.3.5 (2) - Deleted requirement for input of STAUP 2201.
- (7) IPU 15U0660 issued 04-09-2015 IRM 5.19.10.10.6 (2) - Table, removed last sentence in 2nd Then chart and added, Take no action.
- (8) IPU 15U0818 issued 05-28-2015 IRM 5.19.10.10.3.3 (3) - Added clarifications when the CSED is not protected, default IA using default category OTHER.
- (9) IPU 15U0818 issued 05-28-2015 IRM 5.19.10.10.3.3 (7) - Added clarifications on when to default the agreement and use default category OTHER.
- (10) PU 15U1379 issued 09-03-2015 IRM 5.19.10.4.4 (11) - Added bullet to include link for CSED Calculator.
- (11) IPU 15U1379 issued 09-03-2015 IRM 5.19.10.5.3.1 (3) Table - Updated procedures under 8th Then chart, updated AMS with comments.
- (12) PU 15U1379 issued 09-03-2015 IRM 5.19.10.7.2.3 (5) Example - Updated posting delay codes.
- (13) PU 15U1379 issued 09-03-2015 IRM 5.19.10.8.7.2 - Added various changes throughout section.
- (14) IPU 15U1379 issued 09-03-2015 IRM 5.19.10.10.3.3 - Added various changes throughout section.
- (15) IPU 15U1400 issued 09-16-2015 IRM 5.19.10.5.5(1) - Updated last bullet to clarify when a transcript generates.
- (16) IPU 15U1400 issued 09-16-2015 IRM 5.19.10.5.10.1(5) - Corrected fax number for EFTPS.
- (17) IPU 15U1400 issued 09-16-2015 IRM 5.19.10.8.7.2(1) - Corrected the word "an" to "a" .
- (18) IPU 15U1600 issued 11-03-2015 IRM 5.19.10.3.2(2) - Updated IMF cases worked in Atlanta and BMF cases worked in Philadelphia.
- (19) IPU 15U1600 issued 11-03-2015 IRM 5.19.10.3.8(1) - Updated Atlanta works IMF cases and Philadelphia works BMF cases.
- (20) IPU 15U1600 issued 11-03-2015 IRM 5.19.10.3.10(1) - Updated which sites work IMF and BMF cases.
- (21) IPU 15U1600 issued 11-03-2015 IRM 5.19.10.10.2.2(2) - Added procedures on how to identify SSA Levy payments.
- (22) IPU 15U1600 issued 11-03-2015 IRM 5.19.10.10.7(2) - Deleted second sentence in paragraph since bankruptcy and IA procedures were updated.
- (23) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.1(8) (a) - Added TAS language to paragraph.
- (24) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.3.3(2) - Added paragraph to input TC 130 under SSN when secondary taxpayer owes a liability.
- (25) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.3.4 - Added note.
- (26) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.3.9(1)(a) - Reworded sentence stressing ANMF must be researched.
- (27) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.3.9(1)(c) - Added to update AMS with comments.
- (28) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.3.11.1(10) - Clarified language concerning LLC.
- (29) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.4 - Added new (6) information for Revenue Officers, renumbered remaining numbers.
- (30) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.4.6(9) - Changed **fixed and determined** to **fixed and determinable**.

- (31) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.4.7.1(5) - Added link for CCalc to use when verifying the CSED.
- (32) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.5.1 - Added new (2) verify CSED, renumbered remaining numbers.
- (33) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.5.2.2(2) - Reworded sentence and added IRC reference.
- (34) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.5.2.2(2) 1st Example - Reworded example.
- (35) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.5.2.2(2) 2nd Example - Deleted example.
- (36) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.10.2.2(3) - Removed procedures to mail and retain copies of levy releases.
- (37) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.10.3.2(2) - Corrected reference paragraph.
- (38) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.10.3.6 - Added ACA caution statement.
- (39) IPU 16U0270 issued 02-05-2016 IRM 5.19.10.10.4.2 - Added ACA caution statement.

Effect on Other Documents

IRM 5.19.10 dated February 1, 2014 (effective February 1, 2014) is superseded. The following IRM Procedural Updates (IPUs), issued from April 9, 2015 through February 5, 2016, have been incorporated into this IRM: 15U0660, 15U0818, 15U1379, 15U1400, 15U1600, and 16U0270.

Audience

Wage & Investment (W&I), Small Business/Self Employed (SBSE) Compliance and Customer Account Services (CAS) employees who work Collection programs including transcripts, installment agreements, EFT listings, combat zone accounts, and Collection Statute Expiration Date (CSED) correction and write-off.

Effective Date

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5.19.10.1 (02-05-2016)

Compliance Services Collection Operation Transcript Overview

1. This section contains instructions for Compliance Services Collection Operation (CSCO) transcript programs. Wage and Investment (W&I) CSCO works Individual Master File (IMF) accounts and Small Business/Self-Employed (SB/SE) works Business Master File (BMF) accounts. Procedures regarding collection statute expiration date verification and correction are used by W&I and SB/SE CSCO and Automated Collection System (ACS) Support.

Exception:

Atlanta works all Electronic Funds Transfer (EFT) Listings for IMF and BMF.

2. Various transcripts generate on modules assigned to Compliance when specific account conditions exist. Research and appropriate account actions are required to resolve the account or move it back into the collection stream.
3. The transcripts discussed in this section are as follows:
 - Credit Offsets
 - Collection Statute Expiration Date (CSED)
 - Balance Due Transcripts
 - Diagnostic-Q Transcripts
 - EFT Listings
 - Installment Agreement Accounts List (IAAL)
4. Each of the transcripts which generate require research specific to that program. This requires conducting research through Integrated Data Retrieval System (IDRS) or any other systems available to resolve the transcript.
5. While processing transcripts you may need to reference and use the following IRMs in conjunction with the instructions provided in this IRM:
 - IRM 2.3, *IDRS Terminal Responses*
 - IRM 2.4, *IDRS Terminal Input*
 - IRM 2.9.1, *Integrated Data Retrieval System*
 - IRM 3.13.62, *Media Transport and Control*
 - IRM 3.30.123, *Processing Timeliness: Cycles, Criteria and Critical Dates*
 - IRM 21.1.3.18, *Taxpayer Advocate Service (TAS) Guidelines*
 - Document 6209, *IRS Processing Codes and Information*
6. Procedures in this IRM also include:
 - Collection statute expiration date verification and correction
 - Combat Zone taxpayer correspondence
7. Throughout these procedures when directed to call the taxpayer, refer to IRM 5.19.5.4.1.4, *Leaving Messages On An Answering Machine* and IRM 21.1.3.2.3, *Required Taxpayer Authentication*.
8. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.

A. Refer taxpayers to TAS, see IRM Part 13, *Taxpayer Advocate Service*, when the contact meets TAS criteria, see IRM 13.1.7, *Taxpayer Advocate Service (TAS) Case Criteria*, and you can't resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. **Same day** cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issues. Do not refer **same day** cases to TAS unless the taxpayer asks to be transferred, and the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same Day Resolution by Operations*.

B. When you refer cases to TAS, use Form 911, *Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order)*, and forward to TAS.

9. Beginning June 17, 2013, the use of certain Integrated Automated Technologies (IAT) tools is mandatory for Compliance Campus employees when following procedures outlined in this IRM. Currently, the mandate is limited to the following tools:

- Manual Refund Tool
- Erroneous Manual Refund Tool (EMT)
- Credit Transfer
- Letters Tool
- REQ54 Tool

For User Guides, see the IAT web site at <http://iat.web.irs.gov/JobAids/iat.asp>

10. If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, without using the tool, by following established procedures. See the IAT Website for how to report/fix problems with IAT tools.

Note:

CC RFUND can only be input via the IAT tool.

**5.19.10.2 (02-01-2014)
Acronyms/Definitions**

1. The following table lists the various acronyms (abbreviations) which may be used in the processing of transcript inventories and used throughout this IRM:

Acronyms	Definitions
AC	Action code when used with transaction code (TC) 971 miscellaneous code. IDRS displays it as "971-CD>". Refer to Document 6209, <i>IRS Processing Codes and Information</i> , TC 971 Action Codes
ACS	Automated Collection System
ACTON	Command Code used to establish control bases, to update or close control bases that are open, to correct name controls on dummy accounts, to append history items to modules on IDRS, and to generate TC 902s to secure tax modules and their related entity data from the Master File. See IRM 2.3.12, <i>Command Code ACTON</i> .
ADD24/48, ADC24/48, ADD34, ADC34, FRM34 and DRT24/48	These Command Codes are used to input two-sided credit transfers and generate TC 902s to secure tax modules and their related entity data from the Master File. Refer to IRM 2.4.17, <i>Command Codes ADD24/34/48, ADC24/34/48, FRM34 and DRT24/48</i> .
AM	Accounts Management
AMRH	Account Maintenance Research History
AMS	Account Management Services - an application that works in conjunction with IDRS to provide a record of actions taken on individual and business tax accounts.
ANMF	Automated Non-Master File
ASED	Assessment Statute Expiration Date
ASFR	Automated Substitute For Return
ASGNI, ASGNB	These Command Codes have five functions that may be used with accounts that are present on the Taxpayer Identification File (TIF). Refer to IRM 2.4.27, <i>Command Code ASGNI/ASGNB formerly TSIGN</i> . These functions include: <ul style="list-style-type: none"> • Controlling and updating Taxpayer Delinquent Account (TDA) and Taxpayer Delinquency Investigation (TDI) assignment numbers • Posting Notice Codes for subsequent processing by weekly analysis • Posting Alpha Case Codes for subsequent processing by weekly analysis • Posting Determined Grade Levels for subsequent processing by weekly analysis • Requesting a printed TDI assignment
ATFR	Automated Trust Fund Recovery System
BFS	The Bureau of Fiscal Services. Formerly FMS, Financial Management Services
BMF	Business Master File - A magnetic tape containing information on each taxpayer's business returns and related documents.
BMFOL	Business Master File On-Line Command Code furnishes read-only access to the Business Master File. See IRM 2.3.59, <i>Command Codes BMFOL and BMFOR</i> .
BMFOR	Command Code provides access to the BMF retention tax modules from accounts that merged to a new Taxpayer Identification Number (TIN). See IRM 2.3.59, <i>Command Codes BMFOL and BMFOR</i> .
BOD	Business Operating Division
cc	Closing Code when used with a transaction code
CC	Command Code for IDRS processing
CCC	Computer Condition Code
CCP	Centralized Case Processing
CDP	Collection Due Process
CLC	Collection Location Code
CNC	Currently Not Collectible
CO	Contingency Operation
COIC	Centralized Offer In Compromise
COMPA	Command Code which computes the interest or penalty on a specified amount for a specified period of time. See IRM 2.3.29, <i>Command Codes INTST, ICOMP and COMPA</i> .
CP	Case Processing

CP	Computer Paragraph
CSCO	Compliance Services Collection Operation
CSED	Collection Statute Expiration Date
CZ	Combat Zone
DLN	Document Locator Number
DoD	Department of Defense
DPC	Designated Payment Code
ECC-MTB	Enterprise Computing Center at Martinsburg (ECC-MTB), formerly Martinsburg Computing Center (MCC)
EIN	Employer Identification Number
ENMOD	Command Code which provides name, address, and other entity information from an input of the TIN. Refer to IRM 2.3.15, <i>Command Code ENMOD</i> .
ENREQ	Command Code with a blank definer is keyed in after a response to ENMOD indicates that the entry is on the file. Command Code with "R" definer is keyed in after response to ENMOD indicates that the entry is on the file. Refer to IRM 2.4.9, <i>Command Codes ENREQ, INCHG, IRCHG, BNCHG and BRCHG</i> for information.
ERRF	Erroneous Refund
FMS	Financial Management System - obsolete. Name has changed to The Bureau of Fiscal Services (BFS)
FPLP	Federal Payment Levy Program
FS	Filing Status
FTF	Failure to File
FTP	Failure To Pay
GII	Generalized IDRS Interface. - An application that interfaces with IDRS to do input previously done manually, such as establishing installment agreements or to input bulk corrections.
GUF	Generalized Unpostable File
IA	Installment Agreement
IAAL	Installment Agreement Accounts List
IADFL	Command Codes are:
IADFR	<ul style="list-style-type: none"> • IADFL—Used to default an existing Installment Agreement
IADIS	<ul style="list-style-type: none"> • IADFR—Used to establish Status 63 modules across computing centers. Access to this command code will be from command codes IAORG and IAREV.
IAGRE	<ul style="list-style-type: none"> • IADIS—Used to display the Installment Agreement data
IAORG	<ul style="list-style-type: none"> • IAGRE—Used to request the format for entering IAORG, IAPND, or IAREV
IAPND	<ul style="list-style-type: none"> • IAORG—Used to initially enter an Installment Agreement on an account that contains balance due modules
IAREV	<ul style="list-style-type: none"> • IAPND—Used to initially enter, revise or nullify a preassessed installment agreement • IAREV—Used to revise an established Installment Agreement or to initially establish an agreement in deferred status
IAT	See IRM 2.4.30, <i>Command Codes IAGRE, IAORG, IAPND, IAREV, IADFL, and IADIS</i> .
IAT	Integrated Automated Technologies - Are desktop productivity-enhancing tools used by employees to interface with various IRS computer systems (primarily IDRS) to perform research and account actions previously done manually.
ICOMP	Command Code which computes payment information for an installment agreement. See IRM 2.3.29, <i>Command Codes INTST, ICOMP and COMPA</i> .
IDRS	Integrated Data Retrieval System - A computer system with the capability to instantaneously retrieve or update stored information which works in harmony with the Master File system of taxpayer accounts.
IDS	Inventory Delivery System
IMF	Individual Master File
IMFOL	Individual Master File On-Line - Command Code which provides read-only access to the Individual Master File. Fields available include basic identifying information, amounts, dates, codes, indicators, and freezes. See IRM 2.3.51, <i>Command Code IMFOL</i> .
INOLES	Command Code is used as a research tool to display the entity information on the NAP. The NAP (National Account Profile in Martinsburg) contains extensive Master File entity information for all taxpayers on the Individual Master File, Business Master File (SSN and EIN), and Employee Plan Master File. There is also Social Security data (DM-1) and spouse cross reference data. See IRM 2.3.47, <i>Command Codes INOLE, EOGEN and SPARQ</i> .
INTST	Command Code which computes the balance, including interest and failure to pay (FTP) accruals, to the date specified in the input. See IRM 2.3.29, <i>Command Codes INTST, ICOMP and COMPA</i> .
IRAF	Individual Retirement Account File
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
IRPTR	Command Code allows users to request either online or hardcopy Information Returns Processing (IRP) transcripts from the Information Returns Master File (IRMF). Refer to IRM 2.3.35, <i>Command Code IRPTR</i> .
IRSN	Internal Revenue Service Number
ISRP	Integrated Submission and Remittance Processing System
LEVY	Command Code which allows one to research specific levy source information. See IRM 2.4.31, <i>Command Code LEVY</i> .
MF	Master File - A magnetic tape containing information concerning all taxpayers who file tax returns.
MFT	Master File Tax Account Code - A two-digit number which identifies the type of tax.
MFREQ	Command Code uses definers C or D or RECON to request an entity module or a tax module and its related entity data when case control is not required. See IRM 2.3.10, <i>Command Codes MFREQ and RECON</i> .
NMF	Non-Master File - A file containing records of accounts for which manual procedures must be maintained.
NMFL	Non-Master File Liability
NOMRG	No Merge
OIC	Offer in Compromise - A proposal for settlement of tax liability for an amount less than that previously assessed (or unassessed) or a liability for specific penalties assessed (or unassessed). See IRC 7122, <i>Compromises</i> .
OB	Outstanding Balance
OOB	Out of Business
P&I	Penalty and Interest
PDC	Posting Delay Code
QHDA	Qualified Hazardous Duty Area
RC	Reason Code
RECON	Command Code will download the module data from Corporate Files On Line (CFOL) to the local IDRS while the user is waiting online. Refer to

	MFREQ for IRM reference.
REQ77	Command Code used to input certain transaction codes to individual tax modules or taxpayer entities. See IRM 2.4.19, <i>Command Codes REQ77, FRM77 and FRM7A</i> .
RO	Revenue Officer
RPC	Return Processing Code
RSED	Refund Statute Expiration Date
RTR	Remittance Transaction Research System
RTVUE	Command Code that provides display of line items transcribed from Form 1040 series and their accompanying schedules and/or forms as the returns are processed at the campuses. Refer to IRM 2.3.52, <i>Command Codes RTVUE and RTFTP</i> .
SB/SE	Small Business Self Employed Operating Division
SC	Service Center - SC is still used on IDRS, although Service Centers are now referred to as Campuses
SERP	Servicewide Electronic Research Program (http://serp.enterprise.irs.gov)
SSA	Social Security Administration
SSN	Social Security Number
ST	Status
STAT	Statute
STAUP	Command Codes including STATI and STATB are used to issue or delay balance due notices or delay/forward a tax module to ACS or Field Collection See IRM 2.4.28, <i>Command Code STAUP, STATI and STATB</i> .
SUMRY	Command Code which provides research for all master file accounts. See IRM 2.3.11, <i>Command Codes TXMOD and SUMRY</i> .
TAS	Taxpayer Advocate Service
TC	Transaction Code - A three digit numeric, which defines the precise nature of the transaction. Refer to Document 6209, <i>IRS Processing Codes and Information</i> , Transaction Codes for a listing.
TDA	Taxpayer Delinquency Account
TDI	Taxpayer Delinquency Investigation
TERUP	Command Code which allows an employee to delete his/her erroneous IDRS entry/entries on the day of input. See IRM 2.4.13, <i>Command Code TERUP</i> .
TFRP	Trust Fund Recovery Penalty
TIF	Taxpayer Identification File (IDRS)
TIN	Taxpayer Identification Number - Every taxpayer has a permanent number for identification of their account. The Employer Identification Number (EIN) is used to identify taxpayers on the BMF. The Social Security Number (SSN) is used as the account number of the taxpayer on the IMF.
TOP	Treasury Offset Program
TSf	Territory Support function-obsolete. Area is now known as Advisory on SERP Who/Where.
TSIGN	Obsolete Command Code. Refer to ASGNI/ASGNB.
TXMOD	Command Code which provides research for all tax accounts by specific tax modules. See IRM 2.3.11, <i>Command Codes TXMOD and SUMRY</i> .
TXPD	Tax Period
UD	Undelivered
UPTIN	Command Code used to provide research for unposted transactions. See IRM 2.3.37, <i>Command Code UPTIN for the GUF System</i> .
URF	Unidentified Remittance File - A separate file within IDRS containing all remittances received which cannot be immediately identified or applied. Each record within the file contains the UR control number, amount of remittance, type of remittance, received date, taxpayer's name and other identifying information, if known.
URINQ	Command Code which requests the display of one or more records from the Unidentified Remittance File. See IRM 2.3.20, <i>Command Code URINQ (URF)</i> .
W&I	Wage and Investment Operation Division
XSF	Excess Collection File - A file within the IDRS containing receipts which cannot be identified or applied. Each record within the file contains the XS control number, amount of credit, type of credit, received date and other identifying information, if known. XSF reflects contents of Accounts 6800 and 9999 less than seven years and more than one year after the IRS received date except in true statute cases, where it may be under one year.
XSINQ	Command Code which displays one or more records in the Excess Collection File (XSF). See IRM 2.3.45, <i>Command Code XSINQ</i> .

5.19.10.3 (02-01-2014) Credit Offsets

- The IAT tools as listed in *IRM 5.19.10.1, Compliance Services Collection Operation Transcript Overview*, must be used by Campus Compliance employees for procedures outlined in this IRM. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to the tool are required to use it to complete the action.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked without the tool, using IDRS. For more information on each tool as well as a job aid for each tool see the IAT Website

- If a determination is made that an overpayment on an account should be applied to another account or liability and a systemic offset will not happen, request the input of TC 130.

5.19.10.3.1 (10-15-2012) Use of Credit Offset

- TC 130 is an entity transaction on Command Code (CC) ENMOD and will display the cross reference information and the campus (literal = SC<>) that input the freeze.
- The Treasury Offset Program (TOP) allows credits to be applied against delinquent child support obligations, non-tax debts owed to other Federal agencies, state income tax obligations and unemployment compensation debt. TOP TC 130s are systemically engaged and released by the agencies requesting these freezes. Refer to IRM 21.4.6, *Refund Offset*.
- If a credit of ≡ ≡ ≡ ≡ or more becomes available and TC 130 is present, a CP 44 (IMF) or CP 188 (BMF) is generated to that campus.
- On CC TXMOD the presence of a TC 130 can be identified by freeze code V-.

5.19.10.3.2 (11-03-2015) Request Input of TC 130

- Requests for input of TC 130 may be received on the following:
 - Form 3177, *Notice of Action for Entry on Master File*

- Form 4442, *Inquiry Referral*
- Form 53, *Report of Currently Not Collectible Taxes*

2. The above forms, initiated by the field, should be processed through Centralized Case Processing (CCP) in Philadelphia. All other functions route the above forms to Atlanta CSCO for IMF accounts or Philadelphia CSCO for BMF accounts.

3. Examine the request to ensure that the following information is given for each debit (balance due) account:

- Tax form number
- Tax period
- Taxpayer's name (name of each taxpayer responsible for any joint liability)
- Taxpayer identification number (including cross referenced liabilities)

4. If the information is incorrect or incomplete, you must contact the originator to secure the correct information or return the request for completion.

5. See *IRM 5.19.10.3.3, Input of TC 130 on IMF* and *IRM 5.19.10.3.4, Input of TC 130 on BMF*, to determine when a TC 130 is appropriate.

5.19.10.3.3 (02-05-2016) **Input of TC 130 on IMF**

1. Input a TC 130 to the IMF when:

- The taxpayer has a pending liability not yet assessed and they want to apply a future refund

Example:

The taxpayer has agreed to a proposed, pending Exam assessment and wants the Service to apply his next Form 1040 refund to the balance.

- The taxpayer also has a Non-Master File (NMF) account
- An IMF taxpayer is a partner or sole proprietor and has existing BMF liabilities
- An IMF taxpayer owes a single liability and is subsequently filing jointly as a secondary taxpayer
- An IMF taxpayer previously filed jointly with another taxpayer that had a tax liability and is now filing jointly with another primary taxpayer
- An IMF secondary taxpayer had an invalid SSN on a joint return with a tax liability, then subsequently files a refund return as a single taxpayer with a valid SSN
- An IMF taxpayer has a Trust Fund Recovery Penalty (TFRP) or other civil penalty and usually files a secondary SSN on Form 1040, *U.S. Individual Income Tax Return* or equivalent Form 1040, series return filed by international taxpayers
- An IMF taxpayer has an MFT 31 assessment under his/her own SSN and usually files as a secondary SSN on Form 1040, *U.S. Individual Income Tax Return*
- An IMF taxpayer whose Offer-In-Compromise (OIC) has been accepted

2. Input a TC 130 under the primary SSN when the secondary taxpayer owes either under a single liability or jointly with another primary taxpayer.

5.19.10.3.4 (02-05-2016) **Input of TC 130 on BMF**

1. Input a TC 130 to the BMF when:

- There are IMF balance due modules owed by individuals who are active on the BMF
- There are Individual Retirement Account File (IRAF) balance due modules owed by individuals who are active on the BMF
- There are NMF balance due modules owed by taxpayers (any type of entity) who are active on the BMF
- There are BMF balance due modules owed by taxpayers who are liable for taxes on the BMF under more than one TIN

Note:

A credit from an entity with an individual filing requirement cannot be offset to an entity that has no individual filing requirements

5.19.10.3.5 (02-01-2014) **Input of TC 130 on IDRS**

1. To input a TC 130 on CC ENMOD, use CC REQ77 and input the following:

- TIN
- Cross reference TIN where credit should be applied
- Cross reference Name Control

Note:

If you are required to input a closing code with TC 130, as in unable to locate/unable to contact cases, then the cross reference name control must be input. If a closing code is not required, leave the cross reference name control field blank or the TC 130 won't take. See *IRM 5.19.5.6.3.6, "I4 - Closing the Case"*.

2. If block 6b on Form 53, *Report of Currently Not Collectible Taxes* is checked "yes", input the closing code of the TC 530, BMF name control, and cross reference EIN.

3. One of the following Document Locator Number (DLN) codes should be input:

- 000 — Master File Assessment
- 001 — OIC
- 002 — NMF
- 004 — Taxpayer Request

4. If the request lists more than one partner on the BMF account, input a TC 130 to each individual entity module.
5. After input, destroy the document. Retention of paper files is no longer required.

5.19.10.3.6 (02-01-2014)

TC 130 Requests from Non-Master File Accounting Function

1. At the time an NMF assessment is made, Automated Non-Master File (ANMF) will not systemically post the TC 130 to Master File. Manual input of TC 130 may still be required. Use DLN code "002".

5.19.10.3.7 (02-01-2014)

TC 130 Requests for Trust Fund Recovery Assessments

1. The Automated Trust Fund Recovery System (ATFR) automatically uploads TC 130 to the responsible party's entity, to hold any refunds prior to the assessment posting on the taxpayer's account. Additional information will include the EIN of the corporation as cross reference and the TC 130 DLN code input to CC REQ77 will be "102".

5.19.10.3.8 (11-03-2015)

TC 130 Requests from Underreporter and Examination Function

1. Taxpayers may agree to assessments made by the Underreporter (URP) and Examination functions by requesting that their anticipated refund be applied to the assessment. URP and Examination requests input of TC 130 on these accounts by forwarding a copy of the taxpayer's request to Atlanta CSCO for IMF cases and Philadelphia CSCO for BMF cases.
2. DLN code "004" should be used. If the amount held does not fully satisfy the assessment, apply all available credit and input a TC 131. Any future refunds will automatically offset to the liability.

5.19.10.3.9 (02-05-2016)

Input of TC 131

1. Research for any outstanding liabilities on IDRS.
 - A. If there are no liabilities on IDRS, ANMF must be researched, or request a transcript from NMF.
 - B. If no liabilities remain on IDRS or NMF, input the TC 131 to CC ENMOD using CC REQ77.
 - C. Update AMS with comments, including research performed.
 - D. Destroy paper document(s), if available.

5.19.10.3.10 (11-03-2015)

Generation of CP 44 and CP 188

1. When a TC 130 is input, it will generate a V- freeze code for the account.
 - When a refund at or above ≡ ≡ ≡ ≡ becomes available it is frozen.
 - A notice, *Delay in Processing Your Refund*, is mailed to the taxpayer, and at the same time a CP 44 for IMF or a CP 188 for BMF will generate to Atlanta CSCO and Philadelphia CSCO respectively.
 - There is no dollar limit for the amount of overpayment that can be released under the CP 44/CP 188 program.
2. Follow these procedures when working all TC 130 follow up transcripts, AM07, NMFL, ST07 and X-07:
 - A. For AM07 transcripts that issued because of an unreversed TFRP TC 130, see *IRM 5.19.10.3.11.2, Transfer of Credits and TFRP*.
3. Close the CP 44/CP 188 per the table below when the account has certain conditions. For other conditions present on the credit module or cross reference module, see *IRM 5.19.10.3.11, Research Prior to Transfer of Credits*.

If...	Then...
"1" in Position 9 of the TC 130 DLN, (OIC) (-Y freeze is present on the primary TIN created by a TC 480 and 780)	Update AMS and close case.
"1" in Position 9 (OIC) (-Y freeze is present on the primary TIN created by a TC 480 only)	
TC 520 -V or -W freeze (including cc 76 or 77)	
A -Z freeze created by a TC 914 and freeze code Z- created by TC 916 and 918 are present	

4. See *IRM 5.19.10.3.12, Transfer of Credits* for instructions on transferring the credit.
5. Follow the general procedures below when working CP 44/CP 188:

If...	Then...
No debit balance exists	Input TC 131.
The total debit balance where the credit will be applied is less than ≡ including accruals	Do not transfer the credit. Input TC 131.
There are other module balances on the account where the credit resides and the credit does not exceed the total amount	<ol style="list-style-type: none"> A. Note any cross reference TINs on AMS. B. Transfer the credit to the module with the earliest CSED. C. Do not release the TC 131 unless all balances owed by the taxpayer are full paid.
There are other module balances on the account where the credit resides and credit exceeds the total amount	<ol style="list-style-type: none"> A. Note any cross reference TINs on AMS. B. Transfer enough credit to full pay all balances on the account with the credit. C. If another liability is found, transfer the remaining credit to that liability. D. Do not release the TC 131 unless all balances on the cross reference accounts are full paid.

5.19.10.3.11 (02-01-2014)**Research Prior to Transfer of Credits**

1. Research AMS history for any cross reference and balance due information provided by a previous employee.
2. Exercise caution to ensure that there is a basis for offsetting credits. A credit from an entity with an individual filing requirement cannot be offset to an entity that has no individual filing requirements.

Example:

Do not apply credits on Form 1040, *U.S. Individual Income Tax Return* to debits on Form 1120, *U.S. Corporation Income Tax Return*, Form 1041, *U.S. Fiduciary Income Tax Return for Estates and Trusts*, and Form 990, *Return of Organization Exempt from Income Tax*, series without written authorization from the taxpayer. The reverse is also true.

3. Under the authority of the Internal Revenue Code, IRC 6402(a), the entire credit on a joint return may be tentatively applied to one spouse's balance due if no statement is received from the taxpayer on the allocation of the credits:

- A. Transfer credit per *IRM 5.19.10.3.12, Transfer of Credits*.
- B. Send Letter 678C, *Refund/Overpayment Applied Elsewhere*, to the non-liable spouse.

4. If the cross reference TIN module has a posted TC 608, the collection state expiration date (CSED) has expired and the balance will be ".00". Credits cannot be transferred to a module where all CSEDs are expired. This is true even if the payment date or posting cycle of the credit is prior to the statute expiration date.

Exception:

See *IRM 5.19.10.4, Exception, Collection Statute Expiration Date (CSED) Verification and Correction*, regarding "fixed and determined" levies served prior to the CSED and *IRM 5.19.10.5.1 table, General Procedures for All Transcripts*.

5. If the credit cannot be legally offset, input TC 131 to release it.
6. Prior to moving your credit, look for a Large/Corporation case indicator. If the indicator is present, contact the Large Corp Unit per *IRM 21.7.1.4.11.4, Campus Contacts for Large Corp Cases*. See *IRM 21.7.1.4.11, Large Corp Unit*, for Large Corp State Mapping.
7. If the cross reference TIN input with the TC 130 is an EIN or additional cross reference EINs are identified, research CC BMFOLE. See Document 6209, Section 8A - 6, Filing Requirement Codes (FR Codes):

If...	Then...
An LLC or TFRP is involved	See the table below.
Filing Requirements on CC BMFOLE are: <ul style="list-style-type: none"> • Form 1120, <i>U.S. Corporation Income Tax Return</i>, and series 	<p>A. Overpayments from Form 1040, <i>U.S. Individual Income Tax Return</i> cannot be applied.</p> <p>B. If taxpayer has no other liabilities, input TC 131.</p>
The overpayment is on a Form 1040, <i>U.S. Individual Income Tax Return</i> and taxpayer has a Sole Proprietorship (income is reported on Schedule C), taxpayer may have filing requirements and owe under: <ul style="list-style-type: none"> • Form 94X family of employment tax returns • Form 2290, <i>Heavy Highway Vehicle Use Tax Return</i> • Form 720, <i>Quarterly Federal Excise Tax Return</i> 	<p>A. Overpayments from Form 1040, <i>U.S. Individual Income Tax Return</i> can be applied.</p> <p>B. If the credit full pays the balances owed and taxpayer has no other liabilities, input TC 131.</p>
Sole Proprietorships do not have filing requirements for the tax forms below. If there are open filing requirements for these forms: <ul style="list-style-type: none"> • Form 1120, <i>U.S. Corporation Income Tax Return</i> • Form 1041, <i>U.S. Income Tax Return for Estates and Trusts</i> • Form 990, <i>Return of Organization Exempt From Income Tax</i> • Other annual business returns 	<p>A. Overpayments from Form 1040, <i>U.S. Individual Income Tax Return</i> cannot be applied.</p> <p>B. If taxpayer has no other liabilities, input TC 131.</p>

8. The following table provides procedures on how to process accounts with certain conditions when they appear on the cross reference module. See *IRM 5.19.10.3.10, Generation of CP 44 and CP 188*, for other conditions not addressed here.

If...	Then...
Cross reference module is for Form 1041, <i>U.S. Income Tax Return for Estates and Trusts</i> (MFT 05) <ul style="list-style-type: none"> • Current status code is 14 • Taxpayer is making quarterly payments, and • There are no other debit modules 	Input TC 131. Taxpayer was granted installment privileges to make quarterly payments.
For BMF cases, Form 2290, <i>Heavy Highway Vehicle Use Tax</i> Return	Refer to <i>IRM 21.7.8, Excise Taxes</i> , for instructions.
Cross reference TIN input with the TC 130 is an EIN and/or Positions 9 and 10 of the TC 130 DLN is "21" (TFRP)	See <i>IRM 5.19.10.3.11.1, Transfer of Credits to LLCs</i> or <i>IRM 5.19.10.3.11.2, Transfer of Credits and TFRP</i> .
Cross reference TIN input with the TC 130 is an EIN and neither LLC or TFRP is involved.	See above.
"2" in Position 9 (NMF)	See <i>IRM 5.19.10.3.11.3, Transfer of Credits To Non-Master File</i> .
"17" in Positions 9 and 10 (Innocent Spouse) or L- freeze present created by TC 971 AC 065, Innocent Spouse Claim Pending	See <i>IRM 5.19.10.3.11.4, L- Freeze and Innocent Spouse</i> .
Freeze Code -R created by TC 570	See <i>IRM 5.19.10.3.11.5, -R Freeze Credits</i> .
Freeze Codes -V, -W, -Y and -Z or Z-	See <i>IRM 5.19.10.3.10, Generation of CP 44 and CP 188</i> .

5.19.10.3.11.1 (02-05-2016)

Transfer of Credits to LLCs

1. If the cross reference balance due module is a Limited Liability Company (LLC), do not automatically offset the credit until you have completed research of AMS per *IRM 5.19.10.3.11.2, Transfer of Credits and TFRP*. If the Trust Fund Recovery Penalty history is present in AMS, follow the research steps in that section to determine if TC 131 is appropriate.
2. See *IRM 5.1.21, Collecting from Limited Liability Companies*, for complete information on LLCs.
3. A limited liability company (LLC) is an entity created under state law that has characteristics of both a partnership and a corporation. It is similar to a:
 - Corporation in that the owners have limited personal liability for negligent acts and LLC debts
 - Partnership in that it provides management flexibility and may provide the benefit of pass-through taxation of income
4. An LLC with one owner is a single member entity. An LLC with more than one owner is a multi-member entity. The treatment of an LLC for tax purposes may depend in part on whether the LLC is a single member entity or a multi-member entity.
5. TC 130 is not input on any member of a multi-member LLC that is classified as a partnership, or an association taxable as a corporation.
6. Domestic and Foreign LLCs may elect classifications by filing Form 8832, *Entity Classification Election*,
 - A multi-member LLC may elect to be classified as a partnership, or an association taxable as a corporation.
 - A single member LLC may elect to be classified as an association taxable as a corporation, or an entity disregarded as separate from its owner.
7. If the single member LLC is treated as an entity disregarded as separate from its owner, then the single member owner (SMO) may be liable for some excise or employment taxes that become due.
8. If an LLC does not file an election on Form 8832, then it is classified by default.
 - A domestic multi-member LLC is classified by default as a partnership for federal tax purposes.
 - A foreign entity is classified by default and its classification depends on the number of members and the liability of each member involved.
 - A domestic single member LLC is classified by default as an entity disregarded as separate from its owner for federal income tax purposes, for employment taxes that accrue prior to January 1, 2009, and for excise taxes that accrue before January 1, 2008.
 - With respect to excise tax liabilities imposed and actions first required or permitted in periods beginning on or after January 1, 2008, or employment taxes on wages paid on or after January 1, 2009, the LLC is treated as a corporation and is the liable taxpayer, regardless of its classification for income tax purposes.
9. An association taxable as a corporation may further elect to be classified as an S corporation by filing Form 2553, *Election by a Small Business Corporation*.
10. For employment taxes and excise taxes when a domestic single member LLC is classified by default as an entity disregarded as separate from its owner.

If...	And...	Then...
The balance due on the LLC is for employment taxes: <ul style="list-style-type: none"> • Form 941 , Series (MFT 01, 17) • Form 943 , Series (MFT 11, 19) • Form 944 , (MFT 14) • Form 945 , (MFT 16) • Form CT-1 , Series (MFT 09, 72) 	Is for tax periods beginning January 1, 2009 or after	A. The LLC is treated as a corporation. Overpayments from Form 1040, <i>U.S. Individual Income Tax Return</i> cannot be applied to employment tax balances. B. If the taxpayer has no other liabilities, input TC 131.
The balance due on the LLC is for certain excise taxes: Form 720, <i>Quarterly Federal Excise Tax Return</i> (MFT 03, 45) or other excise taxes		

11. For employment taxes and excise taxes, when a domestic single member LLC is classified by default as an entity disregarded as separate from its owner:

If...	Then...
Balance owed is for employment taxes accrued prior to January 1, 2009	A. Overpayments from Form 1040, <i>U.S. Individual Income Tax Return</i> can be applied. B. Do not input TC 131 unless all balances are full paid.
Balance is owed for excise taxes that accrue before January 1, 2008.	

12. To determine an individual or business taxpayer's liability and how an LLC is classified for income tax purposes, see the following:
 - *IRM 5.1.21.5.1, Internal Sources*, for TC 076 and TC 090 indicators shown on CC BMFOLE and a general discussion on locating the liable taxpayer.
 - *IRM 5.1.21.14.3, Identity of the Taxpayer on Integrated Data Retrieval System (IDRS)* regarding TC 971 AC 364, TC 971 AC 365, and TC 971 AC 366 that, if present, will identify the liable taxpayer.
 - Exhibit 5.1.21-1, *Income Taxation for LLCs* and Exhibit 5.1.21-2, *Employment Taxation for LLCs*, in *IRM 5.1.21, Collecting from Limited Liability Companies* for an explanation of how LLCs are taxed and whether the individual or the entity is the liable taxpayer.

5.19.10.3.11.2 (04-09-2015)

Transfer of Credits and TFRP

1. If the X-REF TIN associated with the TC 130 is an EIN and/or "21" is present in the 9th and 10th position of the TC 130 DLN, research AMS history on the TC 130 SSN and spouse SSN for a history regarding TFRP.

Example:

"Trust Fund Recovery - for questions please contact IRS Revenue Officer RO NAME at (xxx) xxx xxxx for the responsible party, taxpayer name, 000-00-0000 of the Corporation, CORPORATION NAME, 00-0000000"

2. Follow table below:

If...	And...	Then...
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History is present		Research both spouses, for a TFRP balance due.
History is not present		Follow normal TC 130 research procedures. Refer to <i>IRM 5.19.10.3.11.1, Transfer of Credits to LLCs</i> , to determine if the EIN is an LLC.
TFRP balance due is present	Overpayment is on a joint module and TFRP is assessed only against the secondary spouse	A. Transfer the overpayment to the secondary spouse TFRP. B. Do not reverse the TC 130 on the joint account unless overpayment full pays the TFRP.
	Overpayment is on a joint module and TFRP is assessed against the primary spouse or both spouses	Input TC 131.
TFRP balance due is not present	AMS history is less than 6 months old	Do not input TC 131. Update AMS and close case.
	AMS history is over 6 months old	A. Make two attempts to contact the Revenue Officer (RO) listed on AMS. B. Leave a voice mail message providing your contact information, reason for the call, and the name of the business for which taxpayer owes TFRP. C. Do not leave a TIN or other tax information on the voice mail. D. Allow three business days for callback. E. Follow the RO's instructions regarding the TC 130. F. Update AMS and close case.
Unable to contact the RO or RO does not return your call		Do not reverse TC 130.
AM07 issued due to an unreversed TFRP TC 130	TFRP has been assessed against the primary and/or secondary spouse	Follow "TFRP balance due is present" above.
	TFRP has not been assessed	A. If no attempt to contact the RO was made previously, per research of AMS, follow procedures above to contact. B. Follow the RO's instruction regarding the TC 130. C. If an attempt to contact the RO was made previously or you are unable to contact the RO now, input TC 131.

5.19.10.3.11.3 (02-01-2014)
Transfer Credits to Non-Master File

- Secure a transcript from ANMF. See IRM 21.2.3.5.9.3, *NMF Transcript Ordering* for requesting a transcript.
- Complete Form 2424, *Account Adjustment Voucher*, to transfer the credit. See IRM 3.17.21.3.3, *Form 2424 (DRT24)*.
- Form 2424, *Account Adjustment Voucher*, must be prepared to transfer a credit to a NMF account:
 - Manually compute and assess the allowable interest on the credit transfer amount (TC 770), if applicable.
 - Monitor until the TC 770 posts.
 - Complete a separate Form 2424, to transfer the TC 770 amount.
- Route Form 2424 and the NMF transcript on Form 3210, *Document Transmittal*, to Centralized NMF, Accounting Control Services, 201 Rivercenter Blvd., Covington, KY 41011, Stop #21 ATTN: Non Master File Team 104.

5.19.10.3.11.4 (02-01-2014)
L- Freeze and Innocent Spouse

- When a taxpayer files an innocent spouse claim on a joint module, a TC 971 AC 065 is input. TC 971 AC 065 with no XREF-TIN> on CC TXMOD indicates the primary taxpayer filed the claim. If the secondary taxpayer filed the claim, the secondary taxpayer SSN will show in the XREF-TIN> field.
- TC 971 AC 065 generates an L- freeze and a TC 130 with DLN code 17 posts to the non-requesting spouse (NRS). This is to prevent any erroneous refund.
- Research the innocent spouse module to determine which taxpayer filed the claim.
- Follow table below:

If...	Then...
The overpayment is for an NRS	A. Transfer the credit B. Do not reverse the TC 130.
The overpayment is for the requesting spouse (RS)	A. Do not transfer the credit. B. Do not reverse TC 130

5.19.10.3.11.5 (02-01-2014)
-R Freeze Credits

- Refer to IRM 21.5.6.4.35, *-R Freeze*, for more information on -R freeze credits. Resolve per below:

If...	Then...
Freeze Code -R created by TC 570 is present as a result of a pending adjustment or credit transfer which will use the credit	Take no action.
	Resolve following <i>IRM 5.19.10.3.12, Transfer of</i>

5.19.10.3.12 (02-01-2014)**Transfer of Credits**

1. When transferring credits, refer to IRM 21.5.8.4, *Credit Transfer Processing* and Exhibit 21.5.8–1, *Transaction Codes and Reversals*.
2. If the credit can be transferred on IDRS, use CC ADD24 or ADC24.
3. Form 2424, *Account Adjustment Voucher*, must be prepared to transfer a credit to an NMF account. See IRM 5.19.10.3.11.3, *Transfer of Credits to Non-Master File*.
4. Credit interest on an offset is usually allowed from the availability date of the overpayment to the due date of the outstanding liability to which it is applied.
 - A. Compute and assess the appropriate amount of credit interest allowed.
 - B. Input TC 770 via CC REQ54 to the overpayment module.
 - C. Transfer the TC 770 amount, along with the available credit, to the debit module.
 - D. See IRM 20.2.4.6.1, *Interest on Offsets*, for instructions.
5. The table below provides procedures for application of credits:

If...	And...	Then...
There is only one debit module	The available credit amount satisfies the debt	Transfer the credit using TC 824 (debit) and TC 700 (credit). The TC 130 will be released and the remaining credit will be refunded.
There are one or more debit modules	The available credit does not satisfy the debt	<ol style="list-style-type: none"> A. Transfer the credits using applicable transaction codes. B. Address the oldest CSED modules first. C. Maintain the TC 130 on the account.
There is more than one debit modules	The available credit will exceed the total debit	<ol style="list-style-type: none"> A. Transfer the credit using applicable transaction codes. B. Send taxpayer Letter 678C . C. Input TC 131 to CC ENMOD using CC REQ77 with a 2 cycle delay.
Allowable interest is to be transferred with the credit		<ol style="list-style-type: none"> A. Use TC 850 (debit) and TC 770 (credit). B. Use the date of input for transaction date. C. Input posting delay code 2 on debit and credit side to allow TC 770 to post.

6. Send Letter 678C, *Refund/Overpayment Applied Elsewhere*, when part or all of the overpayment is applied to another liability.
7. Once a determination is made about the liable taxpayer and case actions are taken, update AMS history and include the following:
 - Cross reference TIN, tax periods, and MFTs for balances owed
 - Name of liable taxpayer(s)
 - If multiple liable taxpayers, specify each taxpayer's liability
 - Summary of action taken for the current closure
8. If a liability remains after application of the available credit, close the control base, if applicable.
9. If the available credit is being transferred to an account with a TC 530 cc 03, change the address to the address shown on the CP 44, if different.

5.19.10.3.13 (05-01-2007)**Point of Count**

1. Count as follows:
 - Each CP 44/CP 188 as one
 - Each primary TIN on the TC 130 listing, as one
 - Each TC 130/131 request, as one
 - Each related unpostable (no count)
 - Each undelivered CP 44/CP 188 received (no count)
 - Take no count on any related clerical duties

5.19.10.4 (02-05-2016)**Collection Statute Expiration Date (CSED) Verification and Correction**

1. The IAT tools as listed in IRM 5.19.10.1, *Compliance Services Collection Operation Transcript Overview* must be used by Campus Compliance employees for procedures outlined in this IRM. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to the tool are required to use it to complete the action.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked without the tool, using IDRS. For more information on each tool as well as a job aid for each tool see the IAT Website

2. This section and subsections provide procedures for verifying and correcting CSEDs. They also have procedures for writing off assessments associated with an expired CSED when a module contains more than one CSED. These procedures are only to be used by employees who have received advanced training on computing and correcting CSEDs. If you have not received advanced CSED training and have a CSED issue see below for referring your case.
3. Beginning in January 2013, Kansas City Collection Operation began working MULTICSED Transcripts or listings on IMF (SSN) accounts ONLY. Kansas City also works CSED issues identified through normal processing on Business Operation Division (BOD) WI accounts.
4. Beginning in February 2013, SB/SE CSCO in Philadelphia will work MULTICSED Transcripts on BMF (MFTs 01, 06, 10 and 11) accounts and CSED issues identified through normal processing on BOD SB/SE accounts.
5. Beginning February 18, 2013, WI and SB/SE ACS Support will work CSED issues on Status (ST) 22 accounts and ST 24 accounts found in ACS Support work.
6. Revenue Officers who need assistance in correcting an expired or incorrect CSED should contact their local area campus liaison. Revenue Officers should not contact the campus without permission of the liaison.
7. See SERP Who/Where CSED Referrals - Campus for routing. Route accounts in ST 26, 43, 71 and 72 following normal procedures in IRM 5.19.1, *Balance Due*.
 - A. Input CC STAUP for nine cycles for accounts in Notice Status.
 - B. For accounts in ST 22, suspend any levy action until the CSED issue is resolved.
 - C. Update AMS history with taxpayer issue and routing information.
8. Types of referrals accepted include:
 - Form 843, *Claim For Refund and Request for Abatement*
 - Taxpayer correspondence
 - Form 4442, *Inquiry Referral* from taxpayer telephone contact
 - CSED issues identified in internal work
9. Other statute issues, such as issues with the Assessment Statute Expiration Date (ASED), Refund Statute Expiration Date (RSED) or the Erroneous Refund Statute Expiration Date (ERSED) are not worked under these procedures. Any cases regarding statute issues other than CSED will be returned to the originator.
10. The Collection Statute of Limitations is the time period established by law to allow the IRS to collect taxes. The CSED is the last date the IRS has to collect an outstanding balance (OB) due on an account, usually ten years from the assessment date, as provided by IRC 6502. Once this ten-year period has ended, the Government can no longer initiate collection action, unless the CSED is extended by case action, event or agreement.

Exception:

In some instances the Service can continue collection action by serving a levy or filing suit prior to the expiration of this ten-year period. See *IRM 5.19.10.4.6.1, TC 971 AC 687, and Miscellaneous Codes for CSED*, IRM 5.11.5.3, *Continuous Effect of Levy on Salary and Wages* and IRM 5.11.6.1, *Retirement Income*.

11. Prior to November 5, 1990, the CSED was six years. Any CSED still open on November 5, 1990 was extended to ten years.
12. There are many events that can have an effect on the CSED. Certain events suspend or extend the ten-year period for collection.
13. See IRM 25.6.1.12, *Collection Statute Expiration Date (CSED)* and IRM 5.1.19, *Collection Statute Expiration*.

**5.19.10.4.1 (02-01-2014)
Transaction Codes with a Ten-Year CSED**

1. In addition to Transaction Code (TC) 150, Tax Assessed, there are other TCs (some with specific reference numbers) that carry their own ten-year CSED.
2. There are no limits to the number of CSEDs that can appear on a tax module.
3. Full abatement of these TCs does not remove their associated CSED.

Example:

A TC 290 assessment of \$1,100 dated 03-15-2010 is later completely abated with TC 291. The TC 290 CSED of 03152020 remains on the module and is not reversed.

4. See IRM 5.1.19.2.1, *Transaction Codes that Carry Their Own CSED*.

**5.19.10.4.2 (02-01-2014)
Transaction Codes and Case Actions that Suspend or Extend the CSED**

1. There are also TCs that suspend or extend the CSED. See IRM 5.1.19.2.2, *Integrated Data Retrieval System (IDRS) Transaction Codes (TC) That Suspend Or Extend A CSED*.
2. Refer to the following for a discussion of specific actions that, when taken on an account, may suspend or extend the CSED:

IRM Reference	Type of Action
IRM 5.1.19.3, <i>Case Actions That Can Suspend And/Or Extend A CSED</i> Note:	<ul style="list-style-type: none"> • Bankruptcy • Civil Penalty with Appeal Rights • Collection Due Process (CDP) Appeal • Combat Zone or Contingency Operation • Enforcement of the Two-Tier Tax Scheme • Estate Tax Lien • Installment Agreements with Form 900 Waiver • Judgment/Litigation • Military Deferral

Additional information may be found in IRM 25.6.1.12.2.1, *Conditions Postponing Collection or Suspending the 10 Year Collection Period*, on some of the actions listed to the right.

- Offer in Compromise
- Relief From Joint And Several Liability On Joint Returns/Innocent Spouse
- Taxpayer Assistance Order
- Taxpayer Living Outside the U.S.
- Wrongful Levy (Seizure)
- Wrongful Lien

In addition, see IRM 25.6.1.12.2.1, *Conditions Postponing Collection or Suspending the 10 Year Collection Period*.

- Pending, Rejected and Terminated Installment Agreements.
- Summons Enforcement
- Third Party summons

3. See *Exhibit 5.19.10-5, CSED Computation Reference Table*, for details and a list of IRM references regarding each type of suspension/extension.

5.19.10.4.3 (02-01-2014)

CSED Fields on Integrated Data Retrieval System (IDRS)

1. Each TC that has its own CSED (except TC 150) will show its corresponding CSED to the right on CC IMFOLT/BMFOLT.
2. The account will reflect the earliest CSED until that date has passed.
3. CC TXMOD and CC SUMRY reflect the CSED that is next due to expire. CC IMFOLT indicates the FIRST CSED, NEXT CSED and LAST CSED.
4. If there are more than three CSEDs present on the module, the NEXT CSED field shows the second CSED. When the second CSED expires, the NEXT CSED field updates with the third CSED, until all CSEDs are expired.
5. For CC BMFOLT, the fields are EARLIEST CSED DATE, IMMINENT CSED DATE and LATEST CSED DATE.
6. If the CSEDs are currently suspended by an unreversed TC 500, TC 520, TC 480, TC 470 cc 95 or TC 971 AC 065, all CSED fields will show blank. CSED fields will not show blank for TC 971 AC 043 or TC 971 AC 163.
7. When all CSEDs on the module are expired, a TC 608 generates to zero out the balance. Until all CSEDs are expired, the balance may consist of amounts associated with expired and unexpired CSEDs, unless expired balances were previously full paid or written off with TC 534.
8. When payments are applied to an expired module, Master File reverses the posted TC 608 with TC 609 in order to credit the payment and then generates another TC 608.

Example:

TC 608 1,232.47–
TC 670 150.00–DPC 05
TC 609 1,232.47
TC 608 1,082.47–

5.19.10.4.4 (09-03-2015)

Determining the Correct CSED

1. Control the module in "A" status with Category Code STAT, activity code "VERIFYCSED". Update activity to "CSEDOK" when CSED is correct or "UPDATECSED" when the CSED must be corrected.
2. When the taxpayer has questions regarding the CSED, but the CSED is correct, provide an explanation of how the CSED was determined. Use Letter 672C, *Payment(s) Located and/or Applied* or other appropriate letter.
3. If the case is not taxpayer initiated, suppress Letter 2645, *Interim Letter*, if the case is on AMS.
4. Discuss CSED related issues with other functional areas as necessary. If the case is being routed outside your campus and the case is taxpayer initiated, send Letter 86C, *Referring Taxpayer Inquiry/Forms to Another Office*.
5. Route accounts with CSED issues in ST 22, 26, 71 and 72 to the proper function using SERP Who/Where. For ST 26 modules, input TC 470 cc 90 to prevent any possible enforced collection. Leave a detailed explanation in AMS history including routing information. See *IRM 5.19.10.4.7.1, MULTICSED Transcript and Listings*, on how to address these statuses when it is a MULTICSED transcript or listing.
6. If a case is received that has additional issues unrelated to the CSED issue, resolve the CSED issue and return the case to the originator or other appropriate area to address the other issues.
7. For CSED issues on Estate Tax Liens (Form 706), contact the Advisory Estate Tax Group for assistance. Contact information can be found on the MySB/SE Website under Estate Tax Liens - Collection: AI Advisory.
8. If there is a problem with the CSED and the module had a TC 480, pending OIC, dated after the correct CSED expired:
 - A. Correct the CSED and complete other required case resolutions with the exception of resolving any payments posted after the CSED.
 - B. Route the case (original or copy) or an IMFOLT print, if it is a transcript, to notify the OIC Centralized Service Center (COIC) of the corrected CSED. Attach a copy of the CSED computation to the case with an explanation. See SERP Who/Where Offer-In-Compromise (OIC) Centralized Service Center Locations. COIC will need to reconcile any payments.
9. Identified CSED issues must be reviewed and verified. If the manual CSED computation is within $\equiv \equiv \equiv$ calendar days of the posted CSED, accept the posted CSED as correct. See *IRM 5.19.10.4.5, Resolving a Module with CSED Problems* for other CSED correction restrictions.
10. On MULTICSED transcripts, Headquarters may request that certain CSED issues be referred to them rather than corrected. When this occurs, input AMS history, "Referred to Headquarters".

11. Calculate the correct CSED date using the guidelines outlined in this IRM and other IRMs. If a module has an incorrect CSED, verify and correct the CSED on it and on any surrounding balance due modules, if applicable. For assistance with CSED calculations, see:
 - *Exhibit 5.19.10-5, CSED Computation Reference Table*
 - *Exhibit 5.19.10-6, CSED Chart for OIC*
 - *Exhibit 5.19.10-7, CSED Chart for OIC (continued)*
 - *Exhibit 5.19.10-8, Manual Calculations of a CSED Using the Julian Date Calendar*
 - *Exhibit 5.19.10-9, Manual Calculations of a CSED Using the Julian Date Calendar*
 - *Exhibit 5.19.10-10, CSED Calculator Worksheet*
 - There is a tool you can download to assist in CSED Calculations, CCalc <http://mysbse.web.irs.gov/collection/toolsprocesses/csedcalculator/ccalc/default.aspx>.
12. See *Julian Date Calendar, Perpetual and Leap Year*, in Exhibit 3.11.10-4 of IRM 3.11.10, *Revenue Receipts*, to obtain Julian dates for your CSED computation.
13. Accept TC 520/521, TC 480/780 and other applicable TC dates as correct, except when:
 - These procedures direct you to verify dates
 - Taxpayer is disputing dates (If we are unable to verify the date internally, taxpayer must provide proof, such as a copy of the OIC rejection letter) or
 - In limited situations, when you determine verification is necessary.
14. Be aware of the following when computing a CSED:

If...	Then...
CSED suspension periods overlap	Count the overlapping period only once when computing the CSED. Overlapping suspensions run concurrently. Example: TC 520 cc 81 04-12-2009 TC 521 cc 81 09-12-2010, plus six months TC 480 10-21-2010 TC 780 05-30-2011 Suspension is from 04-12-2009 to 05-30-2011. The suspension periods overlap from 10-21-2010 to 03-12-2011. Count these days only once.
The TC 150 date is prior to the Return Due Date (RDD)	Use the RDD as the suspension start date.
The suspension start date is before a posted assessment date	Include only that part of the suspension period that coincides with the assessment. Example: TC 480 dated 03-13-2001 is prior to the TC 290 assessment dated 05-27-2001. The start date for the TC 480 is 05-27-2001.
The suspension start date is after the assessed balance is full paid	Do not include this suspension period in the CSED computation for the assessment that was full paid.
The suspension TC has a specific effective date	Start date for that TC is its effective date. Example: TC 971/972 AC 043/063/163 did not suspend the CSED until March 9, 2002. If TC 971 AC 043 is dated 02-01-2002, it's start date is 03-09-2002.

15. When correcting the CSED, update AMS history with the transaction codes and dates used in the CSED computation and total days of suspension included in the CSED. Also provide an explanation as to why the CSED was incorrect.
16. When a CSED is corrected, input TC 290 .00 to file all source documents including any taxpayer correspondence, a copy of the CSED computation and any write-off. Also include any supporting documentation, such as prints of AMS history, that support your CSED computation.
17. Refer to *IRM 5.19.10.4.4.1, CSED Considerations*, for additional guidance.

5.19.10.4.4.1 (02-01-2014) CSED Considerations

1. The following information discusses CSED conditions identified in CSED work. In some cases, these conditions have caused an incorrect CSED on the module.
2. Because of the diversity of issues regarding CSEDs, these procedures cannot address every situation encountered when working a module with a CSED problem. The tax module must be analyzed and the appropriate IRM research done in order to determine the cause of the CSED error. In some cases, logic and judgment must be used to resolve the issue.
3. If a new problem (not addressed in these procedures) is encountered on a module that is causing an incorrect CSED and you are using your judgment to make a determination, confer with another CSED Specialist and obtain their concurrence before making a correction. Document AMS with the concurrence.
4. **MFT 31:** See *IRM 5.19.10.4.4.2, MFT 31 Issues*.
5. **Failure to File penalty, Estimated Tax penalty or Federal Tax Deposit penalty:** On some modules where a TC 166, TC 176 or TC 186 posted with its own ten-year CSED (the penalty posted alone and not in conjunction with a tax assessment), analyze the module to make sure the TC 166, TC 176 or TC 186 was not assessed by the computer in error. Some of these may be invalid due to a processing or systemic error. These penalties must be assessed within the established ASED. If you determine the penalty was assessed after the ASED:
 - A. Abate the penalty with TC 161, TC 171 or TC 181.
 - B. Update to the correct CSED with TC 550.

6. **TC 550:** See *IRM 5.19.10.4.4.3, TC 550 and Form 900 Waiver Issues.*

7. **TC 971/972 AC 043/063/163:** See *IRM 5.19.10.4.4.4, TC 971/972 AC 043/063/163 Issues.*

8. TC 500 Combat Zone:

- When computing a CSED on modules affected by Combat Zone (CZ) entry and exit dates, ONLY compute the number of days between the entry and exit dates and include the 180 day period(s).
- If the taxpayer entered and/or exited a CZ during the filing season do not add days for the filing season to your CSED computation. The period that occurred during the filing season is only added to the Return Due Date (RDD).
- Determine the correct TC 550 CSED Code to use by researching the applicable TC 500s on CC IMFOLE.
- See *IRM 5.19.10.6.4, Combat Zone Computation of Suspense Period.*

9. **TC 520/521 cc 82, Civil Penalty with Appeal Rights:** If there is a TC 470 cc 95 followed by TC 472 and no intervening TC 550, contact Advisory on SERP Who/Where to re-compute the CSED for the TC 550 to resume collection activity. Input TC 550 as advised.

5.19.10.4.4.2 (02-01-2014)

MFT 31 Issues

1. MFT 31 is an IMF Master File Tax (MFT) account code and used for assessments against an individual taxpayer on a joint module. For additional information, see *IRM 21.6.8.3, What is MFT 31.*
2. When CSED code "S" or "P" indicates only one spouse filed a bankruptcy, insolvency, OIC or other, Master File cannot accurately compute the CSED on the MFT 30 tax module. Compare the transactions on the MFT 30 module to the transactions posted under each spouse on the MFT 31 module. Ensure each CSED is computed properly based on what suspension transactions are attributable to each spouse.
3. For TC 480 and TC 520s mirrored to MFT 31, be aware of the following:

If...	Then...
Joint MFT 30 module has a TC 971 AC 100 - 109	Do not count the suspension for a TC 480 or TC 520 with CSED code "S" when computing the CSED on the joint module.
MFT 31 module contains a TC 370 with DLN NN251-999-95000-Y	Do not count the suspension for a TC 480 or TC 520 with CSED code "S" .
MFT 31 module contains a TC 370 with DLN NN251-999-00000-Y	Do not count the suspension for a TC 480 or TC 520 with CSED code "P" or blank.
MFT 31 module contains a TC 480 or TC 520 with no CSED code present	Master File may not be computing the CSED correctly. Recompute the CSED and correct with TC 550, if needed.

4. For some MFT 31 accounts created prior to January 1, 2005, interest from the MFT 30 module was assessed on the MFT 31 module using TC 340 doc code 51 in the 4th and 5th position of the DLN. This caused a new ten-year CSED based on the TC 340 date instead of the date of the associated tax assessment.
 - A. When addressing a balance due on MFT 31 modules for tax periods ending December 31, 2004 and prior, analyze the module using CC IMFOLT to determine if there are TC 340s present with doc code 51.
 - B. If present, compute the module CSED excluding the TC 340 doc code 51 dates.
 - C. Verify the results with the CSED dates on page one of CC IMFOLT.
 - D. If the CSED dates on CC IMFOLT are incorrect, input TC 550 to correct them.

5. An erroneous failure to file penalty (TC 166) may be systemically assessed on the MFT 31 module thus causing an invalid ten-year CSED:

If...	And...	Then...
The wrong return received date was input to MFT 31 from the MFT 30 module	It is the cause of the erroneous TC 166	Abate the erroneous TC 166 with TC 161 and update to the correct CSED with TC 550.
The MFT 30 module shows a TC 460, Extension of Time for Filing, that was not input to the MFT 31		Input the TC 460 to the MFT 31 module. The system will generate a TC 167. Update to the correct CSED with TC 550, if Master File fails to systemically correct it.

5.19.10.4.4.3 (02-01-2014)

TC 550 and Form 900 Waiver Issues

1. When a TC 550 is present, accept the CSED date that was entered as valid. See the exception below for TC 550 definer code (dc) 10.
2. For TC 550 definer code 01, do not add 90 days to your CSED computation. This is to be consistent with Master File programming.
3. When a CSED is extended due to a Form 900 Waiver and TC 550 dc 01 has been input, per Counsel advice, the presence of the TC 550 is considered proof that the Form 900 Waiver was signed by the taxpayer. If the taxpayer submits a claim stating that he or she never agreed to the Waiver, the CSED cannot be corrected based on this claim.
 - A. Verify the CSED and make corrections if the module has other issues affecting the CSED.
 - B. See *IRM 5.19.10.1(8), Compliance Services Collection Operation Transcript Overview*, to determine if case meets TAS criteria.
4. Due to RRA98, the CSEDs on some modules with TC 550 dc 01 were reset. A systemic program searched the Master File for modules where TC 550 dc 01 was present along with either a TC 971 AC 063 or a ST 60 within 120 days of the TC 550 transaction date. If the TC 971 AC 063 or ST 60 criteria was not met, then,
 - A new TC 550 was generated for a CSED date of December 31, 2002 or the normal ten-year collection statute date whichever is later.
 - These transactions will have a unique DLN DO277-999-99999-2.
 - The transaction date of the TC 550 will be the date of the systemic run.
5. Verify the CSED on modules where the CSED was extended or corrected with a TC 550 and transaction codes follow that suspend the CSED further (TC 520, TC 480, etc.). In some cases, the system may not be computing the CSED correctly. In the instance where this has occurred, correct the CSED with TC 550.
6. TC 550 dc 10 is used to correct an existing CSED and for CDP corrections. Before changing a CSED with TC 550 and a TC 550 dc 10 is already present, research the account and AMS history to ensure your CSED correction is appropriate.
7. **Multiple TC 550s input incorrectly:** When an account has a TC 550 present and additional TC 550s are input, they must be input with DLN-CD 99 (see the 9th and 10th position of the TC 550 DLN). If input without DLN-CD 99, these will post but will not change the existing CSED from the previous TC 550.

A. Compute the CSED on the module using the last TC 550 CSED present.

B. Input TC 550 and DLN-CD 99 to update the CSED on the module, if needed.

5.19.10.4.4 (02-01-2014)

TC 971/972 AC 043/063/163 Issues

1. Verify the validity of these transaction codes through research of AMS and IDRS.

If...	Then...
Taxpayer does not meet the pending Installment Agreement (IA) criteria at the time the TC 971 AC 043 was input	<p>A. Do not count the suspension period in your computation. See IRM 5.19.1.5.4.7, <i>Pending IA Criteria</i>.</p> <p>B. Reverse with TC 972 AC 043 using the same date as the TC 971.</p> <p>C. If CSED does not update correctly, input TC 550.</p>
The TC 972 AC 043 date does not match the date of the TC 971 AC 043 and is dated earlier	<p>A. In some cases, Master File cannot correctly compute the CSED.</p> <p>B. Correct the CSED with input of TC 550.</p>
A TC 971 AC 043 is followed by a TC 971 AC 063 and both have the same date	<p>A. Master File can not correctly compute the CSED.</p> <p>B. Recompute the CSED and correct it with TC 550.</p> <p>Note:</p> <p>Master File programming was corrected so that this is no longer a problem on future input of these transaction codes. However, older modules may still be found with this problem.</p>
An account has an unreversed TC 971 AC 043 open for more than 14 cycles and there is no evidence of an IA request	<p>A. Disregard that date for your CSED computation.</p> <p>B. Reverse with a TC 972 AC 043 with the original TC 971 date.</p> <p>C. If CSED does not update correctly, input TC 550.</p>
An unreversed TC 971 AC 043 is followed within 14 cycles by a TC 530/480/520 or other that clearly indicates an end to the Pending IA suspense period	<p>A. Input a TC 972 AC 043 with a date equal to the TC 530/480/520 date.</p> <p>B. Monitor to ensure the module updates to the correct CSED.</p> <p>C. If CSED does not update correctly, input TC 550.</p>
A TC 971 AC 163 was caused by an IA that was defaulted in error, was manually defaulted to remove it from IA status or it generated when a TC 520, TC 480, TC 470 or other transaction posted	Do not count the 30 day suspension associated with the TC 971 AC 163 when you compute the CSED.

5.19.10.4.5 (02-01-2014)

Resolving a Module with CSED Problems

- A TC 550 is manually input to update or correct the CSED. The dc will show the source/reason for the extension. See IRM 5.1.19.2.3, *TC 550 Waiver Extension Definer Codes*.
- Input TC 550 per *IRM 5.19.10.4.5.1, Correcting an Existing CSED, No TC 550 on Account* or *IRM 5.19.10.4.5.2, Correcting an Existing TC 550*, if the existing CSED is incorrect.
 - For any payments dated after all CSEDs have expired, follow *IRM 5.19.10.4.6, Credits Applied After the CSED*, for proper handling of the payments.
 - Input a secondary TC 570 with any post-CSED payments that you are transferring to another module.
 - Control the module in "A" status and monitor until the CSED updates on CC IMFOLT/BMFOLT.
 - Input TC 571 with a Posting Delay Code "2" to release the transferred payments.
- Input of TC 550 will update all CSEDs on the module to the same date. Care must be taken when inputting a TC 550 to a module with multiple CSEDs. If correcting one CSED will cause the other CSEDs to be incorrect, then a TC 550 cannot be done. For modules with two CSEDs:

If...	And...	Then...
FIRST CSED is incorrect	The correct CSED is expired	<p>A. Input TC 550 to correct the FIRST CSED.</p> <p>B. Input TC 534 to write off any balance remaining for the FIRST CSED.</p> <p>C. Input TC 550 to correct the LAST CSED.</p> <p>D. Use Posting Delay Codes to prevent any unpostable.</p> <p>E. Add an explanation to AMS history.</p>
	The correct CSED is not expired	<p>A. The FIRST CSED cannot be corrected.</p> <p>B. Input history items on CC TXMOD, "UPDATECSED", "FIRSTCSED=" and "MMDYYYY".</p> <p>C. Input similar history to AMS.</p>

LAST CSED is incorrect	FIRST CSED is correct or incorrect and expired	<p>A. Input TC 550 to correct the FIRST CSED and/or</p> <p>B. Input TC 534 to write off any balance remaining for the FIRST CSED.</p> <p>C. Input TC 550 to correct the LAST CSED.</p> <p>D. Use Posting Delay Codes to prevent any unpostable.</p> <p>E. Add an explanation to AMS history.</p>
	FIRST CSED is correct or incorrect and not expired	<p>A. LAST CSED cannot be corrected.</p> <p>B. Input history items on CC TXMOD: "UPDATECSED", "FIRSTCSED=", "MMDDYYYY", "LASTCSED=", and "MMDDYYYY".</p> <p>C. Input similar history to AMS.</p>

4. Generally modules with three or more CSEDs cannot be corrected with TC 550 unless the LAST CSED is the one being corrected and all previous CSEDs are expired. Input history to CC TXMOD and AMS to indicate the correct CSEDs.

5. Follow the table below to resolve other issues encountered when working CSED issues:

If...	And...	Then...
CSED fields on CC IMFOLT/BMFOLT are blank	There is an open CSED suspense period such as an unreversed TC 520, TC 480 or TC 500 that is more than seven years old	<p>A. Research surrounding modules to locate the correct closing transaction and input to the open module.</p> <p>B. If unable to locate a closing transaction, contact the appropriate function to obtain the closing transaction information.</p> <p>C. Monitor until the correction posts.</p>
	All CSED suspense periods are closed	<p>A. Force the CSED fields to populate the correct CSEDs with input of TC 550 and DLN Code 99.</p> <p>B. If transferring post-CSED payments, input a secondary TC 570 with the transfer.</p> <p>C. Monitor the account until corrections post.</p> <p>D. Reverse TC 570, if applicable.</p>
CSEDs are all expired	The TC 608 did not generate or zero out the balance	<p>A. Input TC 534 with an amount equal to the module balance to force the module to ST 12.</p> <p>B. If transferring post-CSED payments, input a secondary TC 570 with the transfer.</p> <p>C. Monitor account until corrections post.</p> <p>D. Reverse TC 570, if applicable.</p>
	Input of TC 550 (force a TC 608 to generate) or TC 534 did not write off the balance or the transactions unposted	<p>A. Determine if an error was made that caused the unpostable.</p> <p>B. If so, re-input the TC correctly and monitor until the correction posts.</p> <p>C. In certain instances, a TC 550 input incorrectly will post but will not update the CSED. See <i>IRM 5.19.10.4.4.3, TC 550 and Form 900 Waiver Issues</i>.</p> <p>D. If transaction codes were input correctly, balance must be manually zeroed out to force ST 12. See below.</p> <p>E. If transferring post-CSED payments, input a secondary TC 570 with the transfer.</p> <p>F. Monitor account until corrections post.</p> <p>G. Reverse TC 570, if applicable.</p>

6. In some cases a module may have become frozen from update. Input of TC 550 or TC 534 will not update the CSED or force the balance to zero. To bring the balance to zero, an adjustment using CC ADJ 54 must be input.

7. To preserve as much of the original tax as possible, an abatement is done on the interest first, then FTP, then other penalties and finally the tax.

Example:

Write-Off Module	Computation	
MOD-BAL > 2,931.96	Subtract all debits from module balance. Add all assessments and abatements for interest, then penalty, etc.	Module balance: 2,931.96
T/C AMOUNT		Minus total interest: 46.67
150 31,000.00		Minus total FTP: 116.29

806	28,500.00-		Minus FTF: 62.00
166	62.00		Remaining tax: 2,707.00
276	26.23		
196	16.17		TC 291 2,707.00-
670	143.00-		TC 161 62.00-
290	450.00	Input CC ADJ54:	TC 271 116.29-
276	90.06		TC 341 46.67-
196	30.50		
670	100.00-		

8. On CC ADJ54 for IMF use Blocking Series 05, Source Code 0, Reason code (RC) 99 plus other applicable RCs and Hold Code 3.
9. For BMF use Blocking Series 15 and Hold Code 3.
10. If a TC 341 or TC 271 is not input, you must input a TC 340 and/or TC 270 for a zero amount to restrict additional assessments by IDRS.
11. Enter the date of claim or the IRS received date in the RFSCDT field and code "S" in the OVERRIDE-CD field.
12. Complete the "Monthly Recalculated CSED Report" and send to HQ by the 15th of each month.

**5.19.10.4.5.1 (02-01-2014)
Correcting an Existing CSED, No TC 550 on Account**

1. When it is determined the current CSED on the tax module needs to be corrected, a TC 550 must be input. Use TC 550 DEFINER-CD "10".
2. Before input of TC 550, refer to *IRM 5.19.10.4.5, Resolving a Module with CSED Problems* for additional information.
3. For complete instructions for using CC FRM77 refer to IRM 2.4.19-5, *Command Code FRM77 Input*.
4. Use CC REQ77 to input the TC 550 using the following fields:
 - A. Transaction Code – always use TC 550.
 - B. Extension date - recomputed CSED date.
 - C. Transaction date – leave blank unless all CSED dates have expired. If all are expired, transaction date must be prior to the expired CSED date.
 - D. DLN Code – leave blank.
 - E. CSED Code – use appropriate code (P, B, or S).
 - F. TC 550 Definer Code – use definer code 10, unless directed otherwise. Refer to IRM 5.1.19.2.3, *TC 550 Waiver Extension Definer Codes*.
 - G. Remarks – must detail why CSED is being corrected.

**5.19.10.4.5.2 (02-01-2014)
Correcting an Existing TC 550**

1. When it has been determined that the current TC 550 on the tax module is incorrect, an additional TC 550 must be input. Use TC 550 DEFINER-CD "10" unless otherwise directed.
2. Before input of TC 550, refer to *IRM 5.19.10.4.5, Resolving a Module with CSED Problems* for additional information.
3. For complete instructions for using CC FRM77 refer to IRM 2.4.19-5, *Command Code FRM77 Input*.
4. Use CC REQ77/FRM77 to correct the TC 550. Input the following fields:
 - A. Transaction Code – always use TC 550.
 - B. Extension date - recomputed CSED date.
 - C. Transaction date – leave blank unless all CSED dates have expired. If all are expired, transaction date must be prior to the expired CSED date.
 - D. DLN Code – always use 99.
 - E. CSED Code – use appropriate code (P, B, or S).
 - F. TC 550 Definer Code – use definer code 10 unless directed otherwise. Refer to *IRM 5.19.10.4.2, Transaction Codes and Case Actions that Suspend or Extend the CSED*.
 - G. Remarks – must detail why CSED is being corrected.

**5.19.10.4.6 (02-05-2016)
Credits Applied After the CSED**

1. Resolve credits that posted after the correct CSED at the same time you are inputting TC 550 or a write-off.
2. If there is Federal Levy Payment Program (FPLP) or SITLP levy activity on the module and correction of the CSED will result in a full write-off to ST 12:
 - A. Input TC 470 cc 90 to temporarily suspend the levy activity while you are resolving the CSED.
 - B. FPLP and SITLP activity can be identified by the presence of one or more of the following TC 971 AC 060, 061, 062, 169, 600 (SITLP), 662 or 762.
 - C. Input TC 472 if needed, when all actions are completed.
3. Transfer credits (TC 706) that are offset from other modules back to their original module. Input TC 570 followed by TC 572 with PDC 2 to prevent offset back to the expired CSED module. Allow the system to refund the credit, offset it to another liability or move it to Excess Collections.
4. Transfer barred payments (voluntary and involuntary) to the Excess Collection File (XSF). See *IRM 5.19.10.5.1, General Procedures For All Transcripts* and *IRM 5.19.10.5.2.2, Processing Statute-Barred Credits*, for instructions and certain exceptions.
5. If other balance due modules are present, transfer payments that are not barred to the balance with the earliest CSED.
6. If there are no other balances due, voluntary payments applied to a module after the CSED, are treated as an overpayment of tax:

- A. Make two attempts to contact the taxpayer by phone and advise them of their CSED rights and the time period under IRC 6511 within which to claim a refund.
 - B. If unable to reach by phone send Letter 672C, *Payment(s) Located and/or Applied*.
 - C. Follow *IRM 5.19.10.5.2, PMTEXPCSED Transcripts*.
7. For levy payments that posted after the CSED, research RTR to ensure that it is a true levy payment.
- WI and SBSE CSCO follow *IRM 5.19.2.5.7.3, Levy Payment Procedures*
 - WI and SBSE ACS Support follow *IRM 5.19.4.4.10, Levy Release: General Information*
8. If all balances are full paid, an existing Continuous Wage Levy (CWL) must be released using Form 668-D, *Release of Levy/Release of Property from Levy*. Follow *IRM 5.19.10.10.2.2, Full Paid Continuous Wage Levy Accounts*. However, if the account was in ST 6X and your corrections caused it to update to full paid, the CWL will be released by employees working the IAAL.
9. Generally, a levy that is "fixed and determinable" and served prior to the expiration of the collection period is enforceable and should not be released. In addition, a levy served after reducing a tax liability to a judgment (TC 550 dc 04) is valid. Allow these types of levy to remain on the expired CSED module, if the balance, including accruals, has not been full paid.
- A. TC 971 AC 687 is input to identify the type of levy as either "fixed and determined", continuous or other. See *IRM 5.19.10.4.6.1, TC 971 AC 687, and Miscellaneous Codes for CSED*.
 - B. You can determine when a FPLP and SITLP levy was served by the posting of TC 971 AC 600, 662 or 762. If these levies were served AFTER the correct CSED expired, follow the IRM procedures below for handling levy payments.
 - C. If you are unable to determine when a levy was served or whether it is "fixed and determined", leave the post-CSED levy payments on the expired module.
10. Transfer excess levy payments:
- A. To the oldest balance due module where a levy has been served.
 - B. Then transfer excess levy payments to any non-levy modules.
 - C. If full paying a levy module or levy payments are being applied to a non-levy module, fax a copy of the correspondence or Form 4442, *Inquiry Referral*, to the ACS Support Liaison per SERP Who/Where, to issue a levy on the non-levy module or partially/fully release a levy on a full paid levy module.
 - D. If there are no other balances to transfer a levy to, leave the levy payment on the expired module.
 - E. If the taxpayer requests a refund of levy payments, fax a copy of the correspondence or Form 4442, *Inquiry Referral*, to the ACS Support Liaison per SERP Who/Where. Send the appropriate letter to inform the taxpayer that the issue has been referred.

**5.19.10.4.6.1 (02-01-2014)
TC 971 AC 687, and Miscellaneous Codes for CSED**

1. The TC 971 AC 687 with 20 miscellaneous codes was established for CSED purposes effective January 2007. When inputting a TC 971 AC 687, a miscellaneous code must be input at the same time. The miscellaneous code serves as an audit trail, defines what type of levy was served, and identifies other various actions taken on the account.
2. The following chart will provide an explanation for each miscellaneous code. SB/SE should identify the "fixed and determined" from this point forward. Any module that does not have a code will be verified through the RO or CCP.

Note:

"Fixed and determined" levy sources are instruments, such as pensions, royalties etc., that are payable for a fixed amount on a date in the future that can be determined in advance. For instance, Social Security benefits begin at age 62, and Civil Service pensions at age 55.

Miscellaneous Codes	Definitions
001	Levy issued prior to the CSED identified as "fixed and determined" e.g. pension, royalties etc. excludes levy on working taxpayer's salaries.
002	Identifies the module as a continuous wage levy on wages/salaries secured before CSED. Exception: To identify the legal basis for releasing levies see: <ul style="list-style-type: none"> • <i>IRM 5.11.2.3.1, Legal Basis for Releasing Levies</i> • <i>IRM 5.19.4.4.10, Levy Release: General Information</i> • <i>IRM 5.19.10.10.6.1, IAAL Review of Continuous Wage Levy - CSCO Processing</i>
003	Suit was filed before CSED expired.
004	Field Manager completed a review of the module prior to the CSED. Allow this module CSED to expire in its current status.
005	Unable to locate taxpayer.
006	Module is not a levy module, payments coded incorrectly.
007	Taxpayer's CSED rights communicated via phone/letter. Module has refundable credits and no outstanding liabilities. Levy release sent.
008	Taxpayer's CSED rights communicated via letter only. Module has refundable credits and the account has outstanding liabilities. Levy release sent.
009	Identifies an ≡ ≡ ≡ module (1). Only post ≡ ≡ ≡ payments to this module. Do not release the levy. Do not offset. Any excess credits will be refunded. Cases will be centralized in Anchorage.
010	Levy release previously sent, second contact with the taxpayer initiated via correspondence/phone.
011	Based on Restructuring and Reform Act of 1998 (RRA98), CSED computed incorrectly, due to failure on account for suspension under IRC 6331(k)(1) and (3).
012	CSED review completed, move module to the Retention File.
013	Communicated CSED rights via telephone. If account has outstanding liabilities, follow up with a letter.
014	Credit(s) Refund Statute Expired, no outstanding liabilities.

**5.19.10.4.7 (02-01-2014)
Writing Off Expired Balances with TC 534**

1. Currently, Kansas City CSCO works lists of accounts where the earliest CSED has expired and a portion of the balance must be written off. Beginning in January 2013, a new MULTICSED transcript will issue in lieu of a listing. See *IRM 5.19.10.4.7.1, MULTICSED Transcript and Listings*. The IMF transcript will be worked by Kansas City and the BMF transcript by Philadelphia CSCO.
2. Write-offs that exceed ≡≡≡≡≡≡ must be approved by a manager.
 - A. Forward the SSN and tax period by e-mail using Secure Messaging.
 - B. List the proposed TC 534 write-off amount and the amount of interest and FTP penalty included in the TC 534 amount.
 - C. The manager will input AMS history, "TC 534 approved" or "TC 534 denied." If denied, the manager must provide an explanation in AMS for the denial.
3. When a tax module has multiple CSEDs and the earliest has expired, input a TC 534 to write-off any assessed balance associated with the expired statute. If no assessed balance remains from the expired CSED (accruals only), input a TC 534 with a zero amount.

**5.19.10.4.7.1 (02-05-2016)
MULTICSED Transcript and Listings**

1. Accounts are selected for the MULTICSED transcript or listing by the following criteria:
 - Tax module balance, with accruals, is over ≡≡≡≡ for IMF or ≡≡≡≡≡≡ for BMF
 - MFTs 30, 31 and 55 for IMF and MFTs 01, 06, 10 and 11 for BMF
 - More than one CSED present and the earliest open CSED expired in the current cycle
 - A transcript will not issue if the CSEDs are suspended by a TC 520, TC 480 or other
 - A transcript will not issue if the next CSED expires within 90 days of the CSED that has just expired

Example:

The MFT 30 200212 tax module has three CSEDs, dated 05-21-2013, 07-27-2013 and 03-31-2015. No transcript will issue for the 05-21-2013 date because the next CSED, 07-27-2013, will expire in 67 days.

 - If the CSED that expires is for a TC 150 that was settled at posting (ST 12) a transcript will not issue
 - A transcript will not issue for the last CSED on the module. TC 608 will generate to zero out the remaining balance
2. If module is in ST 12, ST 71 or ST 72, close with no action. Work all others including ST 22, ST 26 and ST 53.
3. If CSED fields are blank, research the module to determine if that is correct. If so, close the case with no action. If the CSED field should not be blank, follow *IRM 5.19.10.4.5, Resolving a Module with CSED Problems*.
4. Transcripts are controlled in "A" status with Category Code MCSD.
5. When working transcripts, do a manual calculation using a Julian calendar or an Excel calculator, to verify the accuracy of the CSEDs present. The CCalc Tool can also be used to verify the CSED. See <http://mysbse.web.irs.gov/collection/toolsprocesses/csedcalculator/ccalc/default.aspx>. This is to monitor our systems more closely, to ensure our CSEDs are accurate, and to identify trends and issues.
 - A. Make a correction, if needed, per instructions in *IRM 5.19.10.4, Collection Statute Expiration Date (CSED) Verification and Correction*.
 - B. Report the correction on the "Monthly Recalculated CSED Report" .
 - C. CSED verification is not required on modules where there are no transactions that extend or suspend the CSED.

Exception:

Check for invalid TC 166/176/186 that should be abated. Follow *IRM 5.19.10.4.4.1, CSED Considerations*.
6. If the CSED that issued the transcript is truly expired, (the correct CSED has passed) proceed with write-off.
7. If the previous CSED expired less than 90 days earlier, determine if a separate write-off is required for the currently expired CSED and the previously expired CSED. Input a separate TC 534 for each expired CSED using a PDC to separate each input.
8. If the LAST CSED on the module is less than 90 days from the currently expired CSED which generated the transcript or the LAST CSED on the module is due to expire in less than 30 days from the current date, close the case with no action. The TC 608 will write off the remaining balances.
9. Follow procedures in the table below to write off the expired balance.

If...	And...	Then...
The assessment associated with the expired CSED full paid prior to the next assessment (ST 12 followed by ST 21)		Input TC 534 .00 via CC REQ54. Use: <ul style="list-style-type: none"> • Blocking Series 19 • Source Code 0 • RC 099 (N/A for BMF) • Hold Code 3 • Enter the CSED date in the CSED> field on CC ADJ54 to which the TC 534 applies.
The assessment associated with the expired CSED was not full paid prior to the next assessment	The module does not have restricted interest or FTP	A. Compute the amount to be written off with TC 534. B. If any posted FTP or interest contains amounts for both expired and unexpired assessments, the amounts attributable to the expired assessment must be included in the TC 534 amount. C. Use CC INTSTD or the Automated Computation Tool (ACT/DMI) to correctly determine the portion of FTP and interest belonging to the expired CSED assessment in order to write off the correct amount.

- | | | |
|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>D. Add the total debit amounts for the assessment associated with the expired CSED and subtract any credits that posted prior to that expired CSED.</p> <p>E. Associate any Collection fees (TC 360) and Bad Check Penalties (TC 280) that posted prior to the next assessment with the amount being written off.</p> <p>F. Input TC 534 with the write-off amount.</p> <p>G. Do not create a credit balance on the module.</p> |
|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

10. Enter AMS history with the TC 534 amount and the Transaction Codes with their amounts that are included in the TC 534. Use Sort/Show on DMI, save it as Excel and cut and paste the information to AMS. Indicate total interest and total FTP amounts that were included.

11. Once a TC 534 is input, all subsequent interest and FTP penalty updates must be manually computed.

5.19.10.5 (02-01-2014) Balance Due Transcripts

1. The IAT tools as listed in *IRM 5.19.10.1, Compliance Services Collection Operation Transcript Overview* must be used by Campus Compliance employees for procedures outlined in this IRM. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to the tool are required to use it to complete the action.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked without the tool, using IDRS. For more information on each tool as well as a job aid for each tool see the IAT Website.

2. Balance Due Transcripts are generated in the campuses to signal an alert to certain situations that have been present for some time on an account and cause the account to remain unresolved. This category of transcripts includes:

- Payment Expired Collection Statute Expiration Date (PMTEXPCSED)
- Accounts Maintenance Claim Pending (AM06W)
- Accounts Maintenance (AM07)
- Collection Statute Expiration Date (CSED or SPC3)
- Claim Pending Collection Statute (AM23W)
- Notice of Potential Manual Penalty/Interest Adjustment (CP 86 and CP 186)
- Non-Master File Liability (NMFL)
- Verify Payment (VERFPYMT)
- Notice of No Merge TDA Module and NOMRG TDA Transcript (CP 206)

For a complete listing of all the transcripts, refer to IRM 3.13.62, *Media Transport and Control*.

3. ASED is usually three years from the later of the unextended due date or the filing date of the return. The AM-X transcript will generate if the account is open in Collection regardless of other conditions on the module. Refer to IRM 25.6.1.5, *Basic Guide for Processing Cases with Statute of Limitations Issues*.

4. STAT, statute expiration is imminent (within six months). There are four types of STAT cases.

- AM23W: the only check here is for CSED. See *IRM 5.19.10.5.6, Claim Pending Collection Statute Transcript (AM23W)*
- Dummy Cases: which include other Accounts Management (AM) and TDI issues. It also includes civil penalty modules
- RSED: This transcript is sent regardless of other postings or conditions
- Normal STAT: one of the freeze conditions is met (other than 23W). There are two types of issuances, First and Follow - up. The ASED is within six months of expiring. Once a normal STAT is issued, an AM case will not generate.

5.19.10.5.1 (02-05-2016) General Procedures For All Transcripts

1. The following transcripts are considered a "Priority Transcript" :

- CSED (SPC3)
- PMTEXPCSED
- CP 44
- NMFL
- AM07W
- Any transcript with a credit balance/TC 608 condition

2. Verify the CSED on all modules where the CSED has been extended or suspended. See IRM 5.19.10.4.2, *Transaction Codes and Case Actions that Suspend or Extend the CSED*, and IRM 5.19.10.4, *Collection Statute Expiration Date (CSED) Verification and Correction*. The CSED can be verified using the Julian date calendar or the CCalc Tool found on <http://mysbse.web.irs.gov/collection/toolsprocesses/cscedcalculator/ccalc/default.aspx>.

3. AMRH, Statute or Accounting may control a transcript to CSCO to resolve a levy payment. As of July 26, 2011, it is no longer necessary to refer these to CSCO. If a transcript of this type appears on the Aged Case Listing:

- A. Reassign the transcript back to the originator if the levy payment is less than 60 days old.
- B. Take no action and close the control for levy payments over 60 days old.

4. WI CSCO does not work BMF transcripts (except for EFT Listings). Recontrol back to the originator any other BMF transcripts that are received.

5. If there is a TC 470 on the module, follow *IRM 5.19.10.5.3, Accounts Maintenance Claim Pending (AM06W) Transcripts*, to input a TC 472. Close the control with a history item relating to the action.
6. Research IDRS for any available credit(s). Document AMS with a history item XXXXXRSHRD (Xs identifies the type of transcript).

If...	Then...
Credits are located	<p>A. Research RTR to determine if taxpayer designated the payment for a specific tax period.</p> <p>B. If so, transfer the credit to the specified tax period.</p> <p>C. Otherwise, if credits are not barred, transfer the credit to another balance due that has the earliest CSED.</p>
Credits are statute barred	<p>A. Follow below to transfer the credit to the XSF.</p> <p>B. See exception under <i>IRM 5.19.10.5.2.2, Processing Statute-Barred Credits</i>.</p>
If there is an expired CSED module, and the TC 608 is significant	<p>The payment:</p> <ul style="list-style-type: none"> • Can be applied to the expired module if research of the RTR system indicates that the taxpayer designated that payment for that module. • Can be applied if payment was proceeds from levy on a "fixed and determined" levy source served prior to the CSED. "Fixed and determined" levies served prior to the expiration of the CSED, attach to future payments that the taxpayer will receive from a pension plan, social security benefits, royalties, etc. Proceeds from these sources can still be collected and applied to a balance due even after the CSED has expired. See <i>IRM 5.19.10.4.6.1, TC 971 AC 687, and Miscellaneous Codes for CSED</i>. • If neither of the above apply, the payment cannot be applied to the expired CSED module regardless of the payment date or posting cycle date. • Use the proper bypass code to avoid generating an unpostable.
If an expired CSED module has a credit that created a credit balance	Treat as an overpayment of tax and follow <i>IRM 5.19.10.5.2. PMTEXPCSED Transcripts</i> .
The transfer(s) full pay the module	Document AMS and close the control.
Any amount of balance remains	Follow specific transcript procedures.

7. To transfer credit(s) to the URF or XSF, follow the procedures below.

- A. If the credit is being transferred from an expired CSED module, there must be a TC 608 posted on the module or the transfer will unpost. If TC 608 is not present, it will be necessary to transfer the credit(s) to a satisfied module with a TC 570 or create a dummy module.
- B. If the payment is less than a year old, use Form 2424, *Account Adjustment Voucher*, to transfer to URF. Follow *IRM 3.17.10.3.2, Receiving Unidentified Remittance Cases*.
- C. For payments more than a year old, use Form 8758, *Excess Collections File Addition*. In Box 4 enter "IDEN" . Follow *IRM 3.17.220.2.1.1, Preparation of Form 8758*. Input TC 971 AC 296 to the module with the credit.
- D. In the Explanation box on both forms be very specific regarding the reason for transfer.

Example:

"No reply to TC 672C to claim refund of overpayment after CSED"

- E. Attach IDRS prints to the Form 2424, *Account Adjustment Voucher*, or Form 8758, *Excess Collections File Addition*.
- F. Ensure there is a tracking number on both Form 2424 and Form 8758.
- G. Input an AMS history item to indicate the actions taken (non-refundable credits, good refund, refund statute in jeopardy, etc. Credit to URF or XSF via Form 2424 or Form 8758).

8. To request a transfer from URF or XSF, follow the procedures below.

- A. Prepare Form 8765, *IDRS Control File Credit Application*, to transfer a payment from either the URF or XSF. See *IRM 3.17.10.3.10, Applying Credit to a Taxpayer's Account*, for transfers from URF and *IRM 3.17.220.2.11, Applying Amounts From the XSF—General*, for transfers from XSF.
- B. Forward all Forms 8765 requiring statute clearance to the Statute function for review prior to forwarding to Excess Collection. For additional information, refer to *IRM 3.17.220.2.11(4), Applying Amounts From the XSF—General*.
- C. Attach documentation to the request that:
 - Identifies the credit on the URF or XSF file
 - Indicates its proper application
 - Provides justification for the transfer such as a copy of taxpayer correspondence

9. To request a manual refund, use Form 5792, *Request for IDRS Generated Refund (IGR)*. The Manual Refund Tool is an IAT tool that is used to process and monitor manual refunds. As of July 17, 2013 use of this tool is mandatory.

- A. When initiating a manual refund, follow procedures found in *IRM 21.4.4, Manual Refunds*. Approval must be obtained by a designated Certifying Officer.
- B. Inform taxpayers that they are still subject to offset by The Bureau of Fiscal Services (BFS) through the TOP for past due child support or Federal agency debts owed. Refer to *IRM 21.4.6, Refund Offset*.

10. If account is full paid and levy payments are still being applied, see *IRM 5.19.10.5.2.1, General Instructions for PMTEXPCSED Cases*.

11. If balance due notice or TDA processing is suspended for more than six months due to an IRS error, adjust any P&I per procedures in *IRM 20.1.2, Failure to File/Failure to Pay Penalties* and *IRM 20.2, Interest*.

12. If there is a TC 582 Federal Tax Lien on the module, verify the CSED. If the CSED is within 180 days of expiring, resolve any retention or freeze code. When the CSED expires, the lien is self-releasing.

13. Count each transcript received for each different MFT/TXPD, except where noted.

**5.19.10.5.2 (02-01-2014)
PMTEXPCSED Transcripts**

1. A Payment Expired CSED (PMTEXPCSED) Transcript generates once for each TC 610, TC 640 or TC 670, **without Designated Payment Code (DPC) 05, 06, or 14**, that is applied to a module after the CSED has expired.
2. The purpose of the transcript is to determine proper disposition of the payment, which may include one or more of the following:
 - Contact the taxpayer and advise them of their options under IRC 6511, *Limitations on Credit or Refund*. The taxpayer must advise the IRS of whether they want the payment refunded or applied to another tax module.
 - Transfer statute barred payments to Excess Collection
 - Move a misapplied payment to the correct tax module
 - Determine that a payment can remain on the expired CSED module
 - Release continuous wage levies
3. See *IRM 5.19.10.5.1, General Procedures for All Transcripts*, for more information regarding the URF, XSF and manual refunds.
4. WI CSCSO works IMF accounts and SB/SE works BMF accounts.

**5.19.10.5.2.1 (02-01-2014)
General Instructions for PMTEXPCSED Cases**

1. Control the expired CSED module using "A" (active) status.
 - A. The examiner monitoring the account will be responsible for each credit that posts to the module until the control is closed. Notate AMS with amount/cycle of each additional payment and close the new control(s). Analyze all credits that have a posted date after the expired CSED.
 - B. All related transcripts will be routed to the examiner who is monitoring the account. That examiner will take the count for each transcript resolved.
2. A payment received after the CSED is treated as an overpayment of tax. Per IRC 6511, the taxpayer has two years from the date the payment was made or three years from the date the return was filed, whichever is later, in order to file a claim for refund. If the credit cannot be resolved using the procedures below, the taxpayer must be contacted to solicit a claim for refund.
3. If the payment is an IA payment, or a payment that was misapplied based on research of RTR, the payment can be transferred without taxpayer approval. If the payment does not meet this criteria and there are other balances due, the payment cannot be transferred without taxpayer approval. See the table below for more information on application of IA payments.
4. Research AMS history and the tax account before making a decision regarding the credit.
5. Follow the table below to resolve the credit issue:

If...	Then...
The credit must be resolved by Insolvency, TFRP, OIC, CI (TC 91X), Innocent Spouse (TC 971 AC 065) or an RO (ST 26)	<p>A. Forward the case to the appropriate function, requesting resolution of the payments. Provide a print of CC TXMOD with the affected payments highlighted.</p> <p>B. Input detailed history on AMS and close your case.</p>
Credit is statute barred	<p>A. See <i>IRM 5.19.10.5.2.2, Processing Statute-Barred Credits</i>, to determine if credit can be applied elsewhere.</p> <p>B. If payment cannot be applied elsewhere transfer the credit to XSF. For instructions see <i>IRM 5.19.10.5.1, General Procedures for All Transcripts</i>.</p>
The time period under IRC 6511 might expire before the taxpayer has time to file a claim and Letter 672C, <i>Payment(s) Located and/or Applied</i> has not been sent	<p>A. Refund the payment without a claim.</p> <p>B. See <i>IRM 25.6.1.10.2.7, Claims for Credit or Refund – General Time Period for Submitting a Claim</i> to determine the total amount that can be refunded under IRC 6511.</p>
A TC 840 or TC 846 previously generated on an expired CSED module, and there are no additional liabilities	<p>A. Refund subsequent payments.</p> <p>B. Send Letter 672C, <i>Payment(s) Located and/or Applied</i>.</p> <p>C. Inform the taxpayer that the CSED has expired and he/she is under no obligation to make future payments for that tax period.</p>
A reply was received previously allowing the Service to apply the credit(s) to an expired CSED module, and subsequent payments post to the same expired module. The analysis shows the same conditions exist.	<p>A. Do not send another Letter 672C.</p> <p>B. Continue applying the credits to the CSED module until full paid.</p> <p>C. Input TC 672/670 using CC ADD24. Input DPC 14 on the new TC 670.</p>
The payment was misapplied per research of RTR	Transfer the payment to the correct liability per the taxpayer's request.
The post-CSED payment is an IA payment and taxpayer has other balances in ST 6X. (Also check for ST 6X on cross reference accounts.)	<p>A. Transfer the credit to the next tax period having the earliest CSED.</p> <p>B. Reinstate the IA if misapplication of the payment caused the IA to default. Do not charge a reinstatement User Fee.</p> <p>C. Send Letter 672C, informing the taxpayer of the expired CSED for the specific tax year.</p>

	D. Advise him/her to use the current account information for all future payments.
Credit is a levy payment, TC 670 DPC 05	<p>A. Research RTR to determine if it is a true levy.</p> <p>B. If it is a true levy, a CWL is in effect, and account is full paid, follow <i>IRM 5.19.10.10.2.2, Full Paid Continuous Wage Levy Accounts</i>. Contact the taxpayer to obtain a claim for refund of the levy payment.</p> <p>C. If not a CWL, take no action and close your case. A LEVYPMT transcript will issue to ACS Support to resolve the credit and release the levy if necessary.</p> <p>D. If not a true levy, use normal procedures to contact the taxpayer by phone or by sending Letter 672C and soliciting a claim for refund.</p>
Credit is a pre CSED levy identified as "fixed and determined" e.g. pension, royalties etc. (not a levy on wages). To identify this type of levy, research the module for the presence of TC 971 AC 687, with Miscellaneous Code 001.	If this type of credit posts to an expired CSED module, update AMS and close your case.
Credit is other than TC 670	See <i>IRM 5.19.10.5.2.3, Processing Transaction Codes and Payments Other Than TC 670</i> .

6. If the credit cannot be resolved and a telephone number is available (on CC ENMOD or through research), make two attempts to contact the taxpayer by telephone.

- A. If contact is made, verify disclosure.
- B. Advise taxpayer of expired statute, and the time period under IRC 6511 within which to claim a refund.
- C. Taxpayer may apply the credit to the expired module, another balance or request a refund of the credit.
- D. Provide the taxpayer with your name and contact number.
- E. Resolve the credit based on the taxpayer's request.
- F. Input history on AMS that reflects the conversation with the taxpayer and all actions taken.

7. If taxpayer cannot be reached by phone:

- A. Send Letter 672C informing taxpayer of expired CSED and credit availability.
- B. Advise the taxpayer of the time frame for claiming the refund under IRC 6511.
- C. Taxpayer may apply the credit to the expired module, another balance or request a refund of the credit.
- D. Include your name and contact information in the letter.
- E. Assign the case on IDRS in "M" status and suspend the case for 45 days on AMS. Allow the taxpayer 30 days to respond.

8. See *IRM 5.19.10.5.2.4, Processing Responses/No Response to Letter 672C*.

9. Input the appropriate history item on AMS for the audit trail. Input history item(s) that reflect each action taken to advise the taxpayer of rights concerning the overpayment caused by taxpayer's payment of the tax after the expiration of IRC 6502, *Collection After Assessment*.

5.19.10.5.2.2 (02-05-2016)

Processing Statute-Barred Credits

- 1. Other than the exception discussed below in (2), a statute-barred credit may not be applied to offset the debit modules on an account.
- 2. A credit may appear to be statute barred on one account module, but if there is another module for the taxpayer, for the same filing (or same SFR if the taxpayer failed to file) i.e., for the same tax type and the same tax period, the credit may be used to offset the debit module. See IRC §6402(a).

Example:

A payment was applied to a Form 1040 MFT 30/31 2000 tax year, but CSED had expired at that time. It can be transferred to a Form 1040 NMF 2000 tax year (for which the CSED has not passed.)

- 3. If the barred credit cannot be applied, transfer it to the Excess Collection File.
- 4. To the extent that modules can be identified where a statute barred credit was applied in error, those credits are considered void and should therefore be reversed.

5.19.10.5.2.3 (02-01-2014)

Processing Transaction Codes and Payments Other Than TC 670

1. These transaction codes may generate a freeze condition, an assessment, an offset or other types of payments. This table provides procedures for processing transaction codes and payments other than TC 670.

Figure 5.19.10-1

If...	Then...
TC 694	<ul style="list-style-type: none"> • When the Service incurs legal fees, security and sale costs, lien fees and other expenses while enforcing collection of delinquent balance dues, TC 360 is input to assess the fees against the taxpayer. • A payment made by the taxpayer to satisfy these fees may be posted to the module with TC 694. Refer to <i>IRM 5.1.2.5.2(3), Transaction Codes</i>. This is a good payment with any date. Do not refund. • Normally, a TC 360 will already be in the module. However, both TC 694 and TC 360 can be input simultaneously. • If there is any excess credit after these costs are paid, it will be posted as a TC 670 with a DPC code indicating the type of sale or administrative cost, such as cost of the levy or suit. Refer to Document 6209, <i>IRS Processing Codes and Information</i>, Chapter 11 for a list of DPCs. This TC 670 is refundable.

TC 706 and no outstanding liabilities	<p>The computer will occasionally offset to an expired CSED module if it is the oldest module and it was written off with an amount. Starting with processing year 2005, a transcript should generate to properly resolve the payment issue.</p> <p>A. If there are no other unexpired CSED balance due modules, consider this credit as refundable.</p> <p>B. Transfer the credit back to the module it originated from to generate a refund.</p>
TC 706 with other outstanding liabilities	<p>A. Transfer credit to the oldest unexpired CSED module with a balance.</p> <p>B. Notify the taxpayer of the transfer.</p>
Other TCs	<p>A. Research Document 6209, <i>IRS Processing Codes and Information</i>, Transaction Codes for a description of the TC.</p> <p>B. Check RTR, AMS and IDRS history to determine the reason for the payment. Contact the other areas, if needed. Explain the CSED issue (IRC 6502), the payment date, and ask for advice on the disposition of the payment.</p>
TC 640 Advance Payment (this is an expired CSED module)	<p>A. Check RTR, AMS and IDRS history to determine the source of the payment and where it should be applied.</p> <p>B. If it can be determined where it should be applied, transfer the payment.</p> <p>C. If no determination can be made, treat as an overpayment of tax and contact the taxpayer per <i>IRM 5.19.10.5.2.1, General Instructions for PMTEXPCSED Cases</i>.</p>

**5.19.10.5.2.4 (02-01-2014)
Processing Responses/No Response to Letter 672C**

1. The following table provides procedures for processing refund responses and no responses.

Figure 5.19.10-2

If...	And...	Then...
The taxpayer can apply the credit to the expired CSED module, another liability or have it refunded.	Taxpayer requested that the payment be applied to the module with the expired CSED	Input TC 672/670 using CC ADD24. Input DPC 14 on the new TC 670.
	Taxpayer requested that the payment be applied to another liability	Transfer the credit using CC ADD24 and appropriate DPC code.
	Taxpayer requested a refund	<p>A. Prepare Form 5792, <i>Request for IDRS Generated Refund (IGR)</i>. Compute credit interest with CC COMPAD if the credit is more than 45 days old.</p> <p>B. Follow <i>IRM 21.4.4, Manual Refunds</i>.</p> <p>C. Input TC 290 for ".00" to associate the Letter 672C and the taxpayer's response in files.</p>
The taxpayer can apply the credit to the expired CSED module, another liability or have it refunded.	Taxpayer does not respond	<p>A. Prepare the necessary forms to move the credits to URF or XSF.</p> <p>B. If transferring to XSF input TC 971 AC 296.</p> <p>C. For additional information on TC 608/609, see <i>IRM 5.19.10.5.1, General Procedures for All Transcripts</i>.</p>
	Letter is undeliverable	<p>A. Research for a new address. Use CC IMFOLE or CC BMFOLE to see the last return filed.</p> <p>B. If a return was filed, check CC RTVUE or CC IRPTRL for a different address.</p> <p>C. If a new address is located, reissue the letter.</p> <p>D. If the taxpayer replies, prior to issuing a manual refund make sure the address has updated on Master File.</p> <p>E. If the new address has not been updated on Master File, follow normal procedures for updating.</p> <p>F. If unable to obtain a new address, input TC 971 AC 687, Miscellaneous Code 005. Prepare the necessary forms to move the credits to URF or XSF. Notate the form "Good Refund" so that the credit can be applied when a new address is verified.</p> <p>G. Input the appropriate history items.</p>
	A late reply is received from the taxpayer	<p>A. Prepare Form 8765, <i>IDRS Control File Credit Application</i> to move the credit(s) back from the URF or XSF. See <i>IRM 5.19.10.5.1, General Procedures for All Transcripts</i> for information on the URF and XSF.</p> <p>B. Follow procedures in the table above based on the taxpayer request.</p>

**5.19.10.5.3 (02-01-2014)
Accounts Maintenance Claim Pending (AM06W) Transcripts**

1. The 06W transcript will generate after twenty-two (22) cycles:

- When there is an unresolved TC 470 with no closing code, a cc 90, cc 93 or cc 95 on IDRS
- A W- freeze appears on the tax module on IDRS
- The issuance of the transcript is categorized as AMRH

- If the first 06W transcript is not resolved, a follow-up transcript will issue in 15 cycles and can be identified by an "F" after the transcript type.

2. If the ASED has expired, an AM-X transcript will generate regardless of any posting in the module.
3. If the Assessment Statute Expiration Date (ASED) is imminent (within 180 days), a Statute (STAT) transcript will generate.
4. WI CSCO works IMF accounts and SB/SE works BMF accounts.

**5.19.10.5.3.1 (09-03-2015)
Processing 06W Transcripts**

1. See Document 6209, Section 11.8, TC 470 Closing Code Chart for information on how TC 470 is released. The table below is a partial list from Document 6209 indicating how TC 470 no closing code, cc 90, cc 93 and cc 95 are released.

TC 470 Type...	Release Criteria...
TC 470 no closing code	<ul style="list-style-type: none"> • Systemically reversed after 9 cycles if there is no open control, otherwise 15 cycles (Except if Status is ST 22, 24, 26 or 60). • Input of TC 472. • Input of TC 29X or TC 30X (see exception in Document 6209). • Module becomes a zero or credit balance.
TC 470 cc 90	<ul style="list-style-type: none"> • Systemically reversed after 22 cycles (Except if Status is ST 22, 24, 26 or 60). • Input of TC 472 no cc. • Input of TC 29X or TC 30X (see exception in Document 6209). • Module becomes a zero or credit balance.
TC 470 cc 90 for MFT 31 when AC is 102 or 103	<ul style="list-style-type: none"> • Input of TC 472 no cc. • Input of TC 29X or TC 30X (see exception in Document 6209). • Module becomes a zero or credit balance.
TC 470 cc 93	<ul style="list-style-type: none"> • Systemically reversed after 22 cycles. • Input of TC 472 no cc. • Input of TC 29X or TC 30X (see exception in Document 6209). • Module becomes a zero or credit balance.
TC 470 cc 95	<ul style="list-style-type: none"> • Input of TC 472 CC 95. • Module becomes a zero or credit balance.

2. A W- freeze may also be created when a duplicate return is created with the posting of TC 976, module is a debit balance and Status is 22, 24 or 26. A W- hold will be released with TC 29X or when the module becomes a zero or credit balance.
3. The following table provides procedures for resolving AM06W conditions. Research IDRS for the latest information, then continue below.

Figure 5.19.10-3

If...	Then...
If a prior action has resolved the TC 470 condition or the status is 12.	<ol style="list-style-type: none"> A. Document AMS with the following history item, "TC 470 prior action taken" . B. Close the case.
Action to release TC 470 unposted and there is an open unpostable control base	<ol style="list-style-type: none"> A. Re-enter TC 470 to allow more time. B. Update the other open control activity field with "TC470/EXPD" .
If an action that will release the TC 470 is pending on the account but has not yet occurred. See table above that lists the IDRS actions that will release the TC 470.	Update AMS and close the case.
If a pending transfer or adjustment will satisfy the balance due (including accruals) per CC INTST. See table above that lists the IDRS actions that will release the TC 470.	Update AMS and close the case.
If a pending transfer or adjustment will not satisfy the module and the account was in TDA status or notice status prior to the input of the TC 470.	<ol style="list-style-type: none"> A. Input TC 472. B. Update AMS and close the case.
The module contains a TC 470 cc 95 (civil penalty appeal).	<ol style="list-style-type: none"> A. Do not reverse TC 470. B. Document AMS and close the case. C. If a follow up transcript issues in 15 cycles, fax a Form 4442, <i>Inquiry Referral</i> to CCP at (215) 516-1555. Notate "Hold on Collection activity has expired. Please re-input or reverse TC 470" .

TC 470 input date is less than 5 months (22 cycles) from the current date.	Take no action. Update AMS and close transcript.
TC 470 input date is 5 months (22 cycles) or more from the current date and the module has an open control base. Example: If the module is controlled to Erroneous Refund (ERRF), Automated Substitute for Return (ASFR) and Exam (may have RECN in the category).	A. Input a TC 470. Update AMS with comments TC470/EXPD .
TC 470 input date is 5 months (22 cycles) or more from the current date and it is determined that the TC 470 is not necessary.	Input TC 472.
If the TC 470 cc 90 is present on a MFT 44 (Form 990-PF, <i>Return of Private Foundation or Section 4947 (a) (1) Non exempt Charitable Trust Treated as a Private Foundation</i>) module.	A. Do Not reverse the TC 470. B. Input a TC 470 cc 90.
If module is MFT 31 and has been mirrored or split from an MFT 30 module, a TC 400/TC 402 should be present. As part of the process TC 470 may have been input (typically on OIC, Criminal Restitution and Insolvency cases). After a successful mirroring a TC 472 should have been input to reverse the TC 470.	A. If the mirroring/split process is complete, indicated by a posted TC 400/TC 402, reverse the TC 470 if it is still present. B. If the process is still pending take no action. (If another TC 470 is input and it is pending during the mirroring, it will cause the mirroring process to fail.)
TC 976 caused the W- freeze	Update AMS and close the case.

4. If TC 470 is not resolved and the module/account contains a freeze code, review the module to see if it is still necessary. Follow procedures in the table that provides procedures for modules containing a combination of a TC 470 and a freeze code.

Figure 5.19.10-4

If...	Then...
-Y Freeze Code	Update AMS and close the case.
-L Freeze Code	A. Reverse the TC 470. B. Update the other open control activity field with "TC470/EXPD".
Unreversed TC 520 (-V, -W or -VW)	Update AMS and close the case.
-Z or Z- Freeze Code	Update AMS and close the case.

**5.19.10.5.4 (02-01-2014)
Accounts Maintenance Transcripts (AM07)**

- The AM07 transcript generates when there is a credit balance on an account that contains a TC 130 and TC 150 and the CP 44 Notice was not resolved in 16 cycles. A V-freeze appears on the transcript and the related module on IDRS. If the transcript is not resolved within 14 days from the computer notice date, a control base with Category Code AMRH is automatically established.
- The following will explain the three statute transcripts that will generate for the AM07 if the module is open, regardless of any posting:
 - If the Assessment Statute Expiration Date (ASED) has expired, an AM-X-07 transcript will generate.
 - If the ASED will expire per the statute table or within six months, a statute transcript generates.
 - The follow-up transcript will generate in 16 cycles.
- Follow *IRM 5.19.10.3.10, Generation of CP 44 and CP 188*, to resolve.
- WI CSCSO works IMF accounts and SB/SE works BMF accounts.

**5.19.10.5.5 (09-16-2015)
CSED (SPC3) Transcript**

- A CSED Transcript (including SPC3 Transcripts) generates when:
 - The earliest CSED is expired, the latest is not expired
 - There is no unreversed TC 534 or a TC 400 hold present
 - Each debit module has a total module balance of $\equiv \equiv \equiv \equiv$ or more
 - An A- freeze appears on the credit and debit module
 - The A- freeze is released after eight cycles unless a TC 534 is input
 - A CSED Transcript generates even when the balance due is for accruals only
- There are several transaction codes or assessments that carry their own CSED. See *IRM 25.6.1.12, Collection Statute Expiration Date (CSED)*, for a list.
- WI CSCSO works IMF accounts and SB/SE works BMF accounts.

**5.19.10.5.5.1 (02-01-2014)
Processing CSED (SPC3) Transcript**

- Take no action on transcripts with the following criteria:

If...	Then...
A transcript issues on a TFRP module	Take no action. A separate transcript issues to the TFRP unit in the appropriate SB/SE CSCSO site.
Transcript module is in ST 12, ST 71 or ST 72	

2. Review CC IMFOLT/BMFOLT to identify the expired assessment that generated the transcript.
3. Follow the procedures in *IRM 5.19.10.4.7.1*, table, *MULTICSED Transcripts and Listings*.
4. Enter AMS history with the TC 534 amount and the Transaction Codes with their amounts that are included in the TC 534. After the amount of the write-off has been computed using DMI, access Sort/Show on DMI, save it as Excel and cut and paste the information to AMS. Indicate total interest and total FTP amounts that were included.
5. Due to the overpayment that must be released with TC 534, the 90 day rules under MULTICSED Transcript procedures do not apply to these transcripts.
6. Beginning in cycle 04 of 2013, CC ADJ54 has a new required field (CSED) to input the expired CSED that is associated with the TC 534. If the CSED date does not match an existing date on the tax module, TC 534 will unpost with UPC 193. This date will appear next to the posted TC 534 on the module.
7. The credit causing the A- freeze may not be applied to the CSED balance that has just expired, regardless of the date or posting cycle of the credit. It can only be applied to the balance that has not yet expired.
8. When a module has more than one assessment, it is required to have a TC 534 input on the module with a zero or a significant amount representing the assessment with the expired CSED. Beginning cycle 201304, it is no longer required to reverse the existing TC 534. Multiple TC 534s must now be input, for each expired CSED. Prior to cycle 04, there should be only one TC 534 on the module to cover all previously expired CSEDs.
9. If an incorrect amount is input with TC 534, reverse it with a TC 535. Re-enter TC 534 with the correct amount. Use CC REQ54/ADJ54 to reverse a previous write-off. Input the following fields:
 - A. Blocking Series – 19
 - B. INTCMP-DT - Enter the current date
 - C. Transaction Code – TC 535
 - D. Amount – Amount of previous TC 534 (do not use a minus sign)
 - E. Source Code – 0
 - F. Reason Code – 99
 - G. Hold Code – 3
10. Use CC REQ54/ADJ54 to write-off the expired amount. Input the following fields:
 - A. Blocking Series – 19
 - B. CSED - CSED date associated with the TC 534
 - C. Transaction Code – TC 534
 - D. Amount – Balance to be written off with a minus sign or a zero amount
 - E. Source Code – 0
 - F. Reason Code – 099
 - G. Hold Code – 3

Note:

For BMF accounts, leave the Source Code and RC fields blank.

5.19.10.5.6 (02-01-2014)

Claim Pending Collection Statute Transcript (AM 23W)

1. The AM 23W transcript is generated to alert the campus of the W- freeze condition created by a TC 470 cc 90, 93, or 95 and the tax module is within 180 days of the CSED.
2. Reverse any TC 470 cc 90 or 93 with TC 472.
3. TC 470 cc 95 is input when a taxpayer files a Civil Penalty Appeal. It suspends the CSED until Appeals makes a decision regarding the taxpayer's personal liability for unpaid trust fund taxes. After Appeal's decision, a TC 550 is input to correct the CSED and TC 470 cc 95 is reversed. For TC 470 cc 95 see *IRM 5.19.10.5.3, Accounts Maintenance Claim Pending (AM06W) Transcripts*.
4. WI CSCO works IMF accounts and SB/SE works BMF accounts.

5.19.10.5.7 (10-15-2012)

Notices of Potential Manual Penalty/Interest Adjustment (CP 86 and CP 186)

1. The CP 86/186 Notice generates when:
 - A payment transaction posts to a module and the credit amount is greater than the assessed module balance due amount, and
 - There is an interest or penalty computation restriction present
 - An account is transferred in from the Retention Register with Doc Code 51 or 52
 - An additional CP 86/186 Notice generates when subsequent credits post and the same situation as above is present. The AM function will work all CP 186s other than those meeting CSCO criteria.

Note:

The Retention Register contains all entity and tax modules removed from the Master File. Basic criteria for removal include: zero module balance, no freeze or unsettled condition(s) present, no activity to the module for 27 months.

2. Collection Operations will only work collection related issues, all others should be routed to the appropriate operation.

Reminder:

For accounts containing a TC 582 Federal Tax Lien, see *IRM 5.19.10.5.1(11), General Procedures For All Transcripts*.

3. Conditions which create restrictions are:

- Interest has previously been manually assessed (TC 340) or abated (TC 341)
- FTP penalty has previously been manually assessed (TC 270) or abated (TC 271)
- Any transferred in transaction (Doc. Code 51 or 52 posted)
- Assessed fraud penalty (TC 320)
- See *IRM 20.2.8.3, Manual Computations*, for other conditions that restrict interest from being systemically computed.
- Fiduciary return Form 1041, *U.S. Income Tax Return for Estates and Trusts*, assessed as an installment account (ST 14)
- Form 706, *U.S. Estate Tax Return*, assessed as an installment account (ST 14)

4. Verify the appropriate disaster declaration by accessing the Disaster Declarations/FEMA at <http://www.tris.irs.gov/fema/>.

5. WI CSCSO works IMF accounts and SB/SE works BMF accounts.

5.19.10.5.7.1 (10-15-2012)

Processing CP 86 and CP 186

1. Analyze the module and re-compute the interest and/or penalty using CC COMPA or COMPAF per *IRM 20.2, Interest*, and *IRM 20.1, Penalty Handbook*, and follow appropriate procedures. Determine what TC restricted the module.

Note:

Tools may also be used to compute interest or penalty charges. ACT/DMI is an approved software that can be used to compute interest. This tool is especially helpful for complicated cases.

2. If an unreversed TC 480 or TC 780 is present on the module, document AMS and close the control. If a previous transcript has been routed without resolution, contact Headquarters, following campus directions. If the TC 780 was reversed with a TC 788 and both statuses are ST 12, refer to (5) below. If the offer was withdrawn (TC 482), rejected (TC 481) or erroneously posted (TC 483) refer to (4) below.
3. If an unreversed TC 520 is on the account, refile any returns associated with notices and close the control. If the TC 520 was reversed with a TC 521, refer to (4) below.
4. If additional interest or penalty is due, input an adjustment transaction to assess the additional amount using CC REQ54. Caution should be taken when there is a 120% interest charge on the account. The interest TC will have a Julian date of 999.

Note:

The 120% interest, also known as Tax Motivated Transaction (TMT) interest, was repealed for returns due after 1989. See *IRM 20.2.5.9, Tax Motivated Transaction (TMT) Interest*, for more information.

- A. If the account was previously in ST 60, refer to *IRM 5.19.10.10.2.1, Full Paid Restricted Interest and Penalty Accounts — CSCSO Processing*, for processing. Provide necessary feedback to the IAAL Operation.
- B. If the account has a TC 270 or TC 271 on the module, it is a restricted account. Verify the percentage of the FTP penalty. If the FTP penalty maximum percentage has been assessed, input a TC 971 AC 262. Refer to *IRM 21.3.1.4.50, CP 86 Restricted Interest/Penalty Conditions*. To remove the prior restriction and allow automatic generation of the FTP Penalty by Master File, refer to *IRM 20.1.2.1.5, Manual Penalty Assessments*.

5. If no additional interest or penalty is due, input TC 290 for a zero amount with blocking series 15 and Hold Code (HC) 3 using CC REQ54. Use blocking series 00 if you have the original return. Use the CP 186 as your source document.

Note:

If no additional interest or penalty is due and the credit has been resolved and the account is in ST 12, do not input a TC 290 for zero.

6. Unless you are using blocking series 00 and have the original return, do not send any cases to file. Use NSD with comments and destroy the transcript.
7. If the account has a prior CNC, input under twelve months, a new liability or liabilities may generally be closed without further investigation for an amount up to (total of all modules)≡≡≡, including previous CNC modules.

Note:

Managerial approval is required for the new closure. See *IRM 5.19.17.1.1.9, CNC Managerial Approval*.

5.19.10.5.8 (02-01-2014)

Non-Master File Liability (NMFL) Transcripts

1. The Non-Master File Liability (NMFL) transcripts are generated when a second credit posts to a module after issuance of a CP 44 and the V- freeze created by the TC 130 remains on the taxpayer's account. When a TC 740 posts to the transcript module and creates a credit balance, the NMFL transcript will generate.
2. If the transcript cannot be resolved within 14 days from the computer notice date, control the transcript using Category Code CP 44 and enter "NMFL" in the history section of the control base.
3. If the module contains a TC 608 process following *IRM 5.19.10.5.2, PMTEXPCSED Transcripts*. Do not process following normal NMFL Transcript procedures.
4. Follow *IRM 5.19.10.3.10, Generation of CP 44 and CP 188*, to work all others.

5.19.10.5.9 (02-01-2014)

Duplicate Refund (DUPREF) Transcript

1. Due to CADE2 programming, the DUPREF transcript has been eliminated.
2. If an old DUPREF transcript appears on the Aged Case Listing, close the case with no further action.

[Next](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 11. Withholding Compliance Program

5.19.11 Withholding Compliance Program

- 5.19.11.1 [Withholding Compliance Program](#)
- 5.19.11.2 [Overview of Withholding Compliance Processing](#)
- 5.19.11.3 [General Case Processing](#)
- 5.19.11.4 [Outcome 2 Cases](#)
- 5.19.11.5 [Outcome 3 Case Processing](#)
- 5.19.11.6 [Referrals and Special Projects](#)
- 5.19.11.7 [Responses and Redeterminations](#)

Manual Transmittal

October 02, 2015

Purpose

(1) This transmits revised IRM 5.19.11, *Liability Collection, Withholding Compliance Program*,

Material Changes

- (1) IPU 14U1501 issued 10-17-2014 IRM 5.19.11.7.1.4 Clarification in paragraph 2.
- (2) IPU 14U1501 issued 10-17-2014 IRM 5.19.11.9 Added 2802C and 2805C to UD processing.
- (3) IPU 14U1501 issued 10-17-2014 IRM 5.19.11.7 Clarification in paragraph 13.
- (4) IPU 14U1501 issued 10-17-2014 IRM 5.19.11.3.7 Clarification in paragraph 2.
- (5) IPU 14U1501 issued 10-17-2014 IRM 5.19.11.5.3.3 Clarification for non SSN owners.
- (6) IPU 14U1501 issued 10-17-2014 IRM 5.19.11.10.14 Clarification in Note in table in paragraph 1.
- (7) IPU 14U1501 issued 10-17-2014 IRM 5.19.11.10.17 Clarification on TC 972 AC 146.
- (8) IPU 14U1634 issued 11-26-2014 IPU IRM 5.19.11.10.2 Clarification on Bankruptcy procedures.
- (9) IPU 14U1706 issued 12-23-2014 IRM 5.19.11.10.14 Clarification on ID theft procedures.
- (10) Editorial updates throughout
 - IRM 5.19.11.11(6) was added to address managerial approval on all civil penalties.
 - IRM 5.19.11.7.3.1 (1) corrections made to the date in the note section.

Effect on Other Documents

This IRM supersedes IRM 5.19.11 dated September, 8, 2011. The following IRM Procedural Updates (IPU's), issued between October 17, 2014 through December 23, 2014, have been incorporated into this IRM: 14U1501, 14U1634 and 14U1706.

Audience

Small Business/Self-Employed (SB/SE) employees in Compliance working withholding compliance issues.

Effective Date

(10-02-2015)

Phyllis Brown
Director, Collection Inventory Delivery & Selection
Small Business/Self Employed

5.19.11.1 (11-01-2008) Withholding Compliance Program

1. The mission of the Withholding Compliance program (WHC) is to ensure taxpayers who have serious under-withholding problems are brought into compliance with federal income tax withholding requirements. The program uses Form W-2, *Wage and Tax Statement*, information to identify taxpayers with insufficient withholding.
2. The goal is to correct withholding to ensure that taxpayers have enough income tax withheld to meet their withholding tax obligations.

5.19.11.1.1 (03-15-2012)

Authority Under the Internal Revenue Code (IRC) and Regulations

1. Internal Revenue Code (IRC) Section 3402 and IRC Section 3403 provide the legal authority for the withholding of federal income tax from wages and other forms of income. IRC Section 3402 specifies the general form and content of withholding allowance certificates and outlines the basis for claiming withholding allowances or exemption from withholding.

2. Regulations in 26 CFR Part 31, Employment Taxes and Collection of Income Tax at Source, provide guidance for implementation of IRC Section 3402.
3. Section 31.3402(f)(2)–1(a) requires each employee to furnish his or her employer with a signed withholding exemption certificate on or before starting employment. The maximum number of withholding allowances to which an employee is entitled depends upon the following:
 - Marital status
 - Filing status
 - Number of dependents
 - Number of allowances claimed by a spouse (if any) on a Form W-4
 - Estimated itemized deductions, tax credits, and certain other deductions from income
4. The requirement for employers to routinely submit copies of questionable Form W-4, *Employee's Withholding Allowance Certificate* to the IRS has been eliminated. Regulations, as set forth in Section 31.3402(f)(2)–1(g), require employers to submit copies of any currently effective withholding exemption certificates only if directed to do so in a written notice to the employer or if directed to do so under any published guidance.
5. An employer must honor a **valid** withholding allowance certificate furnished by an employee until the Service provides the employer with written notice to disregard it (a lock-in letter). The IRS may issue such a notice after it determines that an employee's withholding claim is unjustified based on IRS records **without** first obtaining a copy of the Form W-4 from the employer.
 - A. The employer is required to withhold at the status and number of allowances specified in our notice. However, if the status and allowances claimed on the employee's current Form W-4 or a new Form W-4 will result in **MORE** income tax withholding than at the status and allowances specified in our notice, the employer must honor the Form W-4.
 - B. If an employee disagrees with our determination, he or she must contact the Withholding Compliance Unit and provide information supporting a change to the status and allowances specified in our notice.
6. Section 31.3402(m)–1 of the Employment Tax Regulations specifies items used to compute withholding allowances. Estimated amounts of deductions, losses, and credits used to compute withholding allowances may not be more than:
 - A. The amount claimed on the prior year tax return (or, if not yet filed, the tax return for the preceding taxable year) which the employee reasonably expects to show on the current year tax return, plus
 - B. Additional amounts that are demonstrably attributable to identifiable events.
7. An employee may claim exempt from withholding by furnishing the employer with a valid exempt Form W-4 certifying that he/she:
 - A. Had no tax liability for the preceding taxable year, and
 - B. Expects no tax liability for the current taxable year.
8. Exempt W-4 forms, generally expire on February 15th of the year after they were furnished by the employee. If an employee fails to furnish a new W-4, the employer is required to withhold as if no valid W-4 was in effect, "single" status with "zero" withholding allowances. If, however, a prior Form W-4 is in effect for the employee, the employer must continue to withhold based on the prior Form W-4. Refer to Publication 15, (Circular E), *Employer's Tax Guide*, for additional guidance.
9. IRC Section 6682 and the related tax regulations allow the assessment of a \$500 civil penalty on an individual for furnishing a false W-4 if:
 - A. The statement made on the Form W-4 results in less income tax withheld than would have been withheld if the Form W-4 had been correctly completed, and
 - B. There was no reasonable basis for such a statement at the time that the statement was made.
10. IRC Section 3403 makes an employer liable for tax imposed under IRC Section 3402 and the related tax regulations:
 - A. The employer is liable for the appropriate amount of withholding whether or not it is actually deducted from the employee's pay. This liability includes tax computed according to the withholding instructions we give the employer in a lock-in letter.
 - B. Assessments under IRC Section 3403 are made by Employment tax examiners in the Technical Support function and by Revenue Agents in Examination.

5.19.11.2 (05-01-2006)

Overview of Withholding Compliance Processing

1. This IRM section explains the Withholding Compliance process.

5.19.11.2.1 (09-08-2014)

Withholding Compliance Case Creation Using Forms W-2, Wage and Tax Statement

1. Employers are required to give Form W-2, *Wage and Tax Statement*, to their employees by January 31st of the year following the year in which the wages were paid. A copy of Form W-2 must also be filed with the Social Security Administration (SSA) by the last day of February of the following year (March 31st if filed electronically). W-2 records filed with the SSA are subsequently transmitted to the IRS and loaded into the Information Returns Master File (IRMF).
2. Application of the WHC business rules results in three potential outcomes:
 - **Outcome 1:** No tax compliance problem is indicated. A WHC case is not created.
 - **Outcome 2:** Withholding compliance problem was identified; lock-in letter systemically issued. Taxpayer has 60 days to respond to the letter before the case proceeds to the next step
 - **Outcome 3:** Withholding compliance problem was identified; manual review required prior to the lock-in letter issuance.
3. WHC cases are created in June. Each calendar year, ECC will update all tax year dates to correspond to the current calendar year.
4. W-2 forms received from SSA after the initial case creation are considered "Additional Forms W-2" (AW2) and are processed by WHC at the end of each calendar year following the year in which the wages were paid.
5. The Enterprise Computing Center (ECC) puts the Form W-2 record into a unique format for WHC. =====
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6. The Form W-2 records are then sorted by Social Security Number (SSN) and Name Control.

7. Additional business rules are applied to filter records to:

- A. Determine whether the SSN is valid or invalid.
- B. Match SSN's against Master File (MF). If a record is found in the valid or invalid segments of MF, proceed with the compliance check. If there is no record on MF, select regardless of compliance check.
- C. Current year return was filed and not full paid.
- D. Current year return was not filed. Prior year return was not filed or was filed with a balance due.

Note:

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8. =====

9. Taxpayers in the following statuses are excluded:

- Combat Zone
- Killed in Terrorist Action (KITA)
- Offer in Compromise (OIC)
- Bankruptcy
- Date of Death (DOD) is less than 24 months

**5.19.11.2.2 (09-08-2014)
 Campus Case Processing Overview**

1. WHC cases will be worked by the Withholding Compliance Unit at the Andover & Austin Compliance Campuses.
2. Organization Function Program (OFF) codes have been established for WHC.
3. The following 97X transaction codes (TC) have been designated to identify actions on WHC cases:

TC 97X	Action Code	Manual/Systemic	Description
971	146	Manual/Systemic	<ul style="list-style-type: none"> • Lock-in Letter issued
972	146	Manual/Systemic	<ul style="list-style-type: none"> • Lock-in released • Lock-in issued in error
971	147	Systemic	<ul style="list-style-type: none"> • Outcome 3 case; listing generated
971	148	Manual	<ul style="list-style-type: none"> • Lock-in rate modified • Lock-in rate reviewed with no change
971/972	149	Manual/Systemic	<ul style="list-style-type: none"> • Reserved

4. Taxpayers with unreversed TC 971 AC 146 transactions are identified by the following IMF entity indicator codes:

- CC ENMOD screen: WHCCI>1
- CC IMFOLE screen: WHC

Note:

The entity indicator will be set on Outcome 3, referrals and other manually input cases, when the TC 971 AC 146 transaction posts.

5. TC 971 AC 147 will be used to generate listings of Outcome 3 cases to the site to be worked. The transaction shows the reason code for Outcome 3 selection.
6. TC 971 AC 146 will post to Master File to identify Outcome 2 cases where a lock-in letter has been systemically issued. The transaction will appear on the year in which the taxpayer was locked in and will provide the following information:
 - TC 971 transaction date
 - Employer Identification Number (EIN) of taxpayer's employer(s)
 - Lock-in status and the number of allowances
7. Subsequent transactions will be posted to the year in which the taxpayer was locked in.
8. WHC case inventory will come from three sources:
 - Taxpayer correspondence and telephone calls
 - Listings containing Outcome 3 cases requiring manual review
9. Cases will be batched through Account Management Services (AMS) and assigned to a tax examiner. AMS will open an IDRS control base using the year in which the lock-in letter was issued.

10. Tax examiners will

- Make lock-in determinations and issue lock-in letters
- Reconsider previous lock-in determinations based on information supplied by the taxpayer
- Assess and abate Form W-4 civil penalties
- Address the entire taxpayer account including all balance due and/or unfiled return issues
- Update IDRS, Withholding Compliance System (WHCS) and AMS as applicable

5.19.11.2.3 (09-08-2014)

WHC Letters and References

1. WHC outgoing correspondence consists of the Correspondex generated letters shown below. Current versions of the letters are available on Servicewide Electronic Research Project (SERP) using the Forms/Letters/Pubs tab.

- Letter 2800C, *WHC Lock-in Letter to Employer*. WHC Lock-in Letter (To Employer).
- Letter 2801C, *WHC Lock-in Letter to Employee*. WHC Lock-in Letter (To Employee).
- Letter 2802C, WHC Compliance Letter (Self Correct Notice).
- Letter 2804C, *Civil Penalty Abatement Denied* .Form W-4 Penalty Abatement Denied (To Employee).
- Letter 2805C, WHC Lock-in Letter to Employee (Spousal Consent letter).
- Letter 2808C, *WHC Modified Lock-in to Employer*. WHC Modified Lock-in (To Employer).
- Form 2809C, *WHC Release of Lock-in (Tp Employer)*. WHC Release of Lock-in (To Employer).
- Letter 2810C, *WHC No Change (To Employee)*. WHC No Change (To Employee).
- Letter 2811C, *WHC Penalty Abatement Accepted (To Employee)*. Form W-4 Penalty Abatement Accepted (To Employee).
- Letter 2812C, *WHC Redetermination Acceptance*.. WHC Modified Lock-in (To Employee).
- Letter 2813C, *WHC Release of Lock-In (to Employee)*.. WHC Release of Lock-in (To Employee).
- Letter 3042C, *Regulatory Authority Information Letter*. Information on the Legal Authority for the IRS Withholding Compliance Program (To Employee).
- Letter 4074C, *WHC - Reply to Employer Inability to Change Automated W-4 System*. WHC - Reply to Employer Inability to Change Automated W-4 System.
- Letter 4243C, Withholding Compliance Additional Information Request. Withholding Compliance Additional Information Request.

2. The following forms and publications and notices are also used:

- Pub 17, *Your Federal Income Tax (For Individuals)*
- Pub 5, *Your Appeal Rights and How To Prepare A Protest If You Don't Agree*
- Pub 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*
- Pub 505, *Tax Withholding and Estimated Tax*
- Pub 514, *Foreign Tax Credit For Individuals*
- Pub 515 *Withholding of Tax on Nonresident Aliens and Foreign Entities*
- Pub 2105, *Why Do I Have to Pay Taxes?*
- Pub 15 (Circular E), *Employer's Tax Guide*
- Pub 972, *Child Tax Credit*
- Pub 1915, *Understanding Your IRS Individual Taxpayer Identification Number (ITIN)*
- Withholding Pay Period Calculator
- Form W-4, *Employee's Withholding Allowance Certificate*

5.19.11.3 (05-01-2006)

General Case Processing

1. This section contains procedures for working withholding compliance cases.

5.19.11.3.1 (09-08-2014)

Telephone Contact Procedures

1. In order to deliver quality customer service, take all appropriate actions to correct withholding, address any balance due account(s) and/or solicit unfiled returns while the taxpayer is on the telephone.

Note:

If you determine that the taxpayer has obtained the WHC unit toll-free number erroneously and does not have a withholding issue, determine the taxpayer's specific issue and transfer the call following the table in paragraph 9 below .

2. When you identify the topic of the call:

- A. Advise the caller that you are transferring his/her call to the area that handles the question (identify the specific area).
- B. Transfer to a specific line by pressing "inside line" key
- C. Then, press #,

D. Then, dial the appropriate five digit extension,

E. Then, press the enter key,

F. Then, press the transfer key

3. If translation is needed for non-English speaking taxpayers, offer the taxpayer Over-the-Phone Interpreter Service (OPI).

4. The following steps should be taken on all calls:

- Greet the taxpayer - Be sure to provide your name and identification number at the beginning of the call. For additional information, see IRM 21.1.1.7, *Communication Skills*.
- When you receive a call from a taxpayer regarding his/her tax account information, you are under no obligation to determine if the taxpayer is using an unsecured platform such as a cell phone. However, if you become aware that the taxpayer is using a cell phone (e.g., the taxpayer states he/she is calling from a cell phone, etc.), you may advise the taxpayer of the disclosure risk of using the cell phone to discuss his/her account information.
- To contact IRS, hearing impaired callers may choose to use the Federal Relay Service (FRS), a state relay service or any other relay service, or any third party assistant (friend or family). For further instructions concerning Hearing Impaired Calls refer to IRM 21.2.1.59, *Deaf/Hard of Hearing (DHOH) Callers and TTY/TDD Equipment* and IRM 21.3.8.5.1.2, *Hearing Impaired Customers and TDD Equipment*
- When contacted by an employer ask the caller for the name and Social Security Number (SSN) of the taxpayer to which the call relates, then document the taxpayer case as appropriate. If the employer calls for verification of a modification, provide the employer with the modified withholding status and allowances, **only**. Do not discuss Form W-4 calculations or case selection criteria.
- If an employer calls with a "general" question regarding WHC or the lock-in letter, document AMS under the EIN.
- Disclosure verification must occur before assisting taxpayer on account related calls. Follow procedures in IRM 21.1.3.2.3, *Required Taxpayer Authentication*. If talking to the taxpayer's representative follow procedures in IRM 21.1.3.3, *Third Party (POA/TIA/F706) Authentication* then see IRM 5.19.11.3.4, *CAF/POA Requirements*.
- Verification of the taxpayer's phone number on ENMOD is required on all account related calls in which disclosure verification has occurred. When necessary, update this information.

Note:

If ENMOD or IDRS is currently unavailable, follow-up action will be performed when systems become available.

- Check Case Status - Check SUMRY and/or CC IMFOLI for any filing and/or payment delinquencies. See IRM 5.19.11.7, *Responses and Redeterminations*, for delinquent return procedures. See IRM 5.19.11.3.7, *Installment Agreement (IA) Taxpayers*, for installment agreement procedures.

5. Key points for every call:

- Maintain a professional and courteous tone.
- Control direction of the call, keep focused on resolution of taxpayer's issues.
- Give accurate and complete assistance.
- Place the taxpayer on hold when needed to perform research or complete case actions. Use the hold feature, not the mute feature.

Note:

Advise the taxpayer of the reason for the delay (e.g., additional research needed, etc.), ask for permission to place the taxpayer on hold and wait for a response. Thank him or her for holding.

- Take all appropriate steps to address any delinquencies while the taxpayer is on the telephone.
- Confirm to the taxpayer all the actions taken before closing the call.

6. When working balance due accounts, follow procedures in IRM 5.19.11.3.7.1, *WHC Initiated Installment Agreements*. When working return delinquency accounts, follow procedures in IRM 5.19.11.7, *Responses and Redeterminations*. Document AMS with actions taken.

7. If all case actions cannot be completed (i.e. breaks, lunch, tour of duty), insert case on AMS as correspondence and complete actions as soon as possible after your scheduled phone time.

8. If the Taxpayer has a tax law question, verify the type of tax law before transferring the call as described in 9 below. Accounts Management will continue to answer tax law inquiries on a limited number of topics. These topics include:

- Tax Exempt Government Entities (TEGE)
- Special Services: Military or Civilian Combat; Federally Declared Disaster
- Affordable Care Act (ACA)
- International Tax Law (overseas calls only)

For all other tax law questions state: "I'm sorry, but we do not provide live assistance on this topic. For assistance, you can go to:

- www.irs.gov - Select the Help & Resources' tab on the irs.gov home page. Options are listed on the left side of the page
- Interactive Tax Assistant- Enter "ITA" into the Search feature
- IRS Tax Map- Enter "IRS Tax Map" into the Search feature for more detailed information
- Tele Tax: 1-800-829-4477 for information on a variety of tax topics - If they don't have internet access. After the selection of the language preference, press 2 to enter the Tele-Tax topics, then press 123 and follow the prompts to find the right Tele-tax topic. Also, suggest that many commercial software packages also provide answers to tax questions or seek help from a tax professional.

Close the Call.

Exception:

If the caller does not want to be referred to the website: Transfer the call to: Out-of-scope automated message listed under #92194 (English) and #92195 (Spanish). If unable to transfer to #92194 or #92195 use #92001.

9. All WHC issues should be addressed **before** transferring. The assistor should inform the taxpayer they are being transferred and advise caller of what topic to request after the transfer. The assistor should document AMS history with the reason for the transfer.

When Issue is	Function	Use the following to resolve the call
Balance Due (non Status 22)	Accounts Management Toll Free Lines (AM) Hours of Operation are 7:00 a.m. to 7:00 p.m. local time. If outside of the hours of Operation, advise taxpayer of AM hours and call the appropriate AM toll free number 1-800-829-1040.	#92010 English #92011 Spanish
Account issues (Refunds and any account issues that do not pertain to the WHC case)		#92020 English #92021 Spanish
Balance Due (IDRS Status 22)	ACS	#92080 WI English #92071 WI Spanish #92085 SB English #92076 SB Spanish
Open TC 420 or -L Freeze	Exam Hours of Operation are (WI) 8:00 a.m. to 8:00 p.m. local time. (SBSE) 7:00 a.m. to 7:00 p.m. local time	IRM 21.5.10-2, AIMS STATUS CODE GUIDE CORRESPONDENCE EXAM
Accounts with an Open AUR account	AUR Hours of Operation are 7:00 am to 8:00 p.m. local time. If outside of the hours of Operation, advise taxpayer of AUR hours and to call the appropriate AUR toll free number (W&I) 1-800-829-3009 (SBSE) 1-800-829-8310	IRM 21.3.1.4.58, Copies of CP 2000, CP 2501, 2893C Letter
FERDI accounts <ul style="list-style-type: none"> "Federal Employee" in the Alerts box of the Account Summary Screen ACSWEB - "FE" in the Alerts section IDRS CC ENMOD screen - "FED-EMP>F" CFOL CC IMFOLE screen - "FEEMPLOY/RETIREE" 	ACS (Status 22) FERDI Issues IRM 5.19.18.2, Identifying FERDI cases	#92082 English/Spanish
Out-of-scope automated message	Intentionally Left Blank	#92194 (English) #92195 (Spanish) Note: If unable to transfer to #92194 or #92195, use #92001.

5.19.11.3.2 (09-16-2013)
Case Research

1. In order to make proper case decisions, research and utilize the systems shown below.

5.19.11.3.2.1 (02-09-2011)
WHCS

1. WHCS provides information on the taxpayer, his/her employers, lock-in and/or other WHC letters issued, transaction dates, and lock-in rate, if applicable.
2. See the WHCS User Guide for instructions on adding or updating taxpayer records.

5.19.11.3.2.2 (05-12-2010)
AMS

1. WHC case actions are documented in the AMS history. WHC histories can be identified by the literal "WHC" .

5.19.11.3.2.3 (12-04-2009)
IDRS

1. The TC 971 transactions are shown on IDRS.
2. Case information can be verified through various command codes, including, but not limited to IRPTR, RTVUE, IMFOL, NAMES, and ENMOD.

5.19.11.3.2.4 (09-16-2013)
IAT

1. IAT is mandatory for Withholding Compliance. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to IAT tools are required to complete the action using the IAT tool. See IRM 5.19.1.1.7 ,*Mandated IAT Tools*, for a list of mandated IAT tools.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see IAT Website

5.19.11.3.3 (12-31-2010)
Case Documentation

1. Complete and accurate case documentation promotes quality and consistency in working WHC cases.
2. Document each taxpayer contact and/or action taken on the case in AMS history.
3. AMS history should contain enough information so that any person subsequently reading the history can easily determine what decisions were made, why those decisions were made, what actions were taken, and what further actions are required to resolve the case.
4. Complete documentation includes, but is not limited to the following:

- A listing of verification documents or information requested from the taxpayer and/or employer
- Taxpayer deadlines and follow-up dates
- Telephone numbers provided in taxpayer contact
- Address source, if other than ENMOD
- Letters issued to the taxpayer and/or employer with EIN
- Letters **not** issued to the taxpayer and/or employer with EIN
- TC 971/972 AC 146/148 codes with appropriate disposition codes
- Line by line summary of Form W-4 Worksheet calculations supporting any change in the lock-in rate
- The specific reason for release of a lock-in letter

5. Add or update case information to WHCS as appropriate. See the WHCS User Guide for instructions. Update IDRS and AMS as appropriate.

5.19.11.3.4 (09-08-2014) CAF/POA Requirements

1. Accountants, attorneys, enrolled agents, or other persons acting as representatives through whom a taxpayer requests assistance from the Service, must have a valid Power of Attorney (POA). For Centralized Authorization File (CAF) purposes, representative must submit a Form 2848, *Power of Attorney and Declaration of Representative*. Taxpayers may also authorize the release of their tax information to representatives and others through the use of a Form 8821, *Tax Information Authorization*. We refer to powers of attorney as "POAs" and tax information authorizations as "TIAs".

Reminder:

Form 8821, *Tax Information Authorization* does not authorize discussion of collection issues.

2. Any form used in lieu of these two forms should contain the following information:

- Name, and mailing address of the taxpayer,
- Identification number of the taxpayer (e.g., Social Security Number, Individual Taxpayer Identification Number (ITIN), Employer Identification Number),
- Name and mailing address of the representative(s)/appointee(s) ,
- The type of tax involved, the federal tax form number, the specific year(s)/period(s) involved (in estate matters the decedent's date of death), and specific tax matter or actions to be performed,
- The taxpayer's signature(s),
- In the case of a Form 2848, *Power of Attorney and Declaration of Representative* a completed Declaration of Representative (Part 2).

Note:

Item 2(f) above DOES NOT APPLY TO TIAs.

3. The tax year listed on the POA or TIA must match the year in which you are working the withholding issue.

Example:

We issued Letters 2800C/2801C on a TY 2009 case in October, 2011. The POA or TIA form should contain the following information: *Form 1040, Income Tax, for Calendar Year 2011*.

In the above example, if the letters were issued in January, 2012, the form should contain the following information: *Form 1040, Income Tax, for Calendar Year 2012*.

- If the POA or TIA form only includes the current year, you cannot discuss any other years. Ask the taxpayer's representative to submit a new form to cover the years to be discussed. Use general information to explain the Withholding Compliance program.
- If you are speaking to the taxpayer's representative by telephone, research IDRS using CC CFINK to determine if the POA or TIA is already on file. If the POA or TIA is on file, verify that it includes the correct tax period. If it does not include the correct tax period, or there is no record on CC CFINK, advise the taxpayer's representative to submit a new or updated signed form.
- If correspondence is received from a third party and there is no record on CC CFINK, or no Form 2848 or Form 8821 attached, use Letter 0135C to advise the third party that we do not have a POA form on file. Use paragraphs E or F, and H, as part of your response.
- If the Form 2848 is attached to the taxpayer's correspondence, compare the information on the form with the information found on CFINK to verify it is for the same tax period. If no information present on CFINK and the form is acceptable, photocopy the form, attach the copy to the correspondence, and then fax the original to the POA functional processing area as specified on Form 2848, instructions for processing.
- If authorization as in (2) above is not attached, before replying to a person other than the taxpayer who states he/she has a POA or TIA for the taxpayer, research the CAF using CC CFINK. Ensure that we have his/her POA or TIA on file before sending any information. If there is no POA or TIA, send the information directly to the taxpayer. Notify the taxpayer using Letter 4243C that a third party inquiry was received from (name), we have no record of a POA or TIA, and without a POA or TIA we are not permitted to furnish information to a third party.

5.19.11.3.5 (05-12-2010) Invalid Form W-4

- DO NOT** initiate a lock-in letter, reconsider or modify any previously issued lock-in letter, or process any referral based on an invalid Form W-4.
- Any alteration of, or unauthorized addition to a Form W-4 makes it invalid.
- Invalid W-4 forms can be recognized by
 - Deletion of the language of the jurat. For example: crossed out penalty of perjury statement above the signature
 - Defacement of the certificate
 - Any writing on the Form W-4 other than the entries requested
- An employer who receives an invalid Form W-4 from an employee must take the following actions:

- A. Inform the employee that the Form W-4 is invalid
 - B. Request another Form W-4 from that employee
 - C. Until the employee furnishes a new Form W-4, withhold tax from the employee's wages at marital status single, with zero (0) allowances
 - D. If, however, a prior Form W-4 is in effect for the employee, the employer must continue to withhold based on the prior Form W-4
5. If an invalid Form W-4 is submitted with a referral, reject the referral. Notify the originator to advise the employer to follow the procedures outlined in (4) above.
 6. If the taxpayer submits an invalid Form W-4 in response to a lock-in letter, or with a request for reconsideration of a previously issued lock-in letter, issue Letter 4243C to advise the taxpayer that the Form W-4 is invalid and ask for a new one. **DO NOT** process any request for reconsideration based on an invalid Form W-4.

5.19.11.3.6 (09-08-2014)

Referrals to Taxpayer Advocate Service

1. Refer taxpayers to the Taxpayer Advocate Service (TAS) (see IRM Part 13, *Taxpayer Advocate Service*) when the contact meets TAS criteria (see IRM 13.1.7.2, *TAS Case Criteria*) and you can't resolve the taxpayer's issue the same day. Refer to IRM 13.1.7.4, *Same-Day Resolution by Operations*.

5.19.11.3.7 (10-17-2014)

Installment Agreement (IA) Taxpayers

1. Check case status on SUMRY. If status is 60, the taxpayer has an approved installment agreement. Work according to general processing procedures unless the taxpayer raises a concern about their ability to meet established IA payments.
2. If the taxpayer raises this concern, use the Withholding Per Pay Period calculator to determine the taxpayer's new estimated take-home pay amount. Advise the taxpayer of the new estimated take-home pay. If the TP needs to adjust their IA transfer the phone call according to *IRM 5.19.11.3.7.1, WHC Initiated Installment Agreements*.

5.19.11.3.7.1 (01-22-2014)

WHC Initiated Installment Agreements

1. If the taxpayer has a balance due account please use the table in paragraph 2 below:
2. All WHC issues should be addressed before transferring. The assistor should inform the taxpayer they are being transferred and advise caller of what topic to request after the transfer. Document AMS history with the reason for the transfer.

When Issue is	Function	Use the following to resolve the call
Tax Law (Default Screener) - Inform Taxpayer of the topic/issue they need to have addressed when transferred	Accounts Management Toll Free Lines (AM) Hours of Operation are 7:00 a.m. to 7:00 p.m. local time. If outside of the hours of Operation, advise taxpayer of AM hours and call the appropriate AM toll free number 1-800-829-1040.	#92001
Balance Due (non Status 22)		#92010 English #92011 Spanish
Account issues (Refunds and any account issues that do not pertain to the WHC case)		#92020 English #92021 Spanish
Balance Due (IDRS Status 22)	ACS	#92080 WI English #92071 WI Spanish #92085 SB English #92076 SB Spanish
Open TC 420 or -L Freeze	Exam Hours of Operation are (WI) 8:00 a.m. to 8:00 p.m. local time. (SBSE) 7:00 a.m. to 7:00 p.m. local time	IRM 21.5.10-2, AIMS STATUS CODE GUIDE CORRESPONDENCE EXAM
Accounts with an Open AUR account	AUR Hours of Operation are 7:00 a.m. to 8:00 p.m. local time. If outside of the hours of Operation, advise taxpayer of AUR hours and to call the appropriate AUR toll free number (W&I) 1-800-829-3009 (SBSE) 1-800-829-8310	IRM 21.3.1.4.58, Copies of CP 2000, CP 2501, 2893C Letter
FERDI accounts <ul style="list-style-type: none"> • "Federal Employee" in the Alerts box of the Account Summary Screen • ACSWEB - "FE" in the Alerts section • IDRS CC ENMOD screen - "FED-EMP>F" • CFOL CC IMFOLE screen - "FEDEMPLOY/RETIREE" 	ACS (Status 22) FERDI Issues IRM 5.19.18.2, Identifying FERDI Cases	#92082 English/Spanish

5.19.11.3.8 (09-16-2013)

Cases Assigned to Collection Field function

1. When working a WHC case with at least one balance due module in status 26 and/or a Taxpayer Delinquency Investigation (TDI) assigned to Collection Field function (CF) you must contact the Revenue Officer (RO) assigned the case.
 - A. Research the RO by TSIGN/ZIP/STATE on SERP to identify the assigned RO.

Exception:

There are 2 exceptions where a Status 26 is not assigned to an RO or group. MMIA with an assignment code of "35XX6XXX" or ASFR where the last 4 digits of the assignment code is "8000". Do not refer these cases to an RO.
 - B. Before taking any further action on the case, advise the field employee of WHC case actions taken to date. Coordinate any additional WHC case actions with the employee.
2. If the RO directs you to release the lock-in(s) take the following actions:
 - A. Document the employee's name, employee number, and telephone number in the AMS history along with the actions requested and taken.
 - B. Update WHCS.
 - C. Resolve the case as directed.

3. If the RO agrees that the lock-in(s) should remain in place and the RO can provide additional information to assist in the resolution of the WHC case, document AMS history with the employee's name and employee number and any additional information provided. Proceed to resolve the WHC case.
4. If the RO does not respond to your initial contact attempt within one week, make a second call. Each attempted contact must be documented on AMS. AMS will update the status code on IDRS. Use CC ACTON to update the IDRS Control Base and History Information with the appropriate activity.
 - If you are still unable to reach the RO, leave a message requesting a return call within two days.
 - Advise them that you will proceed with general WHC case processing if they do not respond.
 - Document these actions in AMS.
5. When working a WHC telephone call where the taxpayer account meets the conditions in (1) above, take the following actions:
 - A. While the taxpayer is on the telephone, secure and document in AMS all necessary information to resolve the WHC case.
 - B. Advise the taxpayer that you will coordinate with the assigned RO to resolve their case and they will be notified by mail of withholding case resolution.
 - C. Follow procedures in (1) through (4) above.

5.19.11.3.9 (03-15-2012) Lock-In Letters

1. Letter 2800C and Letter 2801C, mailed to the employer and the taxpayer, respectively, are commonly known as the "**lock-in letters**". Letter 2800C instructs the employer to disregard Form W-4 submitted by the taxpayer and withhold at the marital status and the number of allowances determined by the Service. Letter 2801C advises the taxpayer that the employer has been instructed to disregard Form W-4 submitted by the taxpayer and withhold at the rate specified in Letter 2800C, unless the Form W-4 results in more tax withheld than the lock-in letter.
2. Mail Letter 2801C to the taxpayer's last known address as defined by Treas. Reg. Sec. 301.6212-2. As a general rule, the last known address is the address that appears on the taxpayer's most recently filed tax return or as updated by the National Change of Address (NCOA) database. For further guidance regarding the definition of the last known address see Rev. Proc. 2010-16, 2010-19 IRB.
 - A. If the taxpayer's name and social security number (SSN) do not match, always use the Master File address (including reverse validity) belonging to the case SSN.
 - B. If the last known address can not be determined (there is no entity on Master File), the Service may use the address on the most current Form W-2 for mailing the lock-in letter to the taxpayer. If each Form W-2 shows a different address, use the address on the one showing the most wages. **DO NOT** update the taxpayer's address of record on Master File, but add the address information to the AMS history and to WHCS.
3. Letter 2800C and Letter 2801C are mailed at the same time.
 - Letter 2801C instructs the taxpayer to respond to us within 30 days if the taxpayer wishes to request a modification.
 - Letter 2800C instructs the employer to lock-in the employee starting with the first pay period ending on or after **60 days** from the date of the letter. This ensures that the taxpayer has ample time to respond to the proposed lock-in.

5.19.11.4 (05-19-2010) Outcome 2 Cases

1. These cases meet lock-in criteria. Cases are systemically loaded into WHCS. They are designated as Outcome 2 on the WHCS Taxpayer Summary screen and WHCCI>1 on ENMOD. The TC 971 AC 146 appears on the tax year that the letter is issued.
2. Letter 2800C and Letter 2801C are systemically issued.
3. See *IRM 5.19.11.7, Responses and Redeterminations*, for guidance in working telephone and/or paper responses to the letters.

5.19.11.5 (09-08-2014) Outcome 3 Case Processing

1. These cases meet lock-in criteria but fall into categories which require manual review by tax examiners before issuing Letter 2800C and Letter 2801C, commonly known as lock-in letters.
2. Outcome 3 cases will be issued on a weekly listing. The listing will contain the following literals identifying the category type:
 - CID - *IRM 5.19.11.5.1, Criminal Investigation Cases (CID)*
 - DIS - *IRM 5.19.11.5.2, Disaster Relief Cases (DIS)*
 - SSN - *IRM 5.19.11.5.3, SSN Issues (SSN)*
 - IRS - *IRM 5.19.11.5.4, IRS Employees (IRS)*
 - ADD - *IRM 5.19.11.5.5, Incomplete or Foreign Address (ADD)*
 - AW2 - *IRM 5.19.11.5.6, Additional Forms W-2 (AW2)*
3. Thoroughly research the account as the preceding Outcome 3 category types are not mutually exclusive.
4. When working the listing, only research and work those employers shown on the listing.
 - A. Research WHCS and IDRS to eliminate those employers who were issued lock-in letters in the past twelve (12) months.
 - B. To determine whether a lock-in was previously issued, look for an unreversed TC 971 AC 146, cross-referenced to that employer, within this period.
 - C. For those employers eliminated, update WHCS with TC 972 AC 146 and disposition code "ERR" and document AMS.
 - D. Do not update IDRS.
5. Multiple taxpayers using the same SSN when filing their tax returns are classified as "mixed entity" or "scrambled SSN" cases.
 - A mixed entity case is created when two or more taxpayers complete a tax return with the same TIN.
 - The case becomes a scrambled SSN case when the true owner of the SSN cannot be identified.

Caution:

Do not take any action on cases with an open control base to the Scrambled SSN unit. Document AMS. Update WHCS with TC 972 AC 146 and disposition code "SSN" and close the case.

6. If a lock-in letter to an employer was issued more than twelve months ago take the following actions:

- A. If your research shows that the lock-in rate has been modified within the past six months, as evidenced by a TC 971 AC 148, cross-referenced to that employer, do not issue another lock-in letter. Update WHCS with TC 972 AC 146 and disposition code "ERR" and document AMS. Do not update IDRS.
- B. If your research shows that the lock-in rate has not been modified within the past six months and the taxpayer does not meet the special handling criteria in (10) below, issue another lock-in letter at the single and zero rate. Add or update case information to WHCS as appropriate. See the WHCS User Guide for instructions. Update IDRS and AMS as appropriate.

7. In some instances, W-2 forms are issued on one-time payments to taxpayers (e.g. proceeds from class action settlements). Eliminate this employer. Update WHCS with TC 972 AC 146 and disposition code "ERR" and document AMS. Do not update IDRS.

Note:

A single payment received on an annual basis does not meet this criteria.

8. If there is no evidence of a prior lock-in on WHCS or IDRS and the taxpayer has filed and full paid the most recent tax year due at the time you review the case, do not issue lock-in letter(s). Document the AMS history and update all employers on WHCS with TC 972 AC 146 and disposition code "CPL" . Do not update IDRS.

9. Issue lock-in letters to all remaining employers on the Outcome 3 listing.

Exception:

See list below:

If ...	Then ...
Taxpayer is a statutory employee	See <i>IRM 5.19.11.10.12, Statutory Employees</i>
Taxpayer is a Household employee	See <i>IRM 5.19.11.10.6, Household Employees</i>
Taxpayer is a 3rd party sick pay employee	See <i>IRM 5.19.11.10.13, Third Party Sick Pay</i>
The Form W-2 was issued by an organization listed in Exhibit 5.19.11-13, <i>International organizations Exempt from Federal Withholding Requirements</i>	Update WHCS with TC 972 AC 146 and disposition code "NSW" and document AMS. Do not update IDRS.

Reminder:

When issuing the lock-in letter, always post the 971 transaction to the current calendar year.

10. In addition, while working Outcome 3 cases, tax examiners must keep alert for those cases requiring special handling for issuance of lock-in letter. They are

- Bankruptcy
- Offer in compromise
- Potentially dangerous taxpayers (PDT)
- Cautious Upon Contact (CAU)
- Combat Zone (-C freeze)
- Criminal Investigation (-Z freeze)
- Disaster (-O freeze)

These cases and others are generally identified by freeze codes or other indicators on IDRS. See *IRM 5.19.11.10, Special Situations*.

11. All decisions **NOT** to issue a lock-in letter, except as specified in (3) through (10) above, require managerial approval. The basis for the decision must be fully documented in AMS.

**5.19.11.5.1 (12-31-2010)
Criminal Investigation Cases (CID)**

1. These cases are identified by the literal "CID" on the Outcome 3 listing.
2. Verify on IMFOLI and/or ENMOD that the open CI indicators "-Z" or "Z-" are present. If one is present:
 - Print the IMFOLI or ENMOD screen
 - Highlight the applicable indicator
 - Route to the lead
3. The lead will follow local guidelines for contacting the appropriate CI function.
 - If CI fails to respond to lead, close case as TC 972/146, ERR.
 - If the indicator is not present, follow general processing procedures.

**5.19.11.5.2 (11-18-2013)
Disaster Relief Cases (DIS)**

1. These cases are identified by the literal "DIS" on the Outcome 3 listing.
2. Check IMFOLI for the "-O" freeze code. If one is present, take the following actions:
 - A. Check IMFOLE for the most recent TC 971 AC 086 and 087.
 - B. Look for the disaster ending date, identified by the literal "DIS-END-DT:" **mmdyyy**.
 - C. If the current date is beyond the disaster ending date, then the disaster relief period has ended. Follow general case processing procedures.
 - D. If the disaster relief period has not ended, do not issue lock-in letters. Update WHCS with TC 972 AC 146 and disposition code "ERR". Document AMS. Do not update IDRS.

3. If the taxpayer self-identifies and qualifies for an "-O" freeze but no "-O" freeze is present, verify that the taxpayer's zip code is among those of the affected areas during the disaster period. See IRM 25.16.1.7.2, *-O Freeze*, for instructions on calling the toll free line.
4. The "-S" freeze is the disaster Indicator for taxpayers in a minor disaster area. This freeze does not stop WHC processing.

5.19.11.5.3 (12-04-2009)
SSN Issues (SSN)

1. These cases are identified by the literal "SSN" on the Outcome 3 listing.
2. This category includes taxpayers with
 - A. More than twenty Form W-2 records associated with an SSN's in a given tax year
 - B. Missing SSN's
 - C. SSN and name mismatches

5.19.11.5.3.1 (09-08-2014)
Missing SSNs

1. If the SSN is missing or is all zeros, research using CC NAMES to find a valid Taxpayer Identification Number (TIN).
 - A. If you find a valid TIN, check whether the taxpayer is in compliance with filing and payment requirements for the most recent tax year due at the time you review the case. If so, do not issue lock-in letters. Close the case on WHCS using TC 972 AC 146 with Disposition Code "CPL" (taxpayer is in compliance). Update AMS with the TIN that the taxpayer files under and the actions taken
 - B. If you do not find a valid TIN, or you find a valid TIN, but the taxpayer is not in compliance with filing and payment requirements for the most recent tax year due, work the case according to general procedures using the Form W-2 SSN.

Note:

Add the valid TIN to the Other TIN field on the WHCS Taxpayer Detail screen.

5.19.11.5.3.2 (09-08-2014)
SSN and Name Mismatches

1. A WHC mismatch is defined as those instances where the taxpayer's name on the Form W-2, *Wage and Tax Statement*, does not match the name associated with that SSN on Master File.

Reminder:

Research IDRS for reverse validity of the SSN. If the TC 971 AC 147 is found on the reverse validity, document AMS on both valid and reverse validity sides.

2. Work **only** the name on the Outcome 3 listing.
3. Issue lock-in letters to all employers on the listing unless
 - A. A lock-in letter was issued more than twelve months ago and your research shows that the lock-in rate has been modified within the past six months, as evidenced by a TC 971 AC 148, cross-referenced to that employer, do not issue another lock-in letter. *IRM 5.19.11.5, Outcome 3 Case Processing*
 - B. the taxpayer is a statutory employee, household employee, or receives 3rd party sick pay. For more information see *IRM 5.19.11.5(9), Outcome 3 Case Processing*
Or
 - C. The Form W-2 was issued by an organization listed in *Exhibit 5.19.11-1, International Organizations Exempt from Federal Withholding Requirements. IRM 5.19.11.10.15, Taxpayers Employed by International Organizations.*
 - D. They payment on Form W-2 is a one-time payment to the taxpayer. *IRM 5.19.11.5(7), Outcome 3 Case Processing.*
 - E. A lock-in letter was issued within the past twelve months. See *IRM 5.19.11.5(4), Outcome 3 case processing.*
4. Issue Letter 2801C to the name on the listing using the Master File address. If there is no account on Master File, use the address shown on the most current W-2 forms. If each Form W-2 shows a different address, use the address on the Form W-2 showing the most wages.
5. Input the appropriate transaction code to IDRS using the SSN on the listing. If there is no account on Master File do not input TC 971.
6. Document AMS with the name from the listing to which the WHC letters were issued as well as all actions taken. Update WHCS.

5.19.11.5.3.3 (10-17-2014)
Working Responses

1. If the taxpayer has filed under a different TIN (such as an ITIN, Temporary TIN, other SSN) verify that the wages/income shown on the W-2 form(s) were reported. If the wages were reported follow procedures in the table below:

If	Then
The taxpayer has a valid SSN to work and has filed and paid the most current return due under a valid ITIN	Release the lock-in. <ul style="list-style-type: none"> • Issue Letter 2809C and Letter 2813C • Input TC 972 AC 146 with TC 972 Disposition Code "CPL" • Update AMS with the TIN the taxpayer files under and the actions taken. Reminder: Advise the taxpayer that if future W-2 forms and TINS do not match, they may be locked in again.
If the taxpayer has filed the most current return due but has a balance due	<ul style="list-style-type: none"> • Follow general procedures • Compute allowances and • Issue modification letters as appropriate

	<p>Reminder:</p> <p>Advise the taxpayer that if future W-2 forms and TINS do not match, they may be locked in again.</p>
The non-owner of the SSN filed a return under ITIN	<ul style="list-style-type: none"> The individual calling is inappropriately using another taxpayer's SSN for purposes of employment and a Lock-In letter was issued on the borrowed SSN, do not disclose any of the SSN owner information. The non-owner of the SSN will not be released or modified. <p>Note:</p> <p>Refer them to the SSA for help in getting an SSN. Any employee who is legally eligible to work in the US and does not have a SSN can get one by completing Form SS-5, Application for a Social Security Card, and submit the necessary documentation. The taxpayer can get this form at SSA office, from the SSA website at www.socialsecurity.gov, or by calling 1-800-772-1213.</p>

2. If the taxpayer has not filed:

- Advise them that all income must be reported on a tax return.
- Refer them to the Social Security Administration (SSA) for help in getting an SSN.

Note:

Any employee who is legally eligible to work in the United States and does not have a social security number can get one by completing Form SS-5, *Application for a Social Security Card*, and submitting the necessary documentation. The taxpayer can get this form at SSA offices, by calling 1-800-772-1213, or from the SSA website at www.socialsecurity.gov. If the taxpayer is not eligible to obtain an SSN, refer the taxpayer to the IRS toll-free number or www.irs.gov for information about getting an ITIN. See Pub 1915, *Understanding Your IRS Individual Taxpayer Identification Number (ITIN) for additional information*

- Set deadline for filing.
- Follow general procedures to compute allowances and issue modification letters as appropriate.

3. If taxpayer has obtained both a valid SSN and an ITIN,

- Encourage the taxpayer to contact the ITIN Unit to have the valid SSN credited for returns filed under the ITIN.
- Explain and encourage the taxpayer to report all wages and file all future returns using the valid SSN.

**5.19.11.5.4 (09-08-2014)
IRS Employees (IRS)**

- An "IRS" literal can appear on Outcome 2, Outcome 3 and phone calls.
- If you do not know the IRS employee, work the cases using general procedures. Complete Form 11377, *Taxpayer Data Access*, and give to your manager.
- If you know the IRS employee, give the case to your lead for someone else to work.

**5.19.11.5.5 (03-15-2012)
Incomplete or Foreign Address (ADD)**

- These cases are identified by the literal "ADD" on the Outcome 3 listing.
- The following case types are included in this category:
 - Incomplete taxpayer address or missing Master File entity
 - Incomplete employer address or missing Master File entity after Payer Master File (PMF) research
 - Foreign address
 - Army Post Office (APO) and Fleet Post Office (FPO) addresses
- Take the following actions for incomplete employer address cases:
 - Conduct research using available internal sources such as CFOL CC BMOLE, CC PMFOL and CC NAMEE. If unsuccessful, eliminate that employer. Update WHCS with TC 972 AC 146 and disposition code "ERR".
 - Once you have found a good address, follow general procedures.
- Conduct research using available internal sources such as CFOL CC IMFOLE and CC NAMES for incomplete taxpayer address cases.
- When requesting a Correspondex letter addressed to a taxpayer with foreign address, make sure that the address is formatted correctly. If necessary, enter the Foreign Address indicator (#) and then format the City, State, & Zip field as needed in order to properly address the letter.
- Provide overseas taxpayers with the WHC local telephone number, (978) 474-1622, instead of the toll-free number.

**5.19.11.5.6 (05-28-2010)
Additional Forms W-2 (AW2)**

- Additional Forms W-2 (AW2) received from SSA after initial case creation are processed by ECC at the end of each calendar year. Processing results in one of the following:
 - A new WHC case is created on a taxpayer who did not meet lock-in criteria during the initial case creation
 - The AW2 must be added to the WHCS taxpayer record of a case created during the preceding case creation
 - The AW2 is dropped
- AW2 records for current year Outcomes 2 and 3 cases that have not yet been sent to Detroit Computing Center (DCC) and input to WHCS are added systemically. An annual listing is generated for cases that have already been added to WHCS by DCC.

3. The AW2 records on the listing require manual input to WHCS. Each record on the listing contains the following data elements:

- A. Outcome type
- B. Taxpayer TIN
- C. Taxpayer name
- D. Employer name and address
- E. Employer EIN

4. For each AW2 on the listing, research the case on WHCS and take the following actions:

- A. If there is no case on WHCS for this taxpayer, add the case using SOURCE "W2" and OUTCOME 3/REF CODE "AW2 ". Follow general processing procedures, issuing lock-in letters to the new employers as appropriate.
- B. If there is a SOURCE "W2" case on WHCS and the tax year of the AW2 matches the tax year on the TAXPAYER SUMMARY screen, add the AW2 to that case. Follow general processing procedures, issuing lock-in letters to the new employers as appropriate.
- C. If there is a case on WHCS for a tax year earlier than the tax year of the AW2, treat the AW2 as a new case, add the case to WHCS and follow general case processing procedures.

Note:

If the WHCS case is a referral opened within the last twelve months, take no action on the AW2.

5.19.11.6 (09-08-2014)

Referrals and Special Projects

1. Withholding Compliance (WHC) will no longer work referral cases sent after July 11, 2014. All cases received after that will be destroyed.

5.19.11.7 (10-17-2014)

Responses and Redeterminations

- 1. Responses may result from taxpayers' correspondence or telephone contacts as a result of the systemic issuance of lock-in letters on Outcome 2 cases or the manual issuance of lock-in letters on Outcome 3 cases and referrals.
- 2. Responses and redeterminations are worked the same way and resolved in one of the following three ways:

- Modify lock-in by changing the marital status and/or number of withholding allowances previously specified

Note:

You need to obtain spousal consent before changing the number of the taxpayer's allowances if the taxpayer is married.

- No change
- Release of lock-in (Release the lock-in for both the taxpayer and the taxpayer's spouse if the spouse was added to the program as a result of a modification to the taxpayer's lock-in letter.)

Note:

In some instances taxpayers may call in repeatedly. AMS documentation must be accurate and complete so the next tax examiner answering the call can understand the decisions made and information previously shared with the taxpayer. **Do not** consider a redetermination unless there is **new** information supporting a change. Make sure all information is documented according to *IRM 5.19.11.3.3, Case Documentation*

- 3. In some instances a Taxpayer or Employer will call and ask us to fax the letter immediately, inform them that the letter has no signature but can be faxed. Tell them we will fax the letter and also send the IDRS letter by mail with the correct signature.
- 4. **Do not** use a Quick Note if there is an appropriate C letter available.
- 5. A taxpayer may request a copy of a 280X letter because they never received the original. Explain that we can't send the original letter and we will issue a new letter but the dates will be different. Document AMS that a new letter was sent because they did not receive the original.

Note:

If the employer is calling for a copy, determine if the lock in has occurred and they just lost the original for their records. If they have not received the original and they are inquiring because the employee notified them, send them a new lock-in letter and ensure appropriate time frames are followed.

- 6. When the taxpayer responds that they no longer work for all of the employers listed who were issued lock-in letters, instruct the taxpayer to submit a correct and valid Form W-4 to their new employer, offer to assist the taxpayer with the Form . Document AMS.
- 7. Work responses promptly since the employer has been instructed to adjust the taxpayer's withholding starting with the first pay period ending on or after 60 days from the date of the lock-in letter.
- 8. When correspondence is received and contact cannot be made within 30 days from the earliest IRS received date, initiate an interim response using Correspondence Letter 2645C in accordance with Policy Statement P-21-3. For more information see *IRM 21.3.3.4.2, Policy Statement P-21-3 (formerly P-6-12) Procedures*.
- 9. An interim response must
 - Be initiated within 30 days of the earliest IRS received date
 - Specify the date when the final determination will be mailed
 - Provide the taxpayer with WHC contact information

Note:

AMS will not be issuing interim letters on WHC cases.

10. Look for indicators of fraud and/or frivolous arguments. See *IRM 25.1.2.2, Fraud Development Procedures* and *IRM 5.19.11.10.5, Frivolous Communications*, for further information.

Note:

If a potential fraud referral exists, **DO NOT** solicit the return. **DO NOT** modify or release the Withholding Compliance lock-in on the account. Complete a fraud indicator check sheet. Forward the check sheet to the Collection Function Fraud Coordinator (CFFC).

11. If the taxpayer questions the legal authority supporting the Withholding Compliance program, send Letter 3042C. See *IRM 5.19.11.10.5., Frivolous Correspondence* for more information.
12. When working requests for redetermination from a taxpayer who filed jointly on the most recently due return and both the taxpayer and the taxpayer's spouse work, compute the number of allowances using one worksheet to determine if the lock-in should be modified. You must get consent from the taxpayer's spouse (x-ref spouse) before you lock-in the x-ref spouse and before you modify the taxpayer's allowances:
 - A. If you are unable to acquire verbal consent send Letter 2805C to the spouse for written consent and modify the TP to M000. Follow normal procedures in *IRM 5.19.11.7.1.1, Information Required to Modify Lock-In*.
 - B. If the x-ref spouse provides verbal or written consent, add the spouse to WHCS as a separate case and follow the instructions under *IRM 5.19.11.7.1.1, Information Required to Modify Lock-In*. Include cross-reference SSN on both records.
 - C. Document AMS history with a cross-reference to the other spouse's account.

13. If an employer responds that a taxpayer no longer works there, Take no action and destroy.

Note:

Do not update IDRS or WHCS. All "no longer works here information sheets" from previous revisions of Letter 2800, will be destroyed with no further action.

14. If the employer says that he or she has no record of the taxpayer ever working there,
 - Call the employer to verify to whom the Form W-2 was issued.
 - Make "two" attempts to call the employer.
 - If unable to contact the employer, close the case.
 - If you determine that the taxpayer is still employed advise the employer to honor the lock-in letter.
 - Document AMS.
15. If you determine that Letter 2800C was issued using an incorrect name, add the taxpayer to WHCS. Add the new case using the correct name by using Source Code "MM".

If ...	Then ...
If the taxpayer meets minimum wage requirements	<ul style="list-style-type: none"> • Reissue the lock-in letter using the name provided by the employer or the name from the Form W-2. • Update the new record on WHCS with the letter information. • Update AMS. • Input TC 972 AC 146 with Disposition Code "SSN" to the existing WHCS employer record. • Do not update IDRS.
If the taxpayer does not meet minimum wage requirements for lock-in letter issuance	<ul style="list-style-type: none"> • Input TC 972 AC 146 with Disposition Code "SSN" to the existing WHCS employer record and IDRS. • Input TC 972 AC 146 with Disposition Code "LEM" to WHCS on the new case.

16. In some instances you may need additional information from the taxpayer to make a case determination. Make at least two attempts to contact the taxpayer by telephone at different times of the day/evening before writing to the taxpayer. Each attempt to contact must be documented on AMS.
17. If you are unable to contact the taxpayer by telephone, send Letter 4243C listing the information required to resolve the case. Document AMS with requested information.

Reminder:

Issue an interim response for written responses from the taxpayer on or about the 23rd day if you can't resolve the case within 30 days.

18. Non-Owner of the SSN communicates with the IRS and claims the lock-In-letter is incorrect.
 - A. If the individual calling is "inappropriately" using another taxpayer's social security number for purposes of employment and a Lock-In letter was issued on the "borrowed" social security number, do not disclose any of the SSN owners information.
 - B. The non-owner of the SSN **will not** be released or modified.
 - C. Refer them to the SSA for help in getting an SSN. Any employee who is legally eligible to work in the US and does not have a SSN can get one by completing Form SS-5, *Application for a Social Security Card*, and submit the necessary documentation. The taxpayer can get this form at SSA office, from the SSA website at www.socialsecurity.gov, or by calling 1-800-772-1213 .

Note:

For further guidance on ID Theft information refer to *IRM 10.5.3, Identity Protection Program*.

19. If the taxpayer has filed under a different TIN (such as an ITIN, Temporary TIN, other SSN) verify that the wages shown on the W-2 form(s) were reported. If the wages were reported, follow procedures in the table below:

If	Then
The taxpayer has a valid SSN to work and has filed and paid the most current return due under a valid ITIN	Release the lock-in <ul style="list-style-type: none"> • Issue Letter 2809C and Letter 2813C • Input TC 972 AC 146 with TC 972 Disposition Code "CPL" • Update the WHCS Taxpayer Detail screen with the TIN the taxpayer files under

	<ul style="list-style-type: none"> Update AMS on both TIN's that the taxpayer files under and the actions taken <p>Note: Advise the taxpayer that if future W-2 forms and TIN's do not match, they may be locked in again.</p>
If the taxpayer has filed the most current return due but has a balance due	<ul style="list-style-type: none"> Follow general procedures Compute allowances Issue modification letters as appropriate <p>Note: Advise the taxpayer that if future Forms W-2 and TINS do not match, they may be locked in again.</p>
The non-owner of the SSN filed a return under ITIN	<ul style="list-style-type: none"> The individual calling is inappropriately using another taxpayer's SSN for purposes of employment and a Lock-In letter was issued on the borrowed SSN, do not disclose any of the SSN owner information. The non owner of the SSN will not be released or modified. <p>Note: Refer them to the SSA for help in getting an SSN. Any employee who is legally eligible to work in the US and does not have a SSN can get one by completing Form SS-5, <i>Application for a Social Security Card</i>, and submit the necessary documentation. The taxpayer can get this form at SSA office, from the SSA website at www.socialsecurity.gov, or by calling 1-800-772-1213.</p> <ul style="list-style-type: none"> For further guidance on ID Theft information refer to IRM 10.5.3, <i>Identity Protection Program</i>.

20. If the taxpayer has not filed

- A. Advise the taxpayer that all income must be reported on a tax return.
- B. Refer them to the Social Security Administration (SSA) for help in getting an SSN.

Note:

Any employee who is legally eligible to work in the United States and does not have a social security number can get one by completing Form SS-5, *Application for a Social Security Card*, and submitting the necessary documentation. The taxpayer can get this form at SSA offices, by calling 1-800-772-1213, or from the SSA website at www.socialsecurity.gov. If the taxpayer is not eligible to obtain an SSN, refer the taxpayer to the IRS toll-free number or www.irs.gov for information about getting an ITIN. See Pub 1915, *Understanding Your IRS Individual Taxpayer Identification Number (ITIN) for additional information*.

- C. Set deadline for filing.
- D. Follow general procedures to compute allowances and issue modification letters as appropriate.

21. When speaking to the taxpayer, use SUMRY and IMFOLI to determine if there are delinquent returns and/or balances due.

- A. For delinquent returns, instruct the taxpayer to file and set a deadline of 30 days.
- B. Advise the taxpayer that failure to file by the deadline could result in substitute for return processing, referral to Examination, or summons. Enter deadline date in AMS history.
- C. See *IRM 5.19.11.3.7., Installment Agreement (IA) Taxpayers* for installment agreement requests and revisions procedures.

22. "-S" freeze is a disaster Indicator for taxpayers in a minor disaster area. This freeze does not stop WHC processing. If the taxpayer self-identifies and qualifies for the "-S" freeze, verify that the taxpayer's zip code is among those of the affected areas during the disaster period. See IRS Disaster Assistance Program for affected zip codes. See *IRM 25.16.1.7.1, -S Freeze* for instructions on manually setting the "-S" freeze.

23. If the taxpayer calls after modification has been processed and says that the employer will not honor the Form W-4 submitted by the taxpayer that results in MORE income tax withholding than was specified in the modification letter, send Letter 4074C to the employer.

24. Correspondence or telephone calls received from IRS employees can be worked by any WHC employee if they don't know the IRS employee. See *IRM 5.19.11.5.4., IRS Employees (IRS)*

5.19.11.7.1 (09-08-2014)

Modify Lock-in

1. Taxpayers may call in or send the Service additional information and request that we reconsider our proposed or previous lock-in determination.
2. Look for special situations. Research IDRS for freeze codes associated with Outcome 3 cases. Follow instructions contained therein.
3. In many instances the taxpayer's correspondence will contain a new Form W-4 and completed worksheet.
 - A. Review the Form W-4 and worksheet for accuracy. **DO NOT** take any action based on an invalid Form W-4. See *IRM 5.19.11.3.5, Invalid Form W-4* for more information.
 - B. If the taxpayer did not submit a Form W-4 worksheet, prepare one based on current taxpayer information confirmed by taxpayer communication and/or your research. Use judgement in determining credibility and the need for verification. Follow guidelines in See *IRM 5.19.11.7.1.2., Calculating Withholding Allowances*, for calculating withholding allowances.

Reminder:

Base the withholding allowance calculation on the taxpayer's **current** situation.

Example:

If the taxpayer's most recently filed return showed itemized deductions of \$50,000 confirm with the taxpayer that they project the same amount for the current year before using this amount for the withholding calculation.

4. If the taxpayer calls, complete the worksheet while the taxpayer is on the telephone. Try to resolve the entire case by phone. Oral testimony is acceptable. Use judgement in determining credibility and the need for verification.

5. If the taxpayer response states that they furnished a new Form W-4 to their employer, work the response as a redetermination.
6. When verification is required on Personal Allowances worksheet items, attempt to validate the information from internal sources before contacting the taxpayer.
7. When verification is required on Deductions and Adjustments worksheet items or Converting Credits to Withholding Allowances worksheet, allow only those amounts that can verified on the most recent return due, including RTVUE/TRDBV for returns in processing; **or** the immediate prior year return when the most recent return due is not available.

Reminder:

An Automated Substitute for Return (ASFR) return is not considered to be a return for verification purposes.

8. When working correspondence, check the most recent IRPTR and WHCS to identify all current employers. When talking to the taxpayer on the telephone ask them for the names and addresses of all current employers.
 - A. If not already listed, add these employers to WHCS and document the AMS history.
 - B. If the taxpayer indicate they no longer work for an employer listed on the most current IRPTR, document AMS history.
9. See *IRM 5.19.11.7, Responses and Redeterminations*, for procedures regarding modifying the lock-in if the taxpayer is married and wants to change the number of allowances.

5.19.11.7.1.1 (09-08-2014)

Information Required to Modify Lock-in

1. If the taxpayer has not filed the most recent return due or the information they provide does not match return or internal source information, the taxpayer must provide documentation, as applicable, to support the request for modification. See the table below for required documentation:

If the taxpayer	and	then request
Is married and previously filed "Single" status	Intentionally left blank	X-ref spouse's SSN and current year filing status. You will need spousal consent to add the x-ref spouse in order to modify the allowances to the maximum amount. If unable to get verbal consent on the phone send Letter 2805C for written consent and modify TP to "M000" .
Can supply SSN(s) of all dependent(s) he or she wants us to consider when computing his or her withholding allowances	The SSN(s) can be verified through internal sources	No further action is necessary
Has not supplied the SSN(s) of any dependent(s) he or she wants us to consider when computing his or her withholding allowances	We are unable to verify SSN(s) and dependent status through internal sources	Copies of birth certificate(s) and social security card(s)

2. The following deductions and adjustments must be verified by the most recent return due, including RTVUE/TRDBV for returns in processing; **or** the immediate prior year return when the most recent return due is **not** available:
 - Child or dependent care expenses
 - Schedule A deductions (including home mortgage interest, charitable contributions, real estate, state and local taxes, medical and miscellaneous expenses)
 - Adjustments which decrease adjusted gross income such as alimony payments, student loan interest and Individual Retirement Account (IRA) contributions
3. If the correspondence is insufficient to complete the worksheet, contact the taxpayer by telephone to secure the missing information.
4. If you are unable to talk to the taxpayer and resolve the issue, send Letter 4243C requesting the required information.

Reminder:

Give the taxpayer a two week deadline to respond.

5. Document AMS with the deadline set and specific information requested to complete the redetermination. When the taxpayer responds, any tax examiner can then complete the case.

5.19.11.7.1.2 (09-08-2014)

Calculating Withholding Allowances

1. The Form W-4 worksheet and, if required, the worksheets and tables in Publication 505, *Tax Withholding and Estimated Tax*, will be used to figure the correct status and number of withholding allowances for the taxpayer.
2. Secure the information necessary to complete the worksheets from the taxpayer or their authorized representative.

If ...	Then ...
Working correspondence and the information submitted by the taxpayer is insufficient to figure the correct number of withholding allowances	<ul style="list-style-type: none"> • Contact the taxpayer or their authorized representative by telephone to obtain the additional information. • Make at least two attempts to reach the taxpayer by telephone at different times of day before initiating correspondence.
You are speaking to the taxpayer	<ul style="list-style-type: none"> • Complete the worksheet at that time. • It is not necessary for the taxpayer to submit the form in writing.
The taxpayer is current in filing	<ul style="list-style-type: none"> • Compare the taxpayer's information regarding marital status, dependents, income, deductions and credits to the last return filed. • Research using CC RTVUE and CC IRPTR. • Discuss and resolve any significant discrepancies with the taxpayer. • Document the explanation in the history.
	Explain to them that submission of the tax return will provide sufficient verification.

The taxpayer is a nonfiler

Note:

Ask the taxpayer to file the original return(s) according to the instructions on the Form 1040, *U.S. Individual Income Tax Return* or any notices he/she has received and fax or mail the Withholding Compliance Unit a copy.

3. When appropriate, written verification should be requested. Examples are listed below but are not all inclusive.

A. Current income has decreased more than 20% from the preceding year.

Example:

According to IRPTR, the taxpayer had wages of \$75,000 last year. The taxpayer tells you his wages have decreased to \$55,000. Request a recent pay stub from the taxpayer to verify.

B. Schedule A expenses have increased more than 20% from the preceding year.

Example:

The taxpayer tells you that his mortgage interest expense is currently \$18,000 per year. According to IRPTR, the taxpayer paid \$10,000 in the preceding year. Request verification (e.g. A current copy of their bill showing interest and multiply by 12) of the mortgage interest amount.

C. Changes in filing status and/or number of dependents.

Example:

The taxpayer currently claims a different filing status and/or number of dependents from the preceding year. Verify the filing status of secondary spouse, if applicable. Ask the taxpayer for the SSN's and birth dates of dependents.

Reminder:

Child tax credits can only be claimed for dependents under age 17.

4. APO/FPO addresses **may** indicate that the taxpayer is either in the military or works for the federal government. If the taxpayer is in the military or works for the federal government, they do not qualify for the foreign earned income or foreign housing exclusion (reported on Form 2555, *Foreign Earned Income*). If the taxpayer has an APO/FPO address, you must determine if they are in the military or working for the federal government through research or contact.

A. If you determine that the taxpayer is **not** in the military or working for the federal government, the Form 2555 can be used for calculating withholding allowances.

B. If you determine that the taxpayer **is** in the military or working for the federal government, Form 2555 should not be considered in calculating withholding allowances.

Note:

For joint filers, one spouse may qualify while the other does not. The qualifying spouse may complete a separate Form 2555. Disregard any erroneously filed Forms 2555 attached to the return when calculating the number of allowances.

Example:

Taxpayer A has an APO address. Research and contact confirms his employer is neither military nor federal government. Taxpayer filed Form 2555 which can be used to calculate appropriate withholding allowances based on current situation.

5. After calculating the correct number of allowances, inform the taxpayer that we will send their employer(s) a letter revising the marital status and number of allowances previously specified in Letter 2800C.

6. If the taxpayer requests fewer allowances than what was calculated to be the correct number, advise the taxpayer to submit Form W-4 claiming the requested number of allowances to his employer.

A. Advise the taxpayer that our letters instruct the employer to honor the Form W-4 ,
if the withholding rate,
withholding allowances,
any additional amount claimed on the employee's current Form W-4 ,
or a new Form W-4
will result in MORE income tax withheld than at the withholding rate and withholding allowances specified in the letter.

B. Offer to send the employer Letter 4074C.

5.19.11.7.1.2.1 (09-08-2014)

Calculating Allowances for Married Taxpayers or Taxpayers with More Than One Job

1. You **must** complete the Two-Earner/MultipleJobs Worksheet on the back of the Form W-4 if

A. The taxpayer filed the most recently due return jointly and both spouses work, or

B. The taxpayer has more than one job, and

C. The combined earnings from all jobs exceed the amounts listed on line H of Form W-4.

D. Verbal or written consent (Letter 2805C) is necessary to lock-in the taxpayer's spouse (x-ref spouse).

2. This worksheet will reduce the number of allowances the taxpayers are otherwise entitled to, in order to avoid having too little tax withheld. The IRS recommends that all the allowances be claimed for the highest paid job and **zero** allowances be claimed for the other jobs. However, the taxpayers may split the allowances any way they want.

A. If no verbal or written consent is received from the x-ref spouse, advise the taxpayer that until the x-ref spouse provides the required consent, the taxpayer's lock-in will be modified to Married with zero allowances.

B. If consent is given by the x-ref spouse, but the taxpayer cannot provide a complete and accurate name of the x-ref spouse's employer to enable the tax examiner to find an EIN, advise the taxpayer that until the taxpayer provides the required information, the taxpayer's lock-in will be modified to Married with zero allowances.

C. AMS documentation should include
the basis for the Form W-4 calculation,
the specific information
and/or all documentation requested from the taxpayer.

Note:

Do not compute lines 4 through 9 on the Two-Earner/Multiple Jobs Worksheet since the IRS may not require additional withholding above the amount withheld using the marital status and number of allowances specified in the lock-in letter. However, advise the taxpayers that they may elect to have additional withholding by completing a new Form W-4, *Employee's Withholding Allowance Certificate* and giving it to their employer.

- 3. Either the taxpayer or spouse may provide the information necessary to calculate the allowances once the x-ref spouse has given consent. Under IRC Section 6103(h)(4) you may make disclosures regarding withholding exemptions of a spouse to the other spouse.
- 4. After calculating the correct number of allowances, inform the taxpayer that we will send their employer(s) a letter revising the marital status and number of allowances previously specified in Letter 2800C.

- A. Issue Letter 2808C to the employer(s) and Letter 2812C to the taxpayer.
- B. Input TC 971 AC 148 with the modified lock-in rate and cross-reference the employer EIN.
- C. Notate your actions on AMS and update WHCS.

Note:

If the taxpayer requests fewer allowances than what was calculated to be the correct number, advise the taxpayer that the employer(s) letters instruct them that if the withholding rate, withholding allowances, and any additional amount claimed on the employee's current Form W-4 or a new Form W-4 will result in MORE income tax withheld than at the withholding rate and withholding allowances specified in the letter, they must honor it. Offer to send the employer the Letter 4074C.

- 5. Send Letter 2801C to the x-ref spouse and Letter 2800C to the x-ref spouse's employer(s) to lock in their withholding as previously determined. Input TC 971 AC 146 with the lock-in rate and cross-reference the employer EIN. Notate your actions on AMS and update WHCS.

Note:

Regulations provide that the earliest the lock-in letter may be effective is 45 calendar days after the date of the letter. Letter 2800C requires that the employer(s) wait 60 days before adjusting the employee's withholding to the marital status and number of allowances specified in Letter 2800C .

**5.19.11.7.1.2.2 (09-08-2014)
Common Law Marriage**

- 1. The taxpayer may claim that they are common law married. In order to have a valid common law marriage, the taxpayer and common law spouse must
 - Live together for a significant period of time
 - Hold themselves out as a married couple
 - Intend to be married
- 2. Not all states permit and/or recognize common law marriage. In order to be common law married, the taxpayers must live in a state where common law marriage is recognized or in the state where the common law marriage began. See IRM 25.15.7.5.6 , *Invalid Joint Election* for a list of states where common law marriage is recognized.
- 3. If the taxpayer meets all three conditions in (1) above **and** lives in a state that recognizes common law marriage, ask the taxpayer to provide at least two of the following types of documentation to substantiate a claim of common law marriage.
 - Deeds showing title to property held jointly by both parties to the common law marriage
 - Bank statements and voided checks showing joint ownership of the accounts
 - Insurance policies naming the other party as beneficiary
 - Birth certificates naming the taxpayer and the common law spouse as parents of their children
 - Employment records listing the common law spouse as an immediate family member
 - School records listing the names of both common law spouses as parents
 - Joint credit card accounts
 - Loan documents, mortgages, and promissory notes evidencing joint financial obligations
 - Mail addressed to the taxpayer and common law spouse as "Mr. and Mrs."
 - Any documents showing that one spouse has assumed the surname of the other spouse

Note:

Verbal or written consent (Letter 2805C) is necessary to lock-in the taxpayer's spouse (x-ref spouse/common law x-ref spouse).

- 4. If the taxpayer meets the above criteria, treat the taxpayer as married when calculating allowances. See *IRM 5.19.11.7.1.2.1., Calculating Allowances for Married Taxpayers or Taxpayers with More Than One Job* for married taxpayer procedures.
- 5. If the taxpayer does not meet the above criteria, treat them as single when calculating their allowances.

**5.19.11.7.1.3 (02-09-2011)
Procedures for QW-4 Program Cases**

- 1. When contacted by the taxpayer add the case to WHCS.
- 2. ===== for instructions on handling these cases.
- 3. Cases where lock-in letters were issued by the QW-4 program will not have a TC 971 AC 146/147 transaction on Master File. You must input a TC 971 AC 146 to IDRS, using the current date on the current year, before inputting a modification or release transaction. It is not necessary to input the TC 971 AC 146 to WHCS, only the subsequent TC 97X AC 14X.
- 4. When modifying a QW-4 lock-in, input TC 971 AC 148 with posting delay (1) on the current year to WHCS and IDRS.
- 5. Update AMS history.



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 12. Centralized Lien Operation

5.19.12 Centralized Lien Operation

- 5.19.12.1 [Centralized Lien Operation Overview](#)
- 5.19.12.2 [Lien Documents](#)
- 5.19.12.3 [Document Printing](#)
- 5.19.12.4 [Returned Documents from Recording Offices](#)

Manual Transmittal

March 03, 2016

Purpose

(1) This transmits revised IRM 5.19.12, Centralized Lien Operation, to incorporate editorial changes as described.

Material Changes

- (1) Formatting corrections to charts in IRM 5.19.12.2.7.4.
- (2) IRM 5.19.12.2.5.3. Subsection revised to conform to Interim Guidance Memo SBSE 05-0615-0044, *Notices of Federal Tax Lien on Restitution-Based Assessments*, dated June 25, 2015.
- (3) IRM 5.19.12.7.5.2. Paragraphs 6 and 7 revised for IPU 15U1794, dated 12/14/2015, to update procedures for payoff requests.
- (4) IRM 5.19.12.2.1.1. Paragraph 2 revised for IPU 16U0063, dated 1/8/2016, to include reference to the mirrored Shared Responsibility Payment assessment under MFT 65.

Effect on Other Documents

This IRM supersedes IRM 5.19.12, dated April 28, 2015; Interim Guidance Memo SBSE 05-0615-0044, dated June 25, 2015; and IRM Procedural Updates (IPU) 15U1794 dated December 14, 2015 and 16U0063 dated January 8, 2016.

Audience

SBSE Collection Centralized Lien Operation

Effective Date

(03-03-2016)

Kristen Bailey
Director, Collection Policy
Collection
Small Business/Self Employed

5.19.12.1 (04-28-2015) Centralized Lien Operation Overview

1. The Centralized Lien Operation (CLO) uses the Automated Lien System (ALS) for preparing lien documents and retrieving inventory listings. CLO is responsible for maintenance of the ALS on an inventory level. The operation is also responsible for answering lien-related questions from internal and external customers.
2. Major duties of CLO are:
 - Processing ALS generated documents, which include, but are not limited to, Notices of Federal Tax Lien (NFTL), Certificates of Release of Federal Tax Lien, Withdrawals of Filed Notice of Federal Tax Lien, and Revocations of Release of Federal Tax Lien;
 - Researching taxpayer accounts;
 - Processing requests for manual lien documents;
 - Responding to verbal and written communications from taxpayers, practitioners and other third parties;
 - Assisting IRS employees regarding non-technical ALS related issues;
 - Communicating verbally and in writing with taxpayers, taxpayer designees, recording officials, and IRS employees;
 - Certifying payment of recording fees;
 - Reconciling systemic issues identified by ALS error listings;
 - Maintenance of ALS information tables.
3. CLO assists taxpayers and works cases requiring research and input of accurate information onto the taxpayer accounts using primarily two computer systems: Automated Lien System (ALS) and Integrated Data Retrieval System (IDRS). Other systems or databases that may be used depending on the nature of the situation include, but are not limited to, Automated Non Master File (ANMF), Integrated Collection System (ICS), Integrated Automated Technologies (IAT), Account Management Systems (AMS),

Accurint, Netronline, Correspondex Letters, secure email, and E-fax. How these systems are utilized is further defined throughout this IRM.

Note:

User Guides for most of the systems referenced are available on the IRS intranet and should be consulted for specific instructions on their usage. The ALS User Guide can be found at <http://mysbse.web.irs.gov/Collection/collsystems/als/userguide/default.aspx>.

4. In carrying out its duties, CLO routinely deals with Personally Identifiable Information (PII). To ensure taxpayer privacy, guidelines for handling PII must be followed. For additional information on PII see IRM 10.2.13.4.4.1, *Shipping Personally Identifiable Information*.

Note:

The filing of NFTLs and related lien documents in the public record is not subject to PII procedures.

5. **SPECIAL NOTE:** The term "lien" is often generically used by internal and external customers when describing the Notice of Federal Tax Lien (NFTL). Generally, CLO deals with the processing of the NFTL and related documents. For information regarding the legal distinctions between the NFTL and statutory Federal tax lien, see IRM 5.12.1, *Lien Program Overview*, and IRM 5.17.2, *Federal Tax Liens*.

5.19.12.1.1 (04-28-2015)
Workload Reporting

1. To facilitate the management of workload, CLO maintains counts for various work streams under its control. CLO also monitors the age of the work to ensure compliance with the time frames as stated throughout this IRM. A work item is considered "old" or "overage" if the item is not resolved within the specified time frame.

Note:

Generally, the age computation of a work item starts the day after CLO receives the item. The CLO receipt date does not count as a business day.

2. Responsibility for counting work items and monitoring aging issues is determined by CLO management based on available resources.

5.19.12.1.2 (04-28-2015)
Integrated Automation Technologies (IAT)

1. Integrated Automation Technologies (IAT) tools simplify processing by assisting the user with IDRS research and input. The tools reduce the chance of errors and improve productivity. They are desktop productivity enhancing tools.
2. CLO employees must use the IAT tools shown below whenever applicable for use.

ID Number	Tool
637	Credit Transfer
672	Disclosure Tool
848	Fill Forms
1147	Compliance Suite
4/636	Payment Tracer/Tracer

3. If a required tool is not used because it was determined to be not appropriate for a specific situation, document the reason in the case file.
4. If an IAT tool is not available and/or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS following established procedures.
5. The IAT web site (<http://iat.web.irs.gov>) should be checked periodically for new tools that may assist in processing cases. Descriptions of each tool, as well as job aids can be found on the web site.

5.19.12.2 (04-28-2015)
Lien Documents

1. The form and content of lien documents are established by the Internal Revenue Service by the authority of IRC § 6323. ALS is the system used to maintain lien documents.
2. IRM 1.2.44.5, *Delegation Order 5-4 (rev. 3)*, stipulates the positions delegated the authority to file a NFTL and includes:
 - Revenue Officers;
 - ACS Customer Service Representatives;
 - Offer Specialists;
 - Advisors;
 - Insolvency Specialists; and
 - Certain Tax Examiners.

Note:

See IRM 1.2.44.5 for specific authority within the described positions and other delegated positions.

3. NFTL filing requests are received by ALS through the following methods:
 - Systemically through ICS;
 - Systemic extracts from ACS; or
 - Manual input directly on ALS.
4. ALS allows the creation of a number of lien documents, including:
 - Form 668(Y)(c), *Notice of Federal Tax Lien*;
 - Form 668(F), *Notice of Federal Tax Lien Under Internal Revenue Laws* (refile);
 - Form 668(Z), *Certificate of Release of Federal Tax Lien*;
 - Form 12474, *Revocation of Certificate of Release of Federal Tax Lien*;

- Form 12474-A, *Revocation of Certificate of Release of Federal Tax Lien* (self-releasing liens);
- Form 10916 , *Withdrawal of Filed Notice of Federal Tax Lien*; and
- Form 10916-A , *Withdrawal of Filed Notice of Federal Tax Lien after Release*.

Note:

ALS also produces partials of all the documents listed above except the Form 668(Y)(c).

5. Certain guidelines must be followed when inputting data to ALS. Review the request and reject any request with items that do not follow the guidelines established in this IRM. Explain in detail why the request is being rejected and what is needed to correct the request. Rejected requests must be approved by the Team Manager or Lead.

5.19.12.2.1 (04-28-2015)

Notice of Federal Tax Lien Requests

1. NFTLs are most often requested systemically through ICS or ACS, but may also be requested manually on Form 12636 , *Request for Filing or Refiling Notice of Federal Tax Lien*, or, in certain emergency situations, by telephone.

A. For systemic requests, CLO is normally not involved in the creation of the NFTLs by ALS.

B. For manual requests, CLO is responsible for inputting data to ALS to create the NFTLs.

2. Upon receipt of the Form 12636, review the form for completeness, including the POA information. See *IRM 5.19.12.2.1.2. Power of Attorney (POA)/Co-Obligor*, for necessary POA information.

Note:

Most manual requests are done using Form 12636 templates from the requestor's assigned control system (e.g., AMS, ICS). Due to programming constraints, updates to these templates may not occur for some time after the form is revised. For instance, a form revised in 2015 may not be available on all system templates until 2017. When there is a form revision, a transition period will be established for the mandatory use of the form.

3. There are three sections that must be completed when creating a NFTL. When a request is received, review for the information shown in the table below.

Section	Information Needed within the Section
Entity	- Taxpayer Identification Number (TIN) - Taxpayer's name and address, including the name of the general partner when applicable - Entity type, e.g., Individual, Sole Proprietor, Corporation, Partnership - Business Operation Division (BOD), e.g., SBSE, W&I
Tax Module	- Tax form, Civil Penalty code, or MFT 31, if applicable - Tax period - Assessment date - Dollar amount of the unpaid balance of assessment
Administrative	- Requestor's name - Requestor's title - Requestor's assignment number - Recording office where the NFTL is to be filed

4. The ALS Create screen is used to create and generate NFTLs on ALS. The screen is divided into the same input segments as listed above for the requests.

5. While completing the entity section, first enter the TIN. ALS will check the Delinquent Inventory/Account Listing (DIAL) and the ALS database for other entities under the TIN.

Note:

Consult the ALS User Guide for instructions on creating a NFTL on ALS. <http://mysbse.web.irs.gov/Collection/collsystems/als/userguide/default.aspx>

6. Select the entity on ALS that matches the request or input the entity information as shown on the request. Incorrect information could make the NFTL ineffective and necessitate an amended NFTL be filed.

7. ALS systemically generates the name control based on the taxpayer name input. Compare the name control shown on ALS to the taxpayer name line. Confirm the name control on IDRS and update ALS as necessary. This action will prevent the lien filing indicator (TC 582) from going unpostable.

Note:

It is very important that the information input to ALS is correct. The TC 582 and other transaction codes are delivered to Master File based on the information on ALS. If certain information is incorrect (i.e., TIN, Name Control, Type of Tax, or Tax Period), the codes will not post, which could cause delays in the systemic release of the lien.

8. After the entity information, input the tax module data.

A. If DIAL located the entity and brought up the entity information it will also bring up the tax periods for which no NFTL has been filed. Verify the tax period data against the request.

B. For tax periods not on the DIAL, input the tax period data from the request.

Note:

Consult the ALS User Guide for instructions on creating a NFTL on ALS. .

9. When making data entries to ALS, if an entry is readily recognized as one that will cause an unpostable (e.g., typographical error in tax period, inconsistent tax form), make the correction and notify the originator or contact the originator to clarify the information. If the request is incomplete or indiscernible or the originator cannot be contacted, return the request stating the reason for the rejection.

Note:

See *IRM 5.19.12.2.1.1, NFTL Input Requirements*, for common situations to avoid when creating a NFTL.

10. After all tax period data has been entered, review for accuracy.

11. Enter the Administrative information as requested on the input document.

12. Enter the originator's information.

A. If the originator is from ACS or Accounts Management, see *IRM 5.19.12.2.1.3, ALS Assigned Numbers*, for the assignment number chart

Note:

DO NOT USE THE SPECIFIC EMPLOYEE NUMBER OF THE ACS EMPLOYEE MAKING THE REQUEST.

B. All other originators should supply their employee assignment number in their request.

Note:

NFTLs cannot be created without an employee assignment number. The employee must be established on ALS.

13. ALS defaults to the recording office (or "court") assigned to the Zip Code of the taxpayer's address. If no recording office is specified on the request, use this default recording office. Occasionally the recording office will not populate on ALS. If this happens, check the Zip Code on IDRS to ensure the Zip Code was listed on the request correctly.
 - A. If the address on the request matches the address on IDRS except that the Zip Code is different, use the IDRS Zip Code.
 - B. If the address on the request matches the address on IDRS and the Zip Code is the same, research the U. S. Postal Service web site (<http://zip4.usps.com/zip4/welcome.jsp>).
14. Once the correct recording office is identified, ensure the recording office is not under a disaster area freeze. Also, ensure the recording office is not one where lien documents are no longer filed.
 - A. If necessary and available, research MAINTXC on ALS to confirm the status of the court.
 - B. If changes are needed, forward the Zip Code and the recording office information to the ALS coordinator to update the Zip Code table in ALS for future use.
15. After confirming the recording office, the NFTL is generated and a Serial Lien Identification (SLID) number is systemically assigned.
16. Input additional filing locations for the NFTL when requested.
17. Input the information regarding the POA when applicable. Electronically filed NFTLs must be approved before the POA information can be entered. See *IRM 5.19.12.12, Electronic Lien Filings (ELF)*, on ELF liens.
18. Fees charged by recording offices are assessed against the taxpayer as a TC 360. Included in the fee assessed are the charges for both filing and releasing of the lien. This upload from ALS to Master File is done on Friday morning and covers the NFTLs that were on vouchers from the prior Friday through Thursday. The fees assessed are based on the ALS fee tables, but are updated if the amount is edited on the voucher. This fee will be assessed against the oldest assessment from the modules on the NFTL.
19. ALS will also send a lien filing indicator TC 582 for all periods on the NFTL. See *IRM 5.19.12.9.1, TC 360 Rejects*, and *IRM 5.19.12.10, GUF Unpostables*, for information regarding correction of unposted TC 360 and TC 582

Note:

ALS also sends TC 971 AC 252 to indicate the issuance of the CDP notice.

20. When a NFTL is suppressed from the voucher and from printing it is considered a manual filing. The prep date will be treated as a print date and the fees will be assessed as though it was on a voucher. The fees will be based on the court fee table.
21. Creation of NFTLs on ALS must be completed within five (5) business days after receipt of the request.
22. For inventory purposes, each SLID generated by ALS is counted as one NFTL. If a request is for two filing locations, (e.g., county recording office and Secretary of State), that is two SLIDs and would count as two NFTLs
23. Time spent creating NFTLs is reported under OFP code 810-69080. If the request is made using the toll free phone number, use OFP 700-69000.

**5.19.12.2.1.1 (03-03-2016)
NFTL Input Requirements**

1. Certain input requirements for entity, MFT, and tax period data must be followed when creating the NFTL on ALS. The following are common situations to avoid during input. This list is not all inclusive.

2. DO NOT CREATE A NFTL WITH:

- Master File and Non-Master File tax periods on the same NFTL.
- Civil Penalty modules using a joint name line.
- MFT 31 modules using a joint name line.
- Anything other than "MFT31" as the tax type when inputting NFTLs on MFT 31 modules.
- Both IMF and BMF modules on the same NFTL.
- MFT 59 modules and other MFT types on the same NFTL.
- An Individual Shared Responsibility Payment (SRP) assessment, shown on IDRS as MFT 35 or mirrored assessment MFT 65.

Note:

SRP assessments are not subject to the filing of a NFTL. Return requests showing SRP assessments to the originator.

- An incorrect name control. See Document 7071, *Name Control Job Aid for Individual Master File Taxpayers*, and Document 7071-A, *Name Control Job Aid-For Use Outside the Entity Area*, for help in determining the correct name control.
- Joint liabilities where the names are split between two lines.

Reminder:

Both names should appear on the first name line with "and" or "&" between the names to ensure both parties are systemically sent a CDP notice. If it is not possible for both names to fit on the first line, use NOTADD to input the Co-Obligor's information for the CDP notice.

- A Zip Code located in a designated disaster area, as seen by a -O freeze on the IDRS account. See *IRM 5.19.12.13.2, Disaster Protocol*.
- The abbreviation of CVPEN (or variations) for civil penalty assessments instead of the IRC Section number as the tax type (e.g., 6672, 6721).

Note:

There may be limited situations where the use of CVPEN is authorized until ALS reference tables are updated with an appropriate code. Questions about the usage should be directed to the FORT.

- More than 15 assessments on one NFTL. An ALS-generated NFTL can show a maximum of 15 assessments.

3. Requests are frequently received where there are multiple assessments under the same tax period (e.g., TC 150 and TC 290/300). In some of these requests, the outstanding liability may not be due from the initial assessment, but only from the subsequent assessment(s). In those instances, it is not necessary to include the information about the initial assessment on the NFTL; however, it is permissible for it to be included. When this situation is encountered, the originator may be contacted for clarification. If the originator affirms their request or cannot be contacted, input the request as indicated by the originator.

4. If an ALS response such as "duplicate lien" or "lien already filed" is received during input, review the request to ensure input accuracy. Contact the originator if questions remain.

Reminder:

The duplicate lien message most often appears when a subsequent NFTL is being created for the same assessments in a different location. In those situations, continue input of the request.

5. When necessary data for input is missing, indiscernible, or is inconsistent with the conditions in paragraph (2) above, or you are otherwise unable to create the NFTL, reject the request back to the originator. Provide a detailed explanation of why the NFTL could not be created, advise the originator to resubmit a corrected request, and close the request.

Reminder:

Rejected requests must be approved by the Team Manager or Lead.

**5.19.12.2.1.2 (04-28-2015)
Power of Attorney (POA) /Co-Obligor**

1. In most situations, POA information relative to the NFTL is systemically loaded to ALS when the NFTL request is transmitted to the system. There will be times, however, when it is necessary for CLO to manually input a POA.
2. A co-obligor is a person who is jointly and severally responsible for the tax liability (e.g., spouses on a joint income tax assessment; a partnership and the general partners). ALS generally recognizes co-obligor situations if the Co-Obligor is listed on the first name line of the NFTL with the primary obligor and their names are joined by "and" or "&." If the Co-Obligor is not listed in this manner, has a different address from what is shown on the NFTL, or has a different POA, it is necessary to manually input the Co-Obligor information to ALS.
3. It is the responsibility of the requestor of a NFTL to ensure they inform CLO of all Powers of Attorney and Co-Obligors that are to be noticed.
 - A. If a Form 12636 is received that shows a Co-Obligor but does not show that Co-Obligor's name in the Taxpayer name line, contact the originator for clarification. If the originator is not available, reject the Form 12636 and explain that Co-Obligors are only noticed if they are included on the NFTL.
4. Upon receipt of the Form 12636, verify that item 4 regarding the POA has been addressed and, if applicable, specific POA information has been provided in item 5.

If...	And...	Then...
Item 4 has not been completed (i.e., no box is checked)	There is no POA information in item 5	Return the form to the originator for completion
Item 4 has not been completed (i.e., no box is checked)	There is POA information in item 5	Process the form based on the POA information provided
Item 4 indicates there is no POA (i.e., "no" is checked)	There is POA information in item 5	Return the form to the originator for clarification
Item 4 indicates there is a POA (i.e., "yes" is checked)	There is no POA information in item 5	Return the form to the originator for completion
Item 4 indicates there is a POA (i.e., "yes" is checked)	There is POA information in item 5	Process the form based on the POA information provided
There is no item 4 as an older version of the form has been submitted (i.e., revision date before 8/2013)	n/a	Return the form to the originator for completion of the most recent revision.

5. POA/Co-Obligor information is input to ALS using the literal command NOTADD. See the ALS User Guide for instructions. <http://mysbse.web.irs.gov/Collection/collsystems/als/userguide/default.aspx>
6. When the POA information is for a Co-Obligor it is important to load the Co-Obligor before loading the POA. Highlight the appropriate Co-Obligor's name on the NOTADD screen before inputting the POA information so the POA will receive notification of the NFTL filing for their specific client.
7. For NFTLs requested through ICS, POA information cannot be input until the NFTL uploads to ALS--generally the day after the request is made on ICS.
8. For recording offices where the filing is completed electronically, NFTLs must be approved for filing prior to the input of the POA or Co-Obligor information to ALS. **This approval must only be done on Tuesday and Thursday.** See *IRM 5.19.12.12, Electronic Lien Filings (ELF)*

**5.19.12.2.1.3 (04-28-2015)
ALS Assigned Numbers**

1. ALS employee assignment numbers are known by different names by the various operations. Field Collection, Advisory, and Insolvency employees use their TSIGN (i.e., their ICS assignment number) for NFTL requests. This number is employee specific. ACS employees do not use a TSIGN or an employee specific assignment number. NFTL requests from ACS use a more generic number based on the BOD and site.
2. ALS assignment numbers for ACS requests are constructed as follows:

Requestor's BOD	Assignment number
SB/SE	The first two digits of the number will be the same as the area location followed by 000008. Example: 21000008 is the ACS site for SBSE Area 1. The first two digits will always default to the area the input person is logged into on ALS.
W&I	The first two digits of the number will be the same as the area location followed by 000000. Example: 11000000 is W&I Area 1. The first two digits will always default to the area the input person is logged into on ALS.

**5.19.12.2.1.4 (04-28-2015)
NFTLs Hand Carried for Filing**

1. Employees generally request NFTLs systemically through ICS or ACS. If a systemic request is not possible, employees may request CLO create the NFTL by faxing or secure emailing a completed Form 12636, *Request for Filing or Refiling Notice of Federal Tax Lien*. See *IRM 5.19.12.2.1, Notice of Federal Tax Lien Requests*, for processing NFTL requests.
2. Sometimes there is a need for immediate recordation of the NFTL and the normal printing and mailing process will not suffice. These instances require the NFTL to be manually prepared and hand carried to the recording office.
3. The originator is responsible for manually preparing the NFTL. (See *IRM 5.12.7.4, Manual NFTL Preparation*.)
4. Employees who have access to ICS and are assigned the Bal Dues on ICS must use ICS to secure a SLID for the manually prepared NFTL.

Note:

When a SLID is created on ICS for a manually prepared NFTL, the information for the NFTL is uploaded to ALS and it shows as a new NFTL. This allows for subsequent input of the court recording data.

5. If the employee cannot secure the SLID from ICS or the assessment is **posted to IDRS** but is within 10 calendar days, the NFTL needs input directly to ALS. Employees will request ALS input by submitting Form 12636 or by contacting CLO by phone and providing the necessary information.
6. When requests are received for immediate issuance of a SLID, create the NFTL on ALS following standard input procedures, with the following exceptions:
 - A. **Suppress** the printing of the NFTL by selecting "Off Voucher" and "N" for Print and Store options.

Reminder:

If the NFTL is printed as part of regular CLO processing it could result in a duplicate filing.

- B. Suppress the CDP notice after verifying that the requestor will be issuing the notice.
- C. Use the requesting employee's TSIGN when creating the NFTL.

7. If the Form 12636 is incomplete, contact the originator for clarification. If the originator is not available, reject the Form 12636 and explain in detail why the request is being rejected and what is needed to correct the request.
8. After generating the NFTL on ALS, give the SLID to the requesting employee for use in filing the NFTL. Remind the employee to send the recording information to CLO for updating the ALS. This will prevent the NFTL from subsequently showing as a potential lost lien, which could lead to a duplicate filing and untimely release.
9. When the requesting employee indicates there is a POA for the taxpayer, verify whether the originator will be issuing the CDP notice to the taxpayer and POA. If the employee makes the request by phone, ask the employee whether there is a POA involved.
 - A. If there is a POA and the originator is not manually issuing the notices, input the information into NOTADD to generate a copy of the CDP notice to the POA.

Reminder:

When the NFTL is in an ELF court, the POA cannot be input until approval of the ELF file has been completed.

10. When a request is received for NFTL filing that is within 10 calendar days of the assessment and the assessment has **not** posted to IDRS, refer the request to the FORT. (See *IRM 5.19.12.2.5.5, Jeopardy NFTLs*.) If it is within 10 days of the assessment and the assessment has posted to IDRS, input the request to ALS following the procedures noted above.
11. If an error is made while creating the NFTL and the NFTL was placed on the BSV, complete a BSV add/delete form and give to Manager or Lead. They will notify the team responsible for printing and mailing that state's lien documents to pull the NFTL from the batch. Explain why the NFTL is being pulled.
12. Input a history on ALS to indicate the NFTL was manually input and is being hand carried for filing.
13. Due to the urgency that necessitates hand-carried NFTLs, requests for SLIDs for hand-carried NFTLs should be input by CLO as soon as possible, but must be input within five (5) business days after the receipt date.
14. Report NFTL requests received by paper under: OFP 810-69080.
15. Report NFTL requests received by phone under: OFP 700-69000.

5.19.12.2.2 (04-28-2015)

Loading Previously Recorded NFTLs to ALS (SCREATE)

1. Taxpayers may call in to request a lien release for a NFTL that is not on ALS. This situation may be the result of the NFTL having been purged from ALS or manually filed with the recording office without being loaded to ALS.
2. To generate a certificate of lien release through ALS, the NFTL must first be loaded to ALS. If a request for release of lien or a request for payoff of a lien is received and there is no record of a NFTL on ALS, the person making the request will need to supply a copy of the recorded NFTL. This is to ensure the lien is a federal tax lien, and to obtain the recording information needed for further action on the NFTL. See *IRM 5.19.12.7.5.4, Request for Release of Lien*, for more information.
3. To recreate the NFTL on ALS use the SCREATE literal command. See the ALS User Guide for instructions on SCREATE. **DO NOT USE THE ALS CREATE FUNCTION WHEN SCREATE IS APPROPRIATE.**

Note:

When the NFTL was previously created on ALS and recorded, the NFTL must be re-input to ALS using SCREATE. See exception in paragraph (5) below.

4. When recreating the NFTL on ALS, all information must be exactly the same as on the original NFTL. Use the SLID number from the copy of the NFTL supplied with the request.
5. Occasionally a copy of a NFTL may be received where the NFTL was recorded with no SLID (e.g., manually prepared NFTL that was hand carried and no SLID was secured prior to the recordation). Search ALS to confirm that the NFTL was not previously loaded to the system. Once confirmed, take the appropriate action.
 - A. If the NFTL is still active, use CREATE to load the NFTL. Change the Prep Date on ALS to match the date shown on the NFTL, suppress the printing of the NFTL, and remove the NFTL from the voucher
 - B. If the NFTL is no longer active, use SCREATE to load the NFTL. Establish a SLID for the NFTL that does not duplicate another SLID already in use. Input a history explaining why the NFTL was created and that the SLID was created.
6. Immediately after loading the NFTL to ALS, input the court recording data (CRD).
7. Charge time for resolving lien and request creation requests to OFP 810-69080.

5.19.12.2.3 (04-28-2015) Resolving Errors on NFTLs

1. Errors on NFTLs can affect the priority of the lien. See IRM 5.12.7.9, *NFTL Corrections*. Also, errors impact systemic processes related to NFTLs such as the information sharing between Master File and ALS which relies on certain information matching (i.e., TIN, MFT, tax period, and name control). Information matching allows the lien indicator information to pass to Master File and for ALS to receive information such as updated CSED and satisfaction of a tax module.
2. The process for resolving errors differs depending on whether the NFTL has been printed and the nature of the error. Before the NFTL is printed, it can be edited/corrected; after it has been printed, an amended or "Not to be Filed" NFTL (NTBFL) is needed.

Note:

The terms "corrected" and "amended" are often used interchangeably by the requestor, but they are two different processes in ALS.

5.19.12.2.3.1 (04-28-2015) Correcting NFTLs

1. Any information on a NFTL can be corrected or edited on ALS until it is printed from the ALS print spool (Tuesday and Thursday). Once the CDP notice is triggered, the NFTL cannot be edited. If a correction can be made prior to printing, there is no need to prepare an Amended NFTL.
2. When receiving notification of an error, review the ALS print spool for the SLID number of the NFTL to see if it has been printed.
 - A. If the NFTL has not been printed, edit the NFTL using the CORRECT function. See the ALS User Guide for instructions.
<http://mysbse.web.irs.gov/Collection/collsystems/als/userguide/default.aspx>
 - B. If the NFTL has been printed, an amended NFTL or NTBFL is needed, depending on the error.
3. After a NFTL has been printed from the ALS spool, CORRECT will only allow a change to the name control. If the name control is the only correction that needs to be made, no amended NFTL is required.
4. For NFTLs that were created in an electronic court, the approval of the ELF queue is equivalent to printing and mailing other documents. Once the approval is done the status of the NFTL changes from "new" to "approved elf" and the NFTL cannot be edited. When receiving notification of an error on an ELF NFTL, review ALS to see if the filing has been approved.
 - A. If the ELF filing has not been approved, disapprove the NFTL from the queue and input the correction.
 - B. If the ELF filing has been approved, an amended NFTL or NTBFL is needed, depending on the error.

5.19.12.2.3.2 (04-28-2015) Amended NFTLs

1. After the NFTL is printed (or approved for an ELF court), errors on a NFTL are fixed by amending the NFTL or creating a NTBFL on ALS. The nature of the error determines which is needed. IRM 5.12.7.9.2, *Correcting the Filed Lien Notice*, provides details on which should be requested and is summarized in the following chart.

Type of Error	Resolution Needed
Name of Taxpayer	Amended NFTL
Name Control	Correct on ALS
Taxpayer Address	No change to NFTL
Tax Period	Amended NFTL
Assessment Date	Amended NFTL
TIN	Not to be Filed NFTL
Dollar Amount	Amend NFTL only if significant error
Filing location	New NFTL

2. **DO NOT** use the amend function to add a name to a NFTL. The name line should only be amended to clarify the taxpayer's name already on the NFTL or remove the name of a non-liable person/entity. A NFTL should not be amended to show a new person/entity. A new NFTL should be requested for that new person/entity.
3. In order to amend a NFTL, recording information is needed on the original NFTL. If no CRD has been input to ALS:
 - A. Use the best research method available to locate the recording information and update ALS accordingly.
 - B. If unable to locate the recording information, notify the originator that no recording information could be found and ask them to obtain the information before resubmitting the request.
4. For step by step instruction on how to generate an amended NFTL on ALS, see the ALS User Guide.
<http://mysbse.web.irs.gov/Collection/collsystems/als/userguide/default.aspx>
5. When generating an amended NFTL, input a history on both SLIDs stating the reason the NFTL was amended, the name of the requestor, and the cross-reference SLID.
6. Amended lien documents will remain in paper format for electronic courts (recording offices). The amend program will generate a print file for amended documents to be sent to these recording offices. The Court program will allow the input of recording information on these amendment SLIDs. Once CRD is input to the amended NFTL it will be converted to an electronic NFTL and the release will be electronic.
 - A. In order for ALS to generate a print file, the recording office must be reassigned as a paper court. Contact the FORT for assistance.
 - B. For the recording offices of USDC Boston and Secretary of State Connecticut, no paper lien documents need to be sent. Complete the amended NFTL on ALS and the document will show up as an amended NFTL on ALS for viewing.
 - C. Amended NFTLs for Secretary of State California will be completed in the same manner as non-electronically filed amended NFTLs.
7. The ALS Amend program issues a new CDP notice based on the reason for amending. If changes are made to the tax period or assessment date, a L-3172 is generated unless the corrected tax module appears on another NFTL. In that situation a L-3171 will be generated. The CDP Notice generates when the amended document is printed. A CDP Notice does not generate for changes to the name, TIN, or name control.
8. Amended NFTLs are worked within five (5) business days after the receipt date..
9. OFF 810-69080 is charged for completing the amended NFTLs.

5.19.12.2.3.3 (04-28-2015) Not to Be Filed NFTL

1. When there is an error in a field that does not impact the validity of the NFTL (i.e., error in TIN or MFT), a Not to be Filed NFTL (NTBFL) must be created to establish the link between ALS and Master File. For other errors, an amended NFTL is needed. See chart in 5.19.12.2.3.2 above.
2. NTBFLs, sometimes referred to as "dummy" liens, are created with the same information as on the original NFTL except with the corrected TIN and/or MFT. NTBFLs should only be input by CLO.
3. NTBFLs are so named because they do not get recorded. They are for **internal use only**. If a NTBFL is inadvertently printed, the history should be reviewed to determine appropriate steps. **NEVER** mail a NTBFL to a recording office.
4. To create a NTBFL follow standard NFTL creation procedures in the ALS User Guide with the following exceptions:
 - A. Suppress the NFTL from the billing support voucher (BSV);
 - B. Suppress the CDP notice from printing;
 - C. Select "Not to be Filed" as the recording office (court number 721999); and
 - D. Input a history on the NTBFL and original SLID explaining the reason for the NTBFL and cross-referencing the SLIDs. **Remember**, this history needs to supply enough information so that a release for the original NFTL can be input when a release for the NTBFL is generated.

Note:

For other guidance on preparing NTBFLs, see the ALS User Guide for instructions.

5. As the modules on the NFTL are satisfied, Master File notifies ALS, which updates the status of the modules on the NTBFL. The modules are also placed on the SATMOD report so that the module on the original NFTL can be marked as satisfied. This is to ensure no delays in the release of the original, recorded NFTL.
6. After all the modules on the NTBFL have been satisfied a release will be systemically generated. The release will be placed into the print spool. When the release prints, the employee reviewing the lien documents pulls the release for the NTBFL and uses the ALS history information to request a release for the original NFTL. The release for the NTBFL can be discarded after use.

Reminder:

Not To Be Filed NFTLs or releases of NTBFLs are not to be filed with any recording office. They are used to inform CLO of an action to be taken.

7. OFP 810-69080 is charged for completing the creation of NTBFL.

**5.19.12.2.4 (04-28-2015)
Duplicate Filings of NFTL**

1. A duplicate NFTL filing condition exists when:
 - the same NFTL with the same SLID is recorded more than once at the recording office, or
 - identical NFTLs with different SLIDs are recorded at the same recording office.
2. Duplicate NFTLs might result from the recording office inadvertently recording both parts of the NFTL (i.e., the recording copy and the IRS copy) or from a NFTL being manually prepared and hand-carried for filing without the systemic printing of the NFTL being suppressed. They also can occur if duplicate requests are input to ALS.
3. CLO may receive inquiries on duplicate NFTL situations from internal or external customers. Duplicate NFTLs are most often found when inputting recording data and it is discovered that recording data is already on ALS for the NFTL.

Example:

The NFTL (SLID 123456789) returned from the recording office shows Book 5 page 33. ALS already shows CRD for SLID 123456789 as Book 2 page 4.

4. When conflicting information is found while inputting CRD for a SLID, double check the SLID to make sure the correct NFTL is displayed. If it is the correct NFTL, research Accurant, Netronline, or another appropriate website to determine if there is a duplicate NFTL filing.
 - A. If it is determined that the recording information on ALS is incorrect, there is not a duplicate filing. Correct the recording information on ALS through "maintenance."

Note:

Check with your Manager to find out if you are profiled for correcting court recording information.

- B. If it is discovered that part one and part two of the NFTL were inadvertently recorded, input the recording data on ALS for the first part filed and take actions to address the duplicate filing (described below). Also, check other NFTLs on the voucher to ensure they were not filed in duplicate.
5. If a duplicate NFTL filing situation is found, identify the originator of the NFTL and try to determine the basis for the duplicate situation. CLO resolves situations where the same NFTL with the same SLID was recorded in duplicate and there is no field assignment. Other situations should be referred to the assigned employee or Advisory, if appropriate, for resolution in accordance with IRM 5.12.7.10.4, *Duplicate NFTL*.
6. When there is a duplicate NFTL where the SLIDs are the same and no field assignment, prepare Letter 2440 *Certificate of Duplicate Lien Filing*, showing the recording information of the original and duplicate NFTL.
 - A. Issue Letter 2440 to the recording office for association with the duplicate filing.

Note:

Depending on the reason for the duplicate filing, a fee may be charged for recording the letter.

- B. Send a copy of the Letter 2440 to the taxpayer and their representative, if applicable, notifying them a duplicate NFTL was filed. The taxpayer does not need to file the letter but should retain it for future reference.
7. In certain situations, it may be appropriate to re-create the duplicate NFTL on ALS. Generally this occurs only at the direction of the employee assigned the taxpayer's case. Re-create the duplicate NFTL on ALS as follows.
 - A. Using SCREATE, assign a new SLID and input the information as it appears on the NFTL. See *IRM 5.19.12.2.2, Loading Previously Recorded NFTLs to ALS (SCREATE)*.
 - B. Input a history stating the NFTL is a duplicate and what the "true" SLID number is.
 - C. Input the recording information on the Court screen.
 - D. Input a TC 582 for the duplicate filed NFTL. No TC 360 should be input.

- Document ALS history with actions taken regarding duplicate NFTLs. The history should sufficiently reference recording information of the duplicate NFTL, if it is not otherwise captured on ALS.

5.19.12.2.5 (04-28-2015)
Special Types of Notices of Lien

- CLO receives manually prepared notices of lien from Field Collection, Advisory, and LB&I International. The documents include, but are not limited to:
 - Notices of Estate Tax Lien
 - Special Condition NFTLs, which may have a specific property description typed on the face of the document
 - Restitution-Based Assessment NFTLs
 - Mutual Collections Assistance Request (MCAR) notices of lien
 - Jeopardy NFTLs
- The extent of the information from these lien documents that is loaded to ALS varies. However, the documents are filed with their respective recording offices through CLO.
- Questions regarding other lien documents received should be directed to the Team Manager or Lead or to the FORT.

5.19.12.2.5.1 (04-28-2015)
Estate Tax Liens

- The notice of an estate tax lien is filed on Form 668-H or Form 668-J, *Notice of Federal Estate Tax Lien Under Internal Revenue Laws*. Notices of estate tax lien are not created on or otherwise loaded to ALS.
- CLO receives manually prepared estate tax liens and releases from the Advisory Estate Tax Group. These documents are generally received by mail transmitted with a Form 3210. The FORT manages all estate tax lien and related documents. See *IRM 5.19.12.8.2, Filing Estate Tax Lien Documents*.
- In certain situations, a regular NFTL (Form 668(Y)(c)) can be filed against an estate. If a request is received for the creation of an NFTL against an estate, follow normal procedures to create the NFTL on ALS with the following exceptions:
 - Include a "V" (or "W," for international accounts) after the SSN to indicate it's an estate; and
 - Usually input tax period as 000000.
- File a regular NFTL against the estate following standard procedures.
- If a call is received from an advisor regarding where to send an estate tax lien/release give them the address to the FORT.

5.19.12.2.5.2 (04-28-2015)
Special Condition NFTLs

- Special Condition NFTLs (often referred to as Nominee or Alter Ego NFTLs) are usually manually prepared by the revenue officer or Advisory and may have special wording, such as the description of property attached by the lien.

Note:

See IRM 5.12.7.6.4.5, *Special Condition NFTL SLID Numbers*, for additional information.

- Special Condition NFTLs are forwarded through the CLO FORT for processing.
- If it has not already been done by Advisory or the RO, the Special Condition NFTL must be loaded into ALS following the standard CREATE process with the following exceptions:
 - Select nominee or alter ego as the entity type, depending on the condition.
 - If a manually prepared document is received, suppress the NFTL from printing through ALS.
 - If the NFTL will be manually filed by the RO, suppress the NFTL from the voucher.
- Additional actions to process the Special Condition NFTL may be necessary as shown in the following table.

If the manually-prepared NFTL...	Then...
Does not have a SLID	Place the SLID generated through the CREATE process on the NFTL and place in the normal batch processing.
Is <u>not</u> being hand-carried for filing by the RO	Add the NFTL to the BSV and send to the recording office with the normal batch processing.
Contains a property description of what the lien attaches	Input an ALS history with an overview of the property description (e.g., property address, type of equipment).

- When a recorded copy of a Special Condition NFTL is returned, input the CRD and forward the document to the FORT.

5.19.12.2.5.3 (03-03-2016)
Restitution-Based Assessment NFTLs

- Restitution-Based Assessment ("Restitution") NFTLs are filed for restitution ordered by the court following the conviction of the taxpayer on a criminal tax violation or tax-related offense. These NFTLs contain special wording to indicate the nature of the assessment(s). These NFTLs can be printed through ALS or manually prepared by the revenue officer (RO).

Note:

See Interim Guidance Memo SBSE 05-0615-0044, *Notices of Federal Tax Lien on Restitution-Based Assessment*, for additional information.

- Requests for Restitution NFTLs cannot be made through ICS. The requester must submit Form 12636 (or, if manually prepared, a copy of the NFTL) to CLO for input to ALS.
- Upon receipt of Form 12636, follow standard processes to review the request and input the information to ALS, with the following exceptions.
 - The type of tax must be the form involved in the restitution preceded by an "R" (e.g., R1040, R941). The assessments show on IDRS under MFT31, but that is not acceptable as a type of tax on the NFTL. Inclusion of the "R" is crucial for ALS to recognize the NFTL as a Restitution NFTL.
 - Only restitution-based assessments may be included on the NFTL. Due to the special wording of these NFTLs, other types of assessments (e.g., 1040, 6672, etc.) must **not** be included.
 - The number of entries in the tax form section is limited to **14** line items to allow space for the special wording.

4. Restitution NFTLs generated by ALS should be printed and mailed following standard procedures.
5. In situations where the NFTL will be hand-carried for filing, the requester must manually prepare the NFTL and contact CLO for a SLID. Upon receipt of a request for a SLID, follow the standard CREATE process with exceptions for the following actions.
 - A. Place an "R" in front of the tax form number to indicate the restitution situation (e.g., R1040, R941).

Note:

Inclusion of the "R" is crucial for ALS to recognize the NFTL as a Restitution NFTL.
 - B. Ensure that only restitution-based assessments are included in the NFTL.
 - C. Verify that the number of entries in the tax section does not exceed 14.
 - D. Suppress the NFTL from printing through ALS.
 - E. Suppress the NFTL from the voucher.
 - F. Suppress the systemic CDP notification.
 - G. Input a history to ALS about the manual preparation and filing.
 - H. Provide the SLID to the requestor.
6. For Restitution NFTLs printed and filed by CLO, the taxpayer's CDP notice is systemically issued. For those manually prepared, the requester is responsible for the issuance of the CDP notice.

5.19.12.2.5.4 (04-28-2015)

Mutual Collection Assistance Request NFTLs

1. MCAR notices of lien are created because certain tax treaties contain clauses under which the treaty partners can request assistance from the Service in collecting taxes owed them by individuals residing in the United States. The mutual collection treaty partners are:
 - France
 - Sweden
 - Denmark
 - Canada
 - the Netherlands
2. A MCAR notice of lien will not look like a regular NFTL and it will not be input to ALS. It should come with a request explaining the lien document is to be filed and who needs to receive the recorded document back. The lien documents will be placed in the normal batch processing.
3. When these documents are returned from the recording office, forward them to the requestor.

5.19.12.2.5.5 (04-28-2015)

Jeopardy NFTLs

1. A jeopardy or prompt assessment is done in special circumstances when it is determined that collection of taxes will be endangered if regular assessment and collection procedures are followed. (See IRM 5.1.4, *Jeopardy, Termination, Quick and Prompt Assessments*.) In many of these situations, it is necessary to immediately file a NFTL as soon as the assessment is made. There are other situations when a jeopardy assessment is not made, but it is necessary to file a NFTL before an assessment has posted to IDRS. Although the situations differ, the NFTL requests in both are categorized as "Jeopardy NFTLs" because they are handled the same on ALS. (See IRM 5.12.7.7.1, *Jeopardy and Prompt Assessments NFTL*.)
2. Jeopardy NFTLs must be manually prepared by the originator. NFTL requests involving assessments that have not posted to IDRS will cause an unpostable of the TC 582, 360, and 971 AC 252.
3. Jeopardy NFTLs are controlled in the FORT. Any request for a Jeopardy NFTL received by a CLO Team should immediately be forwarded to the FORT.
4. Upon receipt of a Jeopardy NFTL request, the FORT creates a Not to Be Filed NFTL (NTBFL) on ALS. This allows for the generation of a SLID for the manually-prepared NFTL but prevents transaction codes from posting to IDRS. See further details in IRM 5.19.12.2.3.3, *Not to Be Filed NFTL*.

Reminder:

Be sure to use OFF Voucher and STORE Only options.

5. Give the SLID to the revenue officer for preparation of the manually-typed NFTL and advise the RO to return the recording data once recorded.
6. Input an ALS history identifying the NFTL as a jeopardy NFTL and monitor for the RO to return the CRD.
7. When the CRD is received:
 - A. Verify the assessment has posted to IDRS.
 - B. Correct the court selection to the appropriate recording office where the NFTL was filed.
 - C. Input the CRD.
8. Advise the RO to input the TC 360, 582, and 971 AC 252 to the module(s) as appropriate.

5.19.12.2.6 (04-28-2015)

Refiling a Notice of Federal Tax Lien

1. A NFTL is valid for a specific period of time. The date this time period expires is usually seen on the NFTL under column (e), "Last Day for Refiling." There are situations where the liability is still owed and the statutory period for collection (CSED) for the liability is extended beyond the time the NFTL is valid. When this occurs it is necessary to refile the NFTL to continue its effectiveness. See IRM 5.12.8, *Notice of Lien Refiling*, for additional details.
2. A NFTL can contain up to 15 different statutory liens (i.e., assessments), each with its own assessment date and refile date; However, the NFTL for each different assessment can only be refiled within 1 year of the refile period expiring. Therefore, a refile document may contain some, but, not all, of the assessments on the NFTL and there may be multiple refiles associated with one NFTL.

Example:

A NFTL was filed for 4 tax periods. The Last Day for Refiling for the first tax period is in 6 months, for the second tax period in 2 years, and for the third and fourth tax periods in 4 years. The NFTL can be refiled for the first module now as it is within one year of the refile time period expiring. The NFTL cannot be refiled for the second tax period until next year. The third and fourth tax periods can be included on one refile document, but the refile cannot be done for three years.

3. Refiles are not systemically input or requested. They must be manually input to ALS. Refer to the ALS User Guide for directions on inputting refiles.
4. A request for refile is normally submitted on Form 12636. The request needs to specify several things, including:

- The tax periods to be included in the refile.

Note:

A tax period may have multiple assessments on the NFTL. Only those assessments that still have a balance due need to be included in the refile. The request should specify which assessments in the tax period are to be included.

- The new CSED.

Note:

It is essential to input the updated CSED for each period on the refile. If the CSED is in suspense due to litigation, the CSED field of Form 12636 should show all asterisks (**/**/****) or a future date (e.g., CSED plus 20 years). The requestor should **not** put N/A in the CSED field of the Form 12636.

- The current unpaid balance of assessment for the tax period.
- Whether there was a change of address for the taxpayer.

5. Contact the originator if any required information is missing. Also, Form 668(F), *Notice of Federal Tax Lien Refile*, only allows for six assessments to be included on a refile. If the refile request is for more than the allowed six assessments, notify the originator and explain two refile documents will be generated.
6. The NFTL **must** be refiled in the recording office where it was originally filed. There can be situations when the refiled NFTL can also be filed in a different location even though a NFTL was not previously filed in that location (e.g., taxpayer relocated from one county to another). When such a request is received, generate the refile on ALS for the original location, then follow the ALS prompts to generate another refile for the additional filing location.

Note:

A request for refiling the NFTL in a different recording office from where the NFTL was filed is consistent with IRC § 6323(g). In these situations, the refiled NFTL effectively serves as a new NFTL filing in that "different" recording office. To reduce potential confusion, the requestor may ask for a new NFTL in the "different" recording office instead of refiling the original NFTL there.

7. When entering the refile data in ALS, ensure enough time is left on the refile time frame for the refile document to be created, printed, and processed for filing. If the refiled NFTL reaches the recording office after the deadline it will be rejected by the recording office. If there is insufficient time to process the refile, contact the requestor and advise that a hand-carried refile is needed.
8. If the lien has self released or is expired (i.e., it is after the Last Day for Refiling and/or "exp" shows on ALS), notify the requestor of the status. Advise they need to revoke the self-released/expired lien and file a new NFTL. Refer to IRM 5.12.3.14, *Revocation of Certificate of Release*, for further details.
9. When a refile needs to be hand-carried for filing, CLO may receive an urgent request from a Collection employee through the 800 Internal Aspect Phone System, by secure email, or by fax for a SLID. Input the refile data to ALS following standard procedures with the following exceptions:
 - A. Suppress the printing of the document and the appearance of it on the voucher.
 - B. Provide the SLID to the requestor to add to their manually-prepared document.
 - C. Enter a history item in ALS that the refile document was prepared outside of ALS and hand-carried for filing.
10. After hand-carrying the NFTL for filing, the originator should secure email CLO a copy of the refiled NFTL with the court recording data.
11. If a CSED is updated after a NFTL is filed, ALS is notified of the change and updates its records accordingly. ALS monitors the computed refile dates for all NFTLs. If a refile date is approaching and the CSED has been extended or suspended, ALS marks that NFTL for inclusion in the Potential Refile Report.
12. The Potential Refile Report provides a list of periods on NFTLs where the CSED has been extended and there is still a balance due. The Potential Refile Report can be generated by the office working the report—usually Advisory.
13. Refile requests must be worked within five (5) business days after the receipt date in CLO.
14. The NFTL refile is processed the same as any lien document. No special processing is required once the refiled document is created on ALS. The taxpayer will receive a copy of the refiled NFTL from CPS.

5.19.12.2.7 (04-28-2015)

Lien Release

1. One NFTL can include up to 15 different federal tax liens. Basically, each tax assessment shown on the NFTL is a separate federal tax lien.
2. Under IRC § 6325, the IRS is required to release a lien within 30 days of when it has been satisfied or is no longer enforceable (e.g., statute expiration). Liens can be satisfied by various methods, including, but not limited to:
 - Full payment;
 - Accepted offer in compromise;
 - Abatement of tax, penalty or interest;
 - Credit offset; or
 - Litigation settlement.
3. A release of lien can take one of two forms:
 - A Form 668(Z), *Certificate of Release of Federal Tax Lien*, or
 - The lien "self-releases" (i.e., the "Last Day for Refiling" on the NFTL passes and the NFTL is not re-filed).

Note:

If the "Last Day for Refiling" is not specified on the NFTL, the self-release provision is not in effect and a certificate of release must be issued when the CSED expires. See IRM 5.12.3.4.1.1, *Self-Releasing Lien*.

4. The IRS is generally not required to issue a certificate of release until all the liabilities listed on the NFTL are satisfied or no longer enforceable. When all the liabilities on a NFTL have been satisfied, a Form 668(Z) is issued.
5. The majority of releases are generated systemically. When a tax module with a lien filed indicator (TC 582) on Master File is satisfied and the account goes into status 12, a satisfied module indicator is sent systemically to ALS. Through the program ModSat, ALS marks satisfied periods with a 528 in the status column of the NFTL. ALS then runs a program called Relscan, which looks for NFTLs that have all tax modules satisfied and generates a release. If all modules on the NFTL are not satisfied, the release will not generate.
6. There are times when a release must be issued before the systemic process can be completed or will not be completed within 30 days. These situations require manual input to ALS.
7. IRM 1.2.44.5, *Delegation Order 5-4 (rev. 3)*, lists employees who have the authority to approve lien releases and other lien-related certificates. Neither the Taxpayer Advocate Service (TAS) nor Appeals have the authority to release federal tax liens.
8. When a lien expires due to statute expiration, a Form 668(Z) is generally not issued. The self-release language on the NFTL fulfills the requirements for release. See IRM 5.12.3.4.1.1, *Self-Releasing Lien*, for more information.
9. At times, a recording office identifies a release document as being "questionable" or fraudulent and contacts CLO for assistance. If the release cannot be verified, ask the recording office to fax the document. If the document still cannot be verified, contact the FORT to make a determination on referring the case to TIGTA. See IRM 5.12.3.8.2, *Fraudulent Lien Certificate Recorded*.

**5.19.12.2.7.1 (04-28-2015)
Manual Release of Liens**

1. A request for a manual input of a lien release could be received by telephone or in writing from an internal or external customer. Requests from IRS employees are generally made on Form 13794, *Request for Release or Partial Release of Federal Tax Lien*. See IRM 5.19.12.7.5.4, *Request for Release of Lien*, for guidance on processing external requests.
2. For direction on how to input the release on ALS, refer to the ALS User Guide.
3. To input a release on ALS, it is necessary to identify the date of the satisfying transaction. The chart below explains the date to use in different circumstances.

Reminder:

This chart is only to determine the date to input to ALS to process the release. The dates described are not necessarily the dates that begin the 30-day period in which the IRS is required to release the lien. For that information, see IRM 5.12.3-1, *Starting Points for 30-Day Release Time Frame*.

Module satisfied by...	Satisfying action date is date when...	Date to use on ALS...
Bankruptcy	Discharged	TC 521
Pending discharge from bankruptcy (request by IRS employee prior to discharge posting)	Discharged	Date given by requestor (no TC date)
OIC	Account compromised	TC 780
Pending OIC completion (request by IRS employee--usually MOIC/COIC--prior to acceptance closure posting)	Account compromised	Date given by requestor (no TC date)
Credit Offset	Overpayment moved from another module	TC 706
Credit transfer	Original credit moved	TC 670 or other credit TC
Payment	Credit applied	TC 670 or other credit TC
Adjustment	Adjustment made	TC 291, TC 301, or equivalent TC.
Pending adjustment (request by IRS employee prior to adjustment posting)	Adjustment should post	Date given by requestor (no TC date)
CSED expiration	CSED expired	TC 608 - See IRM 5.19.12.2.7.4, <i>Self-Releasing Liens</i> .
Amount below tolerance	Account went status 12	Status 12 date - See IRM 5.12.3.3.1, <i>Liability Is Satisfied</i> , for information about tolerance.

4. Requests from IRS employees should contain all the necessary data for ALS input, including the originator's assignment number. Research on these requests is generally only done on ALS to ensure all related NFTLs are addressed.

Reminder:

Do not use ACS Employee numbers to release liens. The inputting TE should use their own number.

5. When releases are manually input to ALS, document in the ALS history why the release is being input and include enough information to identify the requestor.
6. On occasion, it is necessary for the field to issue a certificate of release directly to the taxpayer or their representative to be hand carried to the recording office to be filed. For example, a release is needed based on court decisions or at the request of the Department of Justice. In this circumstance, a copy of the release that was manually prepared should be provided to CLO to update ALS. Input the release to ALS following standard procedures except:
 - A. Suppress the printing of the release.
 - B. Suppress the release from appearing on the voucher.
 - C. Following the ALS prompts, input the name of the employee who issued the release.

Note:

The employee issuing a release directly to the taxpayer is responsible for the input of the TC 583 to IDRS.

7. Release requests must be worked within five (5) business days after the date of receipt.
8. OFP 810-69080 is used for completing requests for the release of liens.

**5.19.12.2.7.2 (04-28-2015)
Partial Lien Releases**

1. A NFTL can show multiple taxpayers (e.g., joint liability) and multiple tax periods. There are times when it is necessary to release the lien against one of the taxpayers or some of the tax periods listed on the NFTL. When this happens a partial release of lien is issued.

2. A partial release for one of the taxpayers listed on the NFTL is done when one taxpayer is no longer liable for the assessments listed but the other taxpayer(s) is still liable. This happens most often when there is a joint income tax liability and one spouse has been granted a discharge in a bankruptcy, has an accepted offer in compromise, or has been granted innocent spouse relief.
3. Most of these partial releases are generated systemically when the tax module is being split on Master File, but requests from IRS employees for manual input may also be received.
4. Partial releases for certain tax periods listed on the NFTL can be issued after each assessment is satisfied or becomes unenforceable; however, the IRS is only required to do these partial releases upon the taxpayer's request. See IRM 5.12.3.6, *Partial Lien Release*.

Note:

For individual periods that have expired or self-released, follow self released lien procedures. See IRM 5.19.12.2.7.4, *Self-Releasing Liens*.

5. Requests for partial release received from an IRS employee usually do not need to be researched. Contact the employee if there are questions or problems.
 - The request is generally on Form 13794.
 - The request should provide a reason for the partial release (e.g., taxpayer was determined to be an innocent spouse).
 - The authority to request a partial release is the same as requesting a full release. See IRM 1.2.44.5, *Delegation Order 5-4 (rev. 3)*.
6. Requests for partial releases received from a taxpayer must be researched to determine if a partial release is appropriate.

Reminder:

The liability under the joint entity may show satisfied, but the liability was split to separate liabilities. Ensure no liability exists under either MFT 30 or MFT 31 before processing the release request.

7. To input a partial release, follow the same basic procedures for a manual release request except address the questions regarding the partial release. See IRM 5.19.12.2.7.1, *Manual Release of Liens*, and the ALS User Guide.
8. For ALS to generate a partial release, the system establishes an ALS-only document identified as a "spec doc" in the status column on ALS. From this spec doc the partial release is prepared. The spec doc has a unique SLID on ALS, but the printed document shows the original SLID and special language to indicate it is a partial release.
9. Partial releases are printed at CLO with other lien documents following regular print schedules. Partial releases for ELF courts are printed and mailed by CLO and can be found in SPOOL/ELF.mmdd. The TP copies of the partial releases are systemically generated and mailed from CPS.
10. OFP 810-69080 is charged for working requests for the partial release of lien. Requests must be worked within five (5) business days after the receipt date.

5.19.12.2.7.3 (04-28-2015)

Partial Release with Tax Court Indicator

1. When researching NFTLs with a joint liability, a situation may be encountered in which a partial release has been created on ALS, but has not been issued. This generally happens when one spouse has made an innocent spouse claim that was denied and is challenging the assessment in Tax Court.
2. In addition to the partial release, ALS research shows:
 - The release is not in the manager's approval queue and
 - When attempting to access the NFTL through ALS "Release," the user is warned that a duplicate should not be generated.
3. IDRS research in this situation shows:
 - A TC 971 AC 102 or TC 971 AC 103, indicating the claim of the spouse was denied and is being appealed in Tax Court;
 - A TC 400 on the MFT 30 joint module, indicating the account has been transferred out, and
 - An MFT 31 for the module for the non-petitioning spouse only.
4. The presence of the TC 971 AC 102/103 triggers a systemic partial release on ALS for the innocent spouse. The partial release is stored on ALS until a final decision is reached in Tax Court.
5. When an inquiry is received regarding a partial release in this situation, do the following:
 - A. Advise the taxpayer the lien cannot be released until a Tax Court decision is final or the lien is full paid.
 - B. Input a history item on ALS regarding the situation.

5.19.12.2.7.4 (03-03-2016)

Self-Releasing Liens

1. NFTLs filed on Form 668(Y)(c), *Notice of Federal Tax Lien*, show a "Last Day for Refiling" in column (e). Language on the form states that if the NFTL is not refiled by that date, the lien is considered to be released. This is known as a self-releasing lien. See IRM 5.12.3.4.1.1, *Self Releasing Lien*, for further details.
2. Each assessment shown on the NFTL has its own Last Day for Refiling. When the respective date passes and no refile has been input, ALS will place an indicator on the assessment to show the lien has expired ("EXP").
3. A certificate of release is not systemically issued for a self-releasing lien. If a NFTL contains multiple liabilities that are satisfied by different means (e.g., payment, statute, etc.), a certificate of release may or may not be issued depending on how the last open liability on the NFTL was resolved.

If the last final liability on the NFTL is satisfied by....	And the "Last Day for Re-Filing" for all the other liabilities on the NFTL....	Then a Certificate of Release....
Statute expiration	Has passed	Does not need to be issued
Statute expiration	Has not passed	Must be issued
Payment or adjustment	Has or has not passed	Must be issued

4. If there is no "Last Day for Refiling" specified on the NFTL or the NFTL does not have the self-release language (e.g., refiled NFTLs, Forms 668(Y) issued before 1983), the self-release provision is not in effect and a certificate of release must be issued within 30 days of when the CSED passes.

Note:

ALS systemically issues releases when the CSED for a refiled NFTL passes.

5. When a request for lien release is received for a self-released lien, review IDRS to ensure the CSED has not been extended and to determine if there is still a balance due on the assessment(s).
6. If the CSED has been extended and there is still a balance due, take the following actions.

A. Determine the status of the account and refer it to the appropriate office. See *IRM 5.19.12.7.5.2, Request for Payoff*, for additional information on referrals.

Status	Refer to...
22	ACS
26	RO or RO Group
71	Centralized Offer in Compromise
72 with TC 520 cc 60-67, 81, or 83-89	Centralized Insolvency Operation
72 with TC 520 cc 70-75 or 80	Advisory
All other statuses	Advisory

B. Prepare a Letter 3645C to explain that the request is being referred or, if the request is by phone, tell the caller you are referring the case for a NFTL determination and to whom the case is being referred. See *IRM 2.4, IDRS Terminal Input*, on creating correspondex letters.

C. Input an ALS or AMS history of the actions that were taken.

7. If the CSED has not been extended or there is no balance due, advise the taxpayer of the self-release and take the following actions.

A. Advise the taxpayer that you will provide a release that they will need to file at the recording office. Explain that some recording offices do not accept the certificate of release because they recognize the lien as being self-released.

B. Generate a Form 668(Z) using the ALS literal command "PRNT668." See the ALS User Guide. Ensure the NFTL has CRD before printing and, if needed, update the release document with the current date.

Note:

In situations where the NFTL is no longer on ALS, the taxpayer must provide a copy of the NFTL and the certificate of release must be manually prepared using an available template.

C. Send the release document to the taxpayer with Notice 48, *Instructions for the Certificate of Release of Federal Tax Lien*.

D. Update ALS with a history stating the actions taken.

8. If the NFTL was filed in an ELF court, print and provide the taxpayer a facsimile of the self-released NFTL and explain it was filed in electronic court. If the taxpayer states they need a Certificate of Release, the lien will need to be released on ALS so that an electronic release will be sent. The ELF court will not accept a paper document from the taxpayer for recording.

9. If the recording office refuses to file a hand-carried release for the taxpayer and insists it come from the site, add the release to the next available voucher for that recording office.

Caution:

Sending the certificate of release directly to the recording office can cause the entire batch of documents to be rejected. If the certificate of release is to be sent directly, check MAINTXC for any filing restrictions or contact the recording office prior to sending to resolve any filing problems.

10. Paper requests for a release must be worked within five (5) business days after the date of receipt. Phone requests should be worked while the taxpayer is on the phone, unless unusual circumstances exist.

11. OFP 810-69080 is charged for processing written requests for release of liens. If the request is by phone, use OFP 700-69000.

5.19.12.2.7.5 (04-28-2015)

Reversing and Revoking a Release of Lien

1. Occasionally a lien will be released on ALS, either by the issuance of a certificate of release or the self-release nature of the NFTL, and it is determined the lien should not have been released. An erroneous release must be addressed before additional actions can be taken regarding the lien.

2. If the lien has been released on ALS but the Certificate of Release has not yet been printed, a user with the appropriate permissions, usually a manager, can reverse the release on ALS. Refer to the ALS User Guide for direction.

Caution:

When a release of lien is reversed, the individual modules **must** also be addressed on ALS. If all of the modules on the NFTL show satisfied in one way or another, a release will be systemically generated again when Relscan is run. See the ALS User Guide for instructions on reversing the SAT indicator for the modules.

3. Once a release is recorded or the NFTL expires, the release must be revoked. This is done by filing a Form 12474 or 12474-A, *Revocation of Certificate of Release of Federal Tax Lien*, at the appropriate recording office.

4. Requests for revocation are usually submitted on Form 14466, *Request for Revocation of Erroneous Release of Federal Tax Lien*.

A. If the revocation request is for a recorded certificate of release, the requestor of the revocation must supply the recording date of the release to complete the revocation. Release recording information is not kept on ALS.

B. If the release that is being revoked was based on a self-released lien, no release recording date is necessary. The recording information for the document is the original lien recording information. See *IRM 5.12.3.4.1.1, Self Releasing Lien*.

5. Revocation requests are generally sent to CLO via secure email by Advisory, Insolvency, or Revenue Officers. See *IRM 5.12.3.14.1, Requesting Revocation of Lien Release*.

6. Input the revocation to ALS following the instruction in the ALS User Guide.

7. Print and process the revocation document with other lien documents.

A. Send one copy of the revocation document to the recording office.

B. Mail the second copy of the revocation document to the taxpayer.

Note:

Although CLO is tasked with mailing the taxpayer's copy, it is the requestor's responsibility to ensure this is done.

8. When the request for a new NFTL is included with the request for the revocation it is imperative that the revocation and new filing be completed in the proper sequence. The revocation **must** be prepared, recorded with the recording office, and mailed to the taxpayer PRIOR to the new NFTL being filed.
 - A. If the revocation document and new NFTL are sent at the same time, ensure that the recording office is made aware that the revocation needs to be recorded prior to the recording of the new NFTL. A note to the recorder giving this direction should also include the SLID number of both the revocation and the new NFTL.
 - B. If the new NFTL is held for later filing, wait at least one full cycle after the revocation before inputting the new NFTL. It is preferable that the filing of the revocation is verified before the filing the new NFTL

Note:

The revocation document must be both mailed to the taxpayer and recorded at the recording office to re-establish the statutory lien. The statutory lien must be re-established before a new NFTL is filed. Also, a revocation must be filed everywhere the NFTL was originally filed.

9. Add a history item to ALS to indicate the reason for the revocation. For partial revocations, the history entry must list the modules for which the revocation was issued.
10. If it is found that a revocation has been incorrectly input, the revocations can be reversed before the print date by a user with the appropriate permissions utilizing the ALS literal command "revoke." Refer to the ALS User Guide for more instructions.
11. Requests for revocation must be worked within five (5) business days after the receipt date.
12. OFP 810-69080 is charged for completing the reversal or revocation of release of liens.

**5.19.12.2.8 (04-28-2015)
NFTL Withdrawal**

1. Once a Notice of Federal Tax Lien is filed, the lien can only be released when the liability is satisfied, the liability is no longer enforceable, or a bond has been accepted for the payment of the liability. In certain situations it may be appropriate for the IRS to withdraw the Notice of Federal Tax Lien while the taxpayer still owes the liability. See IRM 5.12.9, *Withdrawal of Notice of Federal Tax Lien*, for further details.

Note:

Information about withdrawing a NFTL after the lien has been released is found in *IRM 5.19.12.2.8.3, Withdrawal of NFTL After Lien Release*.

2. A Withdrawal of the NFTL differs from a Certificate of Release of Federal Tax Lien and the two cannot be used for one another. A Withdrawal only removes the effect of the NFTL whereas the Certificate of Release invalidates the NFTL and extinguishes the statutory tax lien.
3. Advisory and Insolvency Managers have general approval authority for a withdrawal of a NFTL, but other positions also have limited authority to approve withdrawals as described in IRM 1.2.44.5, *Delegation Order 5-4 (rev. 3)*.
4. Most withdrawal requests are processed through Advisory. Insolvency primarily works withdrawals involving active bankruptcy cases. Both offices send approved withdrawal requests to CLO for processing actions or input the requests directly to ALS, if permissions allows. Withdrawal requests are generally submitted on Form 13794-W, *Request for Withdrawal or Partial Withdrawal of Notice of Federal Tax Lien*.

Note:

Requests from Appeals usually come through Advisory because Appeals does not have TSIGNs. Do not use generic TSIGNs for requests from Appeals.

5. Upon receipt of an approved withdrawal request, check ALS to ensure the NFTL has recording information. CRD must be on the NFTL before a withdrawal can be input to ALS.
6. If no CRD is on the NFTL, use an available research tool to locate the recording information and update ALS accordingly. If no recording information is found, follow the steps below.
 - A. Notify the originator there is no CRD on ALS and none was found through research.
 - B. Ask the originator to find the CRD and resubmit the request.
 - C. Close case along with all documentation.
 - D. Input a history in ALS or AMS (if not on ALS) of all actions taken.

Note:

During the research process, if you find there is no NFTL filed, notify the originator and follow the Potential Lost Lien procedures. See *IRM 5.19.12.9.5, Potential Lost NFTLs*.

7. Once CRD is on the NFTL, input the withdrawal on ALS following the instructions found in the ALS User Guide. Input a history in ALS of actions taken.

Note:

In rare situations where the NFTL is not on ALS and the lien has not been released, the NFTL needs to be added through the SCREATE process before the withdrawal can be input.

8. Withdrawals input to ALS go to the manager's approval queue. The Team Manager daily approves the withdrawals in the queue.
9. The office authorizing the withdrawal is responsible for reversing the TC 360 lien filing fee on IDRS when appropriate.
10. Form 10916, *Withdrawal of Filed Notice of Federal Tax Lien*, is printed and mailed for recording with other lien documents. The taxpayer's copy of Form 10916 is printed and mailed to the taxpayer from CPS.
11. If the requesting office asks for a copy of the Form 10916, make a copy of the document when printed or, after the withdrawal is approved on ALS, generate a copy using PRNT668. If the court has electronic filing (ELF), print the facsimile after creating the withdrawal. Scan the copy of the withdrawal document and send it to the originator by secure email.
12. On occasion, the withdrawal document may be manually prepared in the field and issued directly to the taxpayer for recordation. In these situations, a copy of the withdrawal document should be provided to CLO for input to ALS. Follow the usual input procedures with the following exceptions:
 - A. Suppress the printing of the withdrawal document;
 - B. Suppress the document from appearing on the BSV; and
 - C. Indicate that the withdrawal was already issued and input the applicable data.
13. NFTL withdrawal requests must be worked within five (5) business days after the date of receipt in CLO.

14. OFP 810-69080 is charged for completing NFTL withdrawals.

5.19.12.2.8.1 (04-28-2015)

Partial NFTL Withdrawals

1. Situations may arise where the NFTL lists multiple persons but it is appropriate to withdraw the NFTL only as it relates to one person. Also, but in unusual circumstances, there may be situations where the NFTL lists multiple tax periods but it is appropriate to withdraw the NFTL only as it relates to certain tax periods. In these situations a partial withdrawal may be issued. See IRM 5.12.9.7, *Partial Withdrawal*, for additional details.
2. Those authorized under Delegation Order 5-4 to approve withdrawals can also approve partial withdrawals. Generally, the approved partial withdrawal requests come from Advisory or Insolvency to CLO for processing actions.
3. Follow the instructions in *IRM 5.19.12.2.8* above for processing the withdrawal request.
4. Input the partial withdrawal on ALS following the instructions found in the ALS User Guide. Input a history in ALS of actions taken.
5. Do not reverse the TC 360. There is no abatement of lien filing fees for partial withdrawals.
6. Partial NFTL withdrawals must be worked within five (5) business days after the receipt date in CLO.
7. OFP 810-69080 is charged for completing the partial NFTL withdrawals

5.19.12.2.8.2 (04-28-2015)

Misdirected Withdrawal Requests

1. Requests for NFTL withdrawal are submitted in writing, generally on Form 12277, *Application for Withdrawal of Filed Form 668(Y), Notice of Federal Tax Lien*.
2. In the event a request for a withdrawal is received from a taxpayer for a NFTL and the lien has not been released, check IDRS to determine the status of the account. Refer the request following the chart below:

Status	Refer to...
26	Assigned RO
72 with TC 520 cc 60-67, 81, or 83-89	Centralized Insolvency Operation
All other statuses	Advisory

3. Prepare a Letter 3645CS for the taxpayer to explain that the request has been referred. Refer to IRM 2.4, *IDRS Terminal Inputs*, for creating a correspondex letter.
4. Input a history of the action taken on ALS or AMS, if not on ALS.
5. If the request is received from an IRS employee not authorized to approve withdrawals, reject the request back to the originator and explain that the request must go through Advisory or Insolvency.

5.19.12.2.8.3 (04-28-2015)

Withdrawal of NFTL After Lien Release

1. Taxpayers may request a withdrawal of the NFTL after the lien has been released. The policy regarding withdrawals after lien release is found in IRM 5.12.9.9, *Requests for Withdrawal After the NFTL Has Been Released*.
2. CLO Managers have the authority to approve withdrawals after lien release, except for situations where the lien has self-released. See IRM 1.2.44.5, *Delegation Order 5-4 (Rev. 3)*.
3. CLO processes taxpayer requests for NFTL withdrawal after lien release if submitted under IRC 6323(j)(1)(D), best interest of the taxpayer and the government, and a certificate of release was issued.
 - A. Forward withdrawal requests made under other provisions or conditions to the Advisory office where the taxpayer resides.
 - B. Refer questionable or exception cases to Advisory after Manager/FORT review.
4. Upon receipt of a request for withdrawal after lien release, take action to work the request.
 - A. Review ALS to determine the status of the NFTL and whether a certificate of release was issued.
 - B. Research IDRS to determine how the liability was satisfied and whether the taxpayer is in filing compliance.
 - C. Request additional information from the taxpayer as needed.
5. Make a determination on the withdrawal request following the guidance found in IRM 5.12.9.9, *Requests for Withdrawal After the NFTL Has Been Released*.
 - A. If the conditions for withdrawal are met, input the withdrawal to ALS following standard input procedures. Form 10916(A), *Withdrawal of Filed Notice of Federal Tax Lien after Release*, and Letter 3044, *Withdrawal After Notice of Lien Release*, will be systemically generated.
 - B. If the conditions for withdrawal are not met, prepare and issue Letter 4711, *Withdrawal Decision*, to deny the request.

Note:

Determinations to withdraw the NFTL or deny the request must be approved by the Team Manager prior to generation of documents.

6. In situations where a request is received for a NFTL no longer on ALS, additional manual processing may be necessary. See IRM 5.12.9.9.2, *Withdrawal Requests for NFTLs No Longer on ALS*. DO NOT SCREATE a released NFTL on ALS for the sole purpose of withdrawing it.
7. Requests for withdrawal after release should be addressed within thirty (30) calendar days after receipt of a complete application in CLO (e.g., Form 12277 with all information). If the request cannot be addressed in that time frame, an interim letter should be sent to the applicant advising of the situation.
8. Use OFP 810-69170 when working withdrawal requests.

5.19.12.2.9 (04-28-2015)

Certificate of Non-Attachment

1. Certificates of Non-Attachment (CNA) are not liens. They are certificates created when a third party contacts the IRS for documentation that explains the NFTL does not affect their property. Most often this occurs when the third party and the taxpayer have a similar name.
2. These certificates are generally prepared and submitted by Advisory. These documents are not loaded to ALS, but are filed with documents that are created on ALS.

- Upon receipt of a CNA, compute the filing fees and add it to the BSV. File the CNA with the recording office following the same procedures as filing a NFTL that is not on ALS.

5.19.12.3 (04-28-2015)

Document Printing

- Lien documents, including NFTLs, releases, withdrawals and revocations, are routinely printed on Tuesdays and Thursdays only.

Note:

There are times when the documents are printed outside of this parameter (e.g., a holiday falls on a print date, a disaster prevents sending NFTLs to the designated location). In these instances management provides guidance for alternative processing.

- NFTLs printed on days other than Tuesdays and Thursdays can cause a delay in the issuance of the CDP notice, resulting in the five (5) day time frame not being met.
- Printing and mailing of the lien documents starts the day after the "668Y" and "668Z" listings are completed and the billing support voucher is reviewed for additions and subtractions. All printing and mailing must be completed within three (3) business days.
- All documents should be printed on Tuesday or Thursday. This would also be the day all ELF liens are approved.

Note:

Managerial approval of the ELF liens is equivalent to printing of the liens and will trigger the CDP generation. The managerial approval must be done on Tuesday and Thursday to ensure CDP notices are timely printed and mailed.

- The printed documents are packaged and mailed the following day (Wednesday and Friday). The upload of the ELF files from ALS to the respective recording office should only be done on Wednesday and Friday.
- Ensure that all courts within the same voucher are mailed at the same time. This has impact to the date input to the voucher program.
- ALS uploads information on the lien documents to Master File. The TC 582, TC 583, TC 360, and TC 971 AC 252 postings are directly related to the document creation and printing process. ALS reviews lien documents that were created and printed during the week prior to the TC delivery. ALS looks for lien documents that were created from the prior Friday through Thursday that were also printed on Tuesday or Thursday. For lien documents printed after the cutoff, no information will be sent to Master File.

Example:

A NFTL created on July 7, 2014, would be printed during the July 10, 2014, processing and the TCs would be delivered to Master File on July 11, 2014. If the same NFTL was not printed and processed until July 15, 2014, no TC would be sent because the cutoff time had passed.

- Use OFP 790-69010 to report time spent reviewing and editing the BSV and working the 668Y and 668Z listings.

5.19.12.3.1 (04-28-2015)

SPOOL and OLD SPOOL

- The print spool contains lien-related documents to be printed.
- There are two print spools found on ALS. On the ALS print menu they are identified as SPOOL and SPOOL.OLD.
 - SPOOL is the "active" spool or queue and contains lien documents waiting to be printed.
 - SPOOL.OLD is the "back-up" spool or queue and contains lien documents and reports that have already been printed.
- Review of the active spool queue should be completed after each printing to ensure all documents are printed that correspond to the range of dates being worked.
- ALS reports are located in the Reports file on the print menu.
- Once documents are printed, they move from the "spool" queue to the "spool.old" queue. Documents are retrievable from spool.old for 17 days. Refer to the ALS User Guide for more information.

5.19.12.3.2 (04-28-2015)

Billing Support Voucher

- A Billing Support Voucher (BSV or "voucher") is a document generated through ALS that identifies all the lien documents being sent to a specific recording office and the amount being paid for the filing of those documents. A BSV is used as an accounting tool and also to document when lien documents are filed.
- ALS assigns each new BSV a unique number consisting of a voucher number, account number and payment type identifier. The number will appear on the generated BSV and can be used to locate the BSV for editing.
- The BSV number is made up of three parts.
 - The court ID number that is assigned in the ALS Court Table.
 - The voucher number, which is generated sequentially and used for all vouchers within the state (unless one specific recording office BSV is being built).
 - The payment type identifier, which will usually be "E" indicating the recording office is paid by electronic funds transfer from the Integrated Financial System (IFS). Other identifiers less commonly used are "I" for recording offices that receive a paper check and "B" those operating on a billing process..

Example:

In the BSV number 330032-10 E, the 330032 represents the court id, 10 represents the voucher number, and the E shows the payment is made through IFS.

- With the implementation of the Financial Management Service Debt Management Services to collect delinquent debts owned to federal agencies, the Integrated Financial System (IFS) was implemented to interface with ALS for payment of recording fees.

Note:

Due to special circumstances, there are a few recording offices that still receive payment by paper check instead of by electronic fund transfer (EFT). These checks are processed outside of CLO..

- A BSV is built for the range of dates of the documents being filed.

BSV built for printing on...	Covers the documents generated from...
Tuesday	Previous Wednesday through Saturday
Thursday	Sunday through Tuesday

6. The voucher that is stored in ALS should reflect the voucher as it was prepared for the recording office, less any manual additions or corrections made.
7. Periodically, due to fee changes or rejections, adjustments to the BSV are needed to correct payment to the recording office. These adjustments will be completed by the Team Lead or Manager using ALS voucher program before the documents for recording are printed.
8. After transmitting the BSV and documents, CLO may be notified by the recording office that an overpayment or underpayment of fees has occurred. This notification may result in the rejection of the lien documents by the recording office. CLO should attempt to resolve the discrepancy (e.g., explain T.O.P. offset), but may need to refer the recording office to Beckley Finance Center. See *IRM 5.19.12.7.4, Recording Offices*.
9. CLO will retain either a paper copy of the BSV or a scanned copy. This copy should be an accurate reflection of the original and/or adjusted BSV.
10. To verify timeliness of release to the taxpayer, CLO will maintain the paper date-stamped BSV in a manner similar to the maintenance of the postal stamped Form 3877 and Registered Listings.
11. Retain paper BSV's on site for one (1) year then forward to the Federal Records Center.

**5.19.12.3.3 (04-28-2015)
ALS 668Y and 668Z Listings**

1. The ALS Voucher program provides two listings that are generated prior to building the BSV. These listings, called 668Y and 668Z, are used to determine the documents and/or data that need clarification before printing.
2. The 668Y listing shows NFTLs (or refiles) created on ALS with a prepared date in the BSV date range that are not in the print queue. Documents are missing from the print queue when the "on voucher"/"store only" option was selected when the request was input in ALS. This most often occurs when the NFTL was hand-carried to the recording office or the NFTL is printed outside the date range.

Reminder:

Do not print a NFTL before the designated print time. See *IRM 5.19.12.3, Document Printing*. A NFTL that is to be hand-carried for filing should be manually prepared by the requester using an available template.

3. The 668Z listing shows documents (e.g., releases, withdrawals, revocations) targeted for placement on a BSV that are missing information such as recording data.
4. Generate the 668Y and 668Z listings on Monday or Wednesday prior to the printing and mailing of the BSV. Once generated, the reports can be located in each area's reports print queue. Some listings are run overnight in CRON and are placed in the area's reports print queue on Monday and Wednesday and do not need to be generated. The largest of the CRON reports are:
 - California (CA)
 - Connecticut (CT)
 - Florida (FL)
 - Illinois (IL)
 - New Jersey (NJ)
 - New York (NY)
 - Pennsylvania (PA)
 - Texas (TX)

Note:

See the ALS User Guide for instructions on generating the listings.

5. Use the information on the listing to research documents that need clarification or correction and determine appropriate action. Listings generated on Monday **must** be resolved before printing the documents on Tuesday; the listings generated on Wednesday **must** be resolved before printing the documents on Thursday.

**5.19.12.3.3.1 (04-28-2015)
Resolving the 668Y Listing**

1. To resolve NFTLs showing on the 668Y listing, research ALS for history information to determine what data the NFTL may be missing. Take appropriate corrective actions, as needed.
2. Input an ALS voucher history if adding the document to the voucher.

**5.19.12.3.3.2 (04-28-2015)
Resolving the 668Z Listing**

1. In the "HOW" column, the 668Z listing indicates a reason the lien document was identified for research. The primary reasons are "No Recd" , which means there is no recording data on ALS for the original NFTL, and "Missing" , which indicates the lien document was prepared but is not in the print file.
2. When the reason shown is "No Recd" , research for recording data using the best method of research for the recording office, including, as necessary and appropriate, contacting the recording office. Based on the research, take action as described in the following table.

If...	Then...
Recording data is located	Input the CRD on ALS.
Recording data cannot be located and it has been 90 days since the NFTL was filed	Follow the Potential Lost lien (PLL) procedures per <i>IRM 5.19.12.9.5, Potential Lost NFTLs</i> . The ALS history should reference that the NFTL was never filed and was removed.
The recording office has the NFTL but has not filed it yet	Explain to the recording office the importance of timely filing IRS documents and continue to monitor case until the CRD is received.
The recording office did not receive the NFTL	Follow the Potential Lost lien (PLL) procedures per <i>IRM 5.19.12.9.5, Potential Lost NFTLs</i> . DO NOT RESEND THE ORIGINAL NFTL.

3. When the reason shown is "Missing" , research ALS history for information on the situation.
 - A. If verified that the lien document was hand carried, remove the SLID from the BSV.
 - B. If unable to determine whether the lien document was hand carried, take corrective action so the document can be printed and filed.
4. Notate the paper listing with the actions taken and your name or ID Number. Also, input an ALS history indicating that the Z listing was worked and actions taken.

5.19.12.3.3.3 (04-28-2015)

BSV Review

1. BSVs and related documents should not be printed outside of the normal processing on Tuesday and Thursday. BSVs should be reviewed on Mondays and Wednesdays on ALS before printing to ensure completeness and accuracy.

Note:

Normal processing days may occasionally be altered by holidays or other significant events.

2. Prior to printing, review the BSV to identify the following situations and to take necessary corrective action.

BSV problem	Corrective action
A Not to be Filed NFTL (NTBFL) printed. (These are for internal use only to alert of an action to be taken.)	Take corrective action based on the ALS history. DO NOT FILE A NTBFL OR A RELEASE OF A NTBFL See <i>IRM 5.19.12.2.3.3, Not To Be Filed NFTL</i> , for further guidance.
A NFTL on an individual taxpayer is filed with Secretary of State inappropriately.	Remove the NFTL from the BSV and notify the originator of the removal and why it was removed. Submit a request to the Manager or Lead to remove the NFTL from ALS.
Paper documents generated for ELF courts (unless the document must be sent by paper, such as an amended NFTL).	Change the recording office to reflect the ELF court and add to the BSV. Ensure the document is approved in the ELF approval queue. Remove from the paper court voucher as applicable. See <i>IRM 5.19.12.12, Electronic Lien Filings (ELF)</i> , for further guidance.
Property designations on NFTLs such as "Real Property" and "Personal Property." Note: These designations will no longer appear on NFTLs as they are no longer filed in "Personal Property" courts.	Edit the BSV and remove the NFTL from ALS. Notify the originator that NFTLs for this court are no longer an option for filing. Note: Releases for Real and Personal Property courts are filed. The release must match the lien as filed including the court.
Recording fees are not appropriate, according to the recording office.	Verify the fees and edit the fee tables or the BSV accordingly.

3. Any request to add estate tax liens to a voucher are to be hand carried to the FORT.
4. Check the team's "Add/Delete Basket" for any Special Condition and MCAR NFTL requests.
5. Take all actions to update the BSV to reflect changes identified for the 668Y and 668Z listings and add/pull any inappropriate documents before printing the BSV. Inform your Manager when complete resolution of the listings cannot be reached or when a release has been removed from the BSV.
6. Ensure that you refer to the range of dates listed on the BSV and print all documents for each day. Refer to the ALS User Guide for specific instructions.

5.19.12.3.4 (04-28-2015)

Editing the Billing Support Voucher

1. BSVs can be researched by invoice number and specific court or by a specific SLID.
2. Editing can be done to change a standard fee or to add or delete a particular document from the voucher. See *IRM 5.19.12.5, Recording Fees*.
3. History items pertaining to any editing of a particular BSV are stored separately from NFTL history. This history becomes part of the voucher history.
4. Review and editing of the voucher to correct fees and add or delete documents must be done before documents are printed.
5. When adding a partial release to a voucher use the SLID of the original NFTL; DO NOT use the SLID of the Spec Doc.

Note:

If you input the Spec Doc SLID, this will cause the system to jam during the printing process and will delay lien processing.

6. If there are two partial releases on the same NFTL, only the last partial release will be produced. When this occurs, manually add the second partial release to the voucher without the input of the SLID number. Input a history to ALS voucher identifying the court and reason for adding.

5.19.12.3.5 (04-28-2015)

Printing and Mailing Documents for Recordation

1. Lien documents are batched by ALS for printing. Document batches are ready for printing after:
 - The BSV is updated as needed;
 - All additions to the print batch have been inserted; and
 - All documents identified to be removed, have been removed.
2. Follow instructions in the ALS User Guide for printing the document batch. After all documents have been printed, reviewed, and any corrective actions taken, associate the appropriate voucher and prepare for shipment to the recording office.
3. Once packages are complete, ensure all recording offices with the same voucher number are together. Ensure the address of the recording office is visible and correct. If incorrect, update as necessary and notify the ALS coordinator so that ALS can be updated.
4. Carry the package to the clerical team, which will take the packages to Receipt and Control for mailing.
5. Date stamp the copy of the BSV and file in a designated area by county. This is usually done by the CLO clerical team.

Note:

The date stamps are in a locked, secured area and must be signed out when used.

5.19.12.3.5.1 (04-28-2015)

Input of Date Stamp and Pay Certification on ALS

1. Once the documents are mailed to the recorder, a date must be input to the ALS voucher program to indicate the mail out date. Also, a payment certification must be entered to generate the payment file for processing by Beckley Finance Center (BFC).
2. Enter the date stamp from the file copy of the BSV into ALS before 11:00 A.M. (EST/EDT). See the ALS User Guide for instructions.

3. When entering the date stamp, ALS prompts the user for payment certification. This must also be entered into ALS before 11:00 A.M. (EST/EDT) to ensure the electronic payment is received timely. See the ALS User Guide for instructions.

Note:

Due to time constraints, day shift teams input the date stamp and pay certification for the swing shift team.

4. The Team Manager/Lead reviews the date stamp report to ensure all vouchers were date stamped timely and accurately. The Manager signs and dates the report, which is stored by the team.
 - A. If there is a missing or late entry on the report, the FORT must be notified immediately.
5. For electronically filed courts, the file transmission date is the date used for the date stamp. *IRM 5.19.12.12, Electronic Lien Filings (ELF)*, for information on ELF.
6. Unless unusual circumstances exist, all documents with the same voucher number within the state are to be mailed the same day. Due to some recording offices requiring payment before the documents are recorded, the mailing package may need to be held by CLO so the payment reaches the recording office first.

5.19.12.4 (04-28-2015)

Returned Documents from Recording Offices

1. Recording offices return certain lien documents after they have been recorded. Sometimes, and for a variety of reasons, they return documents without recording them. These are also known as rejects. Processing the returned documents depends on whether they were recorded prior to their return.
2. **SPECIAL NOTE:** Although often used interchangeably, there is a legal distinction between "filing" and "recording" a document. This distinction becomes crucial when a recording office has not processed the lien documents and there is a dispute regarding lien priority or compliance with filing requirements. Generally speaking:
 - The IRS **files** lien documents by delivering them to the recording office. (Delivery may be done by mail, in person, or electronically.)
 - The recording office **records** the lien documents when they are entered into the public record.
 - Some states also require the "indexing" of the lien documents to complete the process.

Note:

See *IRM 5.17.2.3.1, Purpose and Effect of Filing Notice*, for more information.

5.19.12.4.1 (04-28-2015)

Recorded Documents

1. The IRS requests that recording offices return NFTLs, amended NFTLs, and refiles after the documents are recorded so that recording data can be input to ALS. The IRS does not request the return of other lien documents (e.g., releases and withdrawals) after recordation, but some recording offices might return them. Recording data for these other documents is not input to ALS.

Note:

ALS does allow for the recording date for revocations of release following a different process. The recording date for any revocations returned from the recording office should be input to ALS.

2. The priority of the IRS lien is often based on the filing date of the NFTL. It is crucial that recording data is input accurately and timely. Also, incorrect data can impact the future release of the lien.
3. When recorded documents are received back from the recording office review them to ensure all documents in the batch have recording information. Also, check the batch for the following:
 - Duplicate NFTL filings (the recording office filed both parts 1 and 2 of the NFTL). See *IRM 5.19.12.2.4, Duplicate Filings of NFTL*.
 - NTBFLs that should not have been filed. See *IRM 5.19.12.2.3.3, Not to be Filed NFTLs*.
 - Information to indicate rejected documents.

Note:

If a refund check is included, follow discovered remittance procedures in

IRM 5.19.12.4.2, Unrecorded Documents.

- Checks for overpayment of recording fees.
- Information regarding changes in recording fees or general information from the recording office.

Note:

Change information must be forwarded to the Team Manager and as an ALS Referral to the FORT for verification and input.

4. Recording information is input to ALS through the COURT screen. See *IRM 5.19.12.4.1.1* below.
 - A. If the document is a MCAR NFTL or release, send the document to its originator using a Form 3210. These types of documents are not loaded or controlled on ALS.
 - B. If document is for estate tax or a release, send the document to the FORT. See *IRM 5.19.12.2.5.1, Estate Tax Liens*, for information on processing estate tax liens.
5. Recording information must be input into ALS within five (5) business days after receipt of the lien document from the recording office.

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Part 5. Collecting Process

Chapter 19. Liability Collection

Section 13. Campus Procedures for Securing Financial Information

5.19.13 Campus Procedures for Securing Financial Information

- 5.19.13.1 [Securing Financial Information](#)
- Exhibit 5.19.13-1 [Questions and Answers to Assist in Financial Statement Processing](#)
- Exhibit 5.19.13-2 [Verify Financial Statement](#)
- Exhibit 5.19.13-3 [AMS Financial Statement Processing](#)

Manual Transmittal

November 25, 2014

Purpose

(1) This transmits new IRM 5.19.13, Liability Collection, Campus Procedures for Securing Financial Information.

Background

This revision of IRM 5.19.13 incorporates content formerly published in IRM 5.19.1.6 involving Securing Financial Information for Campus employees.

Material Changes

- (1) This new IRM section contains the instructions for Securing Financial Information previously located in IRM 5.19.1.6.
- (2) The following table provides a crosswalk of sections moved from IRM 5.19.1 to IRM 5.19.13.

From:	To:
IRM 5.19.1.6	IRM 5.19.13
Exhibit 5.19.1-14	Exhibit 5.19.13-1
Exhibit 5.19.1-15	Exhibit 5.19.13-2
Exhibit 5.19.1-16	Exhibit 5.19.13-3

(3) No changes were made to the content as it existed in IRM 5.19.1, other than to:

- Revise the title of section for easier identification.
- Update all links.
- Incorporate IPUs.

Effect on Other Documents

IRM 5.19.1.6, dated October 18, 2013, is superseded.

Audience

Self-Employed (SB/SE) and Wage and Investment (W&I) Compliance, W&I Accounts Management (AM) and Field Assistance employees, who process Balance Due responses.

Effective Date

(11-25-2014)

Rocco A. Steco
 Acting Director, Collection Policy
 Enterprise Collection Strategy
 Small Business/Self Employed

5.19.13.1 (11-25-2014) Securing Financial Information

1. The goal of securing financial information is to determine the taxpayer's maximum ability to pay their delinquent tax debt based upon their current financial situation. Obtaining financial information, Form 433, is ONLY required when a taxpayer indicates one of the following and they are in full compliance:

- Payment amount requested is insufficient based on current SIA criteria and the balance is over ≡ ≡ ≡ ,

Note:

Follow paragraph (14) below if the amount is ≡ ≡ ≡ ≡ to ≡ ≡ ≡ ≡ .

- AAB (CC SUMRY) is over \$25,000 (and taxpayer does not meet SIA Over \$25,000 criteria),
- PPIA is being considered, or
- Cannot pay any amount (CNC).

Reminder:

Any IA established based upon the results of a financial statement must be input as an NSIA or PPIA, as applicable. See IRM 5.19.1.5.4, *IAs*, or IRM 5.19.1.5.5, *PPIA*.

Note:

For IMF AM CSRs, **in toll-free ONLY, excluding** Practitioner Priority Service, if the taxpayer has all of the required financial information available, but you are **not** trained on **financial statement processing**, transfer the call to the NSIA Application using the Telephone Transfer Guide. Field Assistance should follow referral procedures.

Reminder:

Input all levy source information provided by the taxpayer on the Form 433–F, *Collection/Information Statement*, and document information received as substantiation, see IRM 5.19.1.3.4.2, *Obtain and Verify Levy Sources*.

- 2. If, at any time during the process the taxpayer qualifies for, and agrees to a Guaranteed IA or SIA, **input of the financial information is not necessary**. Input the IA as agreed to, document AMS with the IA information, input levy sources if present and destroy the Form 433. See IRM 5.19.1.5.4(8) through (10), *IAs*.
- 3. Conduct a full compliance check (FCC) — see IRM 5.19.1.3.4.1, *Full Compliance Check*. **Do not input a financial** where the taxpayer is not within filing compliance.

Exception:

If the taxpayer is experiencing a financial hardship, see IRM 5.19.17.1.1.3(4), *CNC - Unable to Pay - Hardship*.

Note:

If the taxpayer is requesting an IA, advise the taxpayer to file all returns due and attach Form 9465, *Installment Agreement Request*.

While we cannot grant an IA before the taxpayer is in full compliance, the taxpayer may submit voluntary payments in the interim until their IA is granted.

- 4. A financial statement is **required** when you determine the following:
 - A. The taxpayer is in filing compliance (except for CNC hardship determinations).
 - B. The taxpayer does not meet SIA.
 - C. The balance due is over \$25,000.

Exception:

In most cases, a financial statement is not required for SIAs Over \$25,000. See IRM 5.19.1.5.4.25, *SIAs Over \$25,000*. However, limited financial information, may be required for SIAs Over \$25,000. See IRM 5.19.1.5.4.25.1, *Reinstating SIAs Over \$25,000*, to determine when limited financial information is necessary.

- D. The taxpayer indicates they cannot pay; CNC or PPIA is being considered.

Exception:

Financial analysis is **not** required if the taxpayer meets CNC Exception processing criteria. See IRM 5.19.17.1.1.2, *CNC Exception Processing*.

- 5. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to IAT tools are required to complete the action using the IAT tool. See IRM 5.19.1.1.7, *Mandated IAT Tools*, for a list of mandated IAT tools.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>.

- 6. If the taxpayer's proposal does not either full pay within 60 days (ACS) or 120 days (AM/CSCO), or qualify for a Guaranteed IA or a SIA, do the following based upon your assigned operation:

If ...	Then ...
AM,	Transfer to the AM NSIA function.
CSCO and ACSS,	Request a Form 433–F, <i>Collection/Information Statement</i> .
ACS call site/Field Assistance,	Secure financial information and input the financial statement on AMS financial screens.

- 7. Input the financial information, clearly document all actions taken on the account and relevant financial information on AMS, **save and create history**. All applicable financial screen(s) on AMS **must** be completed prior to making a determination of the taxpayer's ability to pay.

Note:

Taxpayers are **not required to prove** they are paying their housing, utilities, car payments etc. **Do not** request bank statements, pay stubs, copies of bills or contracts be sent in to complete the financial input for this reason. However, if the taxpayer claims payments on a student loan or delinquent state or local tax debt, verification is required.

- 8. When toll free contact is made on a financial case with an **open IDRS control in ACSS or CSCO**, advise the taxpayer to:
 - A. **Contact the tax examiner whose name and number was provided on the notice.**
 - B. **Do not** allow additional time without contacting the person with the open control.
 - C. If you can resolve the case **based upon the controlling person's history and the taxpayer providing the required information**, fax a Form 4442, *Inquiry Referral*, to the controlling tax examiner advising them of the closing action.
 - D. **DO NOT** request the taxpayer provide additional information that has **not** been requested by the person with the control base, such as bank statements, pay stubs etc.
- 9. If conducting a telephone call or face-to-face contact, you must attempt to secure as much financial information as possible during the contact. Most taxpayers should be able to provide income and expense information during the initial contact.
 - If the taxpayer requested an IA that does not meet SIA criteria and you cannot secure any financial information immediately (verbally or by fax during the phone contact), follow instructions in IRM 5.19.1.5.4.1(2) or (3), *Determining Appropriate IA*.

- If the taxpayer requested an IA that does not meet SIA criteria and you can secure **some but not all** of the financial information immediately (verbally or by fax during the phone contact), follow the instructions in the table below.
- If financial information is needed for any other reason (possible CNC or hardship determination), follow the instructions in the table below.

Follow procedures below when they are unable to provide all required information for face to face and telephone contact:

If ...	Then ...
ACS,	<p>If additional information/substantiation is needed, request faxes while on the phone to resolve the case.</p> <p>A. Provide the taxpayer with an appropriate deadline to submit the information being requested. If the taxpayer states they will fax the information and is unable to do so while on the call – allow five days from date of telephone call.</p> <p>B. If the taxpayer cannot fax the information, advise the taxpayer to send ONLY the information that is missing or needed (i.e., substantiation) to resolve/complete the case to the appropriate ACSS site (or fax, if appropriate) and include their name and TIN with the information. Add 15 calendar days to the due date given the taxpayer.</p> <ul style="list-style-type: none"> • If the taxpayer indicates they will call back, allow 5 days. • If the taxpayer indicates they will mail the required information - provide the appropriate ACSS address. Add 15 calendar days to the due date given the taxpayer. <p>Note:</p> <p>If the taxpayer does not respond, proceed with the next action.</p> <p>Example:</p> <p>Levy, NFTL, Independent Review, LT11, <i>Final Notice -- Notice of intent to levy and your notice of a right to a hearing (sent certified, return receipt requested)</i>, etc.</p>
CSCO NSIA (Andover),	<p>When able, request the taxpayer fax any required information. Advise the taxpayer to either fax, call back, or mail the required information directly to you in order to resolve the case, and include their name and TIN with the information.</p> <p>A. Provide the taxpayer with an appropriate deadline to submit the information being requested. If the taxpayer states they will fax the information and is unable to do so while on the call – allow 10 days from date of telephone call.</p> <p>B. If the taxpayer cannot fax the information, advise the taxpayer to send ONLY the information that is missing or needed (i.e., substantiation) to resolve/complete the case to the assistor with the appropriate CSCO Andover address, and include their name and TIN with the information.</p> <p>C. If the taxpayer indicates they will call back allow 5 days, provide your direct number.</p>
Field Assistance,	<p>Direct the taxpayer to bring documents back to the TAC.</p> <ul style="list-style-type: none"> • If they are unable to, advise them to call Toll Free (AM) or ACS toll-free number depending on the case status, or to send ONLY the information that is missing or needed (i.e., substantiation) to resolve/complete the case to the CSCO or ACSS site and include their name and TIN with the information. • Provide the taxpayer with an appropriate deadline to submit the information being requested, 15 days for information being mailed.
AM NSIA,	<p>If additional information/substantiation is needed, request faxes while on the phone to resolve the case.</p> <ul style="list-style-type: none"> • If they are unable to fax, advise them to send ONLY the information that is missing or needed (i.e., substantiation) to resolve/complete the case to the appropriate CSCO site. They need to include their name and TIN with the information.

10. If the taxpayer cannot provide **any** information while on a call, they may either:

- Call back with the information - allow five days; or
- Complete and mail a paper Form 433–F, *Collection/Information Statement* - add 15 calendar days to the due date given the taxpayer.

Caution:

DO NOT refer the case back to the originator unless it is CSCO NSIA in Andover.

Exception:

If the call is related to a hardship levy release: **SB/SE** is required to address the issue over the phone, for W&I follow IRM 5.19.4.4.10(4), *Levy Release: General Information*.

11. Once financial information is provided, CSCO and ACSS employees are required to control and work all cases to completion. This includes attempts to obtain verification or required substantiation. See IRM 21.3.3.4.1(9), *Case Control and Inventory Management*.

12. For paper case processing, immediately associate taxpayer responses with the suspended case and resolve. If unable to resolve, do the following:

If ...	Then ...
ACSS,	<p>A. Attempt two calls to the taxpayer in order to obtain missing or needed information (i.e., substantiation). If there is no response to call attempts, make the request in writing. Document AMS of both call results.</p> <p>B. If a letter is sent to the taxpayer requesting the information – allow 30 days from the date of the letter for the taxpayer to respond from the date the letter was input for issuance. Update current AMS control to "S" status with follow-up for 45 days then suspend case. Suspend the case on ACS for the appropriate number of cycles; Input "TOS5,XX,IAPND" (XX = the number of days the case will be in suspense (45))</p> <p>C. If the taxpayer does not respond by the end of the suspense period of 45 days, follow instructions in paragraph (13) below.</p>

CSCO,	<p>A. Attempt two calls to the taxpayer in order to obtain missing or needed information (i.e., substantiation). If there is no response to call attempts, make the request in writing. Document AMS of both call results.</p> <p>B. If a letter is sent to the taxpayer requesting the information – provide 30 days from the date of the letter as a deadline for the taxpayer to respond.</p> <p>C. Update current AMS control to "S" status with follow-up for 45 days then suspend case.</p> <p>Note:</p> <p>A manual CC STAUP is not normally required; AMS is programmed to take the appropriate action(s).</p> <p>D. If the taxpayer does not respond by the end of the suspense period, follow instructions in paragraph (13) below.</p>
CSCO NSIA (Andover)	When information is sent to you by the taxpayer, control the case under 61191.

Note:

When corresponding with the taxpayer, provide **your** name, **your** hours of operation, **your** return address and **your** telephone number for contact. Leave AMS history regarding the information/substantiation requested and why the information has been requested, IRM 5.19.1.5.4.7, *Pending IA Criteria*.

Note:

CSCO and ACSS employees receiving information requested during a toll-free contact should complete the financial analysis. Do not forward the information to the toll-free employee in ACS or AM who worked with the taxpayer while on a call. **Only** CSCO, ACSS and CSCO NSIA employees control and work financial cases to resolution.

13. If attempts at contact are unsuccessful, telephone and correspondence is issued with no response from the taxpayer, suspense time has passed, prepare for rejection of the IA and follow rejection procedures. See IRM 5.19.1.5.4.9, *IA Rejection Criteria*. Document AMS history.
14. If the AAB (CC SUMRY) (including prior CNCs, Notice Status, ST 23, etc.) is **more than** $\equiv \equiv \equiv$ **but less than** $\equiv \equiv \equiv$, **secure income information and allow National and Local Standards, NO substantiation or verification is required.** Base the IA amount on the result of the financial analysis unless the taxpayer agrees to SIA.

**5.19.13.1.1 (11-25-2014)
Income Determination**

1. For purposes of determining the taxpayer's ability to pay, total household income, including the spouse's income if married, **must** first be determined. *IRM 5.19.13.1.2.1, Shared Expenses*.
2. Income consists of:
 - Wages,
 - Interest and dividends (Schedule B, *Interest and Ordinary Dividends*),
 - Net income from business (Schedule C, *Profit or Loss From Business*, Schedule E, *Supplemental Income and Loss*, and Schedule F, *Profit or Loss From Farming*),
 - Net rental income (Schedule E, *Supplemental Income and Loss*),
 - Pensions (Form 1099),
 - Child support,
 - Alimony, and
 - Reverse mortgage payments.
3. Wages include:
 - Salary,
 - Tips,
 - Meal allowance,
 - Parking allowance, and
 - Any other money or compensation received by the taxpayer as an employee for services rendered.
4. To calculate gross wages or salaries, take the following actions to ensure an accurate average monthly income (If AMS is not available):

If ...	Then ...
Paid weekly,	Multiply weekly gross wages by 4.3.
Paid bi-weekly, or every two weeks,	Multiply bi-weekly gross wages by 2.17.
Paid semi-monthly, or twice a month,	Multiply semi-monthly gross wages by 2.
Income is sporadic or seasonal,	Use the annual income figure from Form W-2, <i>Wage and Tax Statement</i> , or the Form 1040, <i>U.S. Individual Income Tax Return</i> , and divide by 12 to determine the average monthly income.

Note:

Apply the above calculations to the taxpayer's deductions such as child support and health insurance to arrive at the appropriate amounts based upon how the taxpayer is paid.

5. To determine disposable income, analyze a taxpayer's payroll deductions, ensuring they are reasonable and allowable. The only automatically allowable deductions from gross pay or income are:
 - Federal taxes,
 - State taxes,
 - Local taxes,
 - FICA,

- Medicare,
 - Other mandatory retirement programs, and
 - Health insurance.
6. Other payroll deductions must meet the necessary expense test and may not also be taken as an expense; for additional information, see *IRM 5.19.13.1.2.2, Allowable Living Expenses*.

Example:

If there is a payroll deduction for uniforms, and it is a requirement of employment, allow the reduction to income; however, the taxpayer may not also list the uniforms as an expense.

7. Include any interest and/or dividends the taxpayer receives or is credited to an account and can be withdrawn by the taxpayer and used for household expenses. The annual total should be divided by twelve to determine the average monthly income.

Note:

If interest bearing accounts are used as an asset, and the taxpayer withdraws the funds from the account to reduce the tax liability, the dividends or interest are not used in the income stream.

8. If the taxpayer has self-employment (SE) income, it may be from Schedules:

- C
- D
- E
- F
- K-1

9. For CSCO NSIA W&I site, if the SE schedules are complex, advise the taxpayer to complete the Form 433–A, *Collection Information Statement for Wage Earners and Self-Employed Individuals*, and provide a current *Profit and Loss* statement to the appropriate SBSE CSCO site: http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_locator_guide/25_cscobal_due.htm. Provide the form or the web address of irs.gov to obtain the form.

10. If verification is needed, use suggested methods for internal and external sources of information for financial verification. *Exhibit 5.19.13-2, Verify Financial Statement*.

11. Net income from a **business** is the amount the taxpayer earned after paying ordinary and necessary **business expenses**. This amount may be determined from an analysis of the Schedule C, *Profit or Loss From Business*, from the prior year Form 1040, *U. S. Individual Income Tax Return*.

Net Income from **rental properties** is the amount the taxpayer earned after paying ordinary and necessary **rental expenses**. This amount may be determined from an analysis of the Schedule E, *Supplemental Income and Loss*, from the prior year Form 1040, *U. S. Individual Income Tax Return*.

- If the net business is a loss, enter "0" ; do not use a negative number.
- If the income is less than in previous years, ask the taxpayer provide an explanation.
- Additional income may be found on Schedule D, *Capital Gains or Losses*, and Schedule F, *Profit or Loss From Farming*.

Note:

Any depreciation, or amortization, should be added back into the Schedule C, *Profit or Loss From Business*, Schedule E, *Supplemental Income and Loss*, or Schedule F, *Profit or Loss From Farming*, net income. Depreciation or amortization expenses related to those assets, cannot be claimed.

Note:

Interest payments are allowable if they are paid by the taxpayer and **not** included in any other deductions allowed. Ensure business expenses are **not** also included under personal expenses.

Example:

The taxpayer cannot claim the same vehicle expenses for **both** personal and business use (double dipping). If a vehicle is used for business and personal, determine the total cost of ownership and operating expenses for the vehicle. Deduct the amount already claimed on Schedule C, *Profit or Loss From Business*. The difference is the amount allowed on Form 433–F, *Collection/Information Statement*, if it does not exceed the standard amount. If it exceeds the standard amount, the taxpayer would have to substantiate the additional amount as necessary for personal use.

12. Although not all-inclusive, pensions include:

- Social security,
- IRA, and
- Profit sharing plans.

13. Pensions could be used as an asset or as part of the income stream. See *IRM 5.15.1.17, Business Expenses*, and *IRM 5.15.1.27(2)-(4), Retirement or Profit Sharing Plans*.

14. Child support includes the actual amount received in addition to other debts or bills the former spouse is paying. If the non-liable spouse is directly paying the medical expenses of the child, the liable spouse cannot claim the medical allowable living expense.

Example:

The non-liable spouse is directly paying the doctor bill and not reimbursing the liable spouse.

15. Alimony includes the assigned payments made by the ex-spouse; however, consider if other bills are being paid by the ex-spouse, such as mortgage, and adjust the taxpayer's expenses accordingly.

16. Although the list below is not all-inclusive, other income could include:

- Payments from a trust account,
- Royalties,

- Renting a room,
- Gambling winnings,
- Sale of property, and
- Internet sales.

17. Tax return information could include various sources of income. See Pub 17, *Your Federal Income Tax For Individuals, Part 2, Income*.

5.19.13.1.2 (11-25-2014) Expenses Overview

1. Allowable expenses include those expenses that meet the necessary expense test. The necessary expense test is defined as expenses that are necessary to provide for a taxpayer's and his or her family's health and welfare and/or production of income. There are three types of allowable expenses:
 - Allowable Living Expenses - based on National and Local Standards.
 - Other Necessary Expenses - expenses that meet the necessary expense test, and are normally allowed.
 - Other Conditional Expenses - expenses, which may not meet the necessary expense test, but may be allowable based on the circumstances of an individual case.
2. Regardless of the necessary expense test, taxpayers may be allowed all expenses claimed, if the tax liability, including projected accruals, can be fully paid within six (6) years and within the CSED. See *IRM 5.19.13.1.5, Full Payment in Six Years (6 Year Rule)*.

Reminder:

Only request substantiation if considering allowing the expense.

3. If the taxpayer provides a payoff date for an asset, such as a vehicle, revise the IA amount in the future if an asset will be paid off in 12 months or less. Determine the number of months, plus one, and set the second IA amount to include the additional payment.

Example:

It is now December 2010, an asset with a payment of \$200 will full pay in November 2011. Set up the IA for what the financial determines is appropriate based upon income and expenses today, with a second payment amount to increase by \$200 in December 2011.

4. In some cases, payments on expense items are not due in regular, monthly, increments. Calculate the average of expense items with varying monthly payments over twelve months, unless the variation is excessive.

Example:

Car insurance may be paid monthly, quarterly, twice a year or yearly. For purposes of calculation monthly expenses, compute the total cost for the year and divide by 12. Inform taxpayers they are responsible for putting enough money aside to ensure tax payments are made during months large payments on other liabilities must be made.

5.19.13.1.2.1 (11-25-2014) Shared Expenses

1. When determining ability to pay, a taxpayer is generally only allowed the expenses he/she is required to pay. In cases where a taxpayer lives with a non-liable person, it may be necessary to review other income into the household and any expenses shared with the non-liable person in order to determine the taxpayer's proportionate share of the total household income and expenses.

Exception:

Single taxpayers with a roommate are allowed expenses they actually pay up to the standard amount. Clearly document AMS.

2. Although the assets and income of a non-liable person may be reviewed to determine the taxpayer's proportionate share of the total household income and expenses, they are not generally included when calculating the amount the taxpayer can pay. One notable exception is community property states. Follow the community property laws in these states to determine what assets and income of the otherwise non-liable spouse are subject to collection of the tax. The following states and territories have community property laws:

- Alaska,

Note:

Alaska is an "opt-in" state in which married taxpayers by written agreement may elect to have all or part of their property treated as community property.

- Arizona,
- California,
- Guam,
- Idaho,
- Louisiana,
- Nevada,
- New Mexico,
- Puerto Rico,
- Texas,
- Washington, and
- Wisconsin.

3. Regardless of whether community property laws apply, secure sufficient information concerning the non-liable person to determine the taxpayer's proportionate share of the total household income and expenses. Review the entire household's information and:

- A. Determine the total actual household income and expenses.
- B. AMS will compute what percentage of the total household income the taxpayer contributes.

C. Input all allowable household expense amounts on AMS.

D. Determine which expenses are shared and which expenses are the sole responsibility of the taxpayer (uncheck shared expense box(es) for those expenses which are the liable spouse's sole responsibility).

Example:

Child support, allowable educational loan, union dues.

Note:

The National Out-of-Pocket Health Care Standard allowed would be the above calculated percentage multiplied against the Out-of-Pocket Health Care Standards for the household or the Out-of-Pocket Health Care Standard for one person, whichever is greater. However, in all allowable expenses except the National Standards, the liable spouse can only claim the amount they actually pay.

E. AMS will apply the taxpayer's percentage of income to the overall shared expense amount.

F. Expenses claimed for national and local standards are allowed up to the maximum standard amounts without verification. Verification and **substantiation is only required when expense amounts exceed the standard amount, and consideration of the amount will be given once substantiated.**

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

G. Do not allow the taxpayer any amount paid toward a non-liable person's discretionary expenses.

Caution:

If an internal verification is conducted on the non-liable person, this information cannot be provided to the taxpayer. This is not an Unauthorized Access (UNAX) violation if duties require the inspection or disclosure of this information for tax administration purposes. However, it is a disclosure violation under IRC 6103 if any information is shared with someone other than the non-liable person in question, unless consent to disclose the information is obtained from the non-liable person.

4. Shared expense calculations between spouses are used when:

- The parties live in a separate property state; or
- State law permits the parties to separate their incomes; and

the non-liable spouse does not agree to have their income considered in the repayment of the liable spouse's tax debt. If the non-liable spouse does not agree to have their income considered in the repayment amount, determine the income percentages per paragraph (3) above.

Note:

Consideration should also be given to any separate expenses the liable spouse may be solely responsible for paying, such as alimony, child care etc.

5. When the taxpayer can provide documentation that income is not commingled (as in the case of roommates who share housing) and responsibility for household expenses are divided equitably between co-habitants (as documented by rental agreements, bank statement analysis, etc.), the total allowable expense should not exceed the total allowable housing standard for the taxpayer. In this situation, it would not be necessary to obtain the income information of the non-liable person(s), however sufficient financial information must be secured to verify the total household expenses and prove that the taxpayer is paying his/her proportionate share. The investigating employees should exercise sound judgment in these situations to determine which approach is most appropriate, based on the facts of each case.

Note:

In the situation, where the taxpayer is renting an apartment or room, and the owner of the property is the non-liable person, the rental agreement or signed statement from the owner of the property should support the decision to not require the owner to divulge any personal information regarding income or household expenses. In these cases, the investigating employee should accept the information provided by the taxpayer and make a determination based on that information.

**5.19.13.1.2.2 (11-25-2014)
Allowable Living Expenses**

1. Allowable Living Expenses (ALE), also known as Collection Financial Standards, provide for a taxpayer's and his or her family's, health and welfare and/or the production of income. These expenses must be reasonable in amount for the size of the family and the geographic location, as well as any unique individual circumstances. These expenses establish the minimum amount on which a taxpayer needs to live, and must be reasonable IRM 5.15.1.7, *Allowable Expense Overview*, and *Exhibit 5.19.13-1, Questions and Answers to Assist in Financial Statement Processing*.
2. Generally, the total number of persons allowed when determining allowable living expenses should be the same as those allowed as exemptions on the taxpayer's current year income tax return. There may be reasonable exceptions. Fully document the reasonable exceptions, such as foster children or children for whom adoption is pending, or parents whom the taxpayer is providing care in their home.
3. ALE standards are guidelines. If it is determined a standard amount is inadequate to provide for a specific taxpayer's basic living expenses, allow the higher expense with substantiation. All expenses allowed that exceed the National and Local Standards must be verified, reasonable and documented on AMS. Request substantiation of amounts **only** if they are going to be allowed.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

4. ALE standards are **not** available for international taxpayers or the U.S. Territories, except for Housing and Utilities in Puerto Rico. In the absence of standardized figures for foreign countries, a fair and consistent approach should be applied to what is allowed as living expenses for these taxpayers. Employees should not use any other non-ALE figures as pre-determined guideline figures or arbitrarily select any location in the United States for allowances. In those cases where there are no ALE standards or leverage to enforce collection of a balance due, the taxpayers' submission of living expenses should generally be accepted, provided they appear reasonable.

**5.19.13.1.2.3 (11-25-2014)
National Standards: Food, Clothing and Other Items**

1. A number of necessary expenses are categorized as National Standards; these standards establish reasonable amounts for:
 - **Food:** Includes all meals, home or away,
 - **Housekeeping supplies:** Includes postage and stationary; laundry and cleaning supplies; other household products; cleansing and toilet tissue, paper towels and napkins; lawn and garden supplies; and miscellaneous household supplies,

- **Apparel and Services:** Includes shoes and clothing; laundry and dry cleaning, and shoe repair,
- **Personal Care Products and Services:** Includes hair care products; haircuts and beautician services; oral hygiene products and articles; shaving needs; cosmetics, perfume; bath preparations, deodorants, feminine hygiene products, electric personal care appliances, personal care services, and repair of personal care appliances, and
- **Miscellaneous Allowance:** Is a percentage of other categories and is based on Bureau of Labor Statistics (BLS) data. The miscellaneous allowance has been established for living expenses not included in any other standards or allowable expense items, such as credit card payments, occupational expenses, bank fees and charges, reading materials, school books and supplies for elementary through high school age dependents, etc. The miscellaneous allowance can also be used for any portion of the expenses that exceed the ALE standards and are not allowed under a deviation.

2. The national standards come from the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CES) and are updated yearly.

3. Allow taxpayers the national standards amounts for their family size without questioning the amount actually spent. For additional information, refer to the SB/SE Allowable Expense Lookup Tool. Substantiation is **only** required **IF** the taxpayer claims more than the national standards amounts **and** consideration is being given to allowing the additional expense.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

Note:

When securing financial information related to national standards, first provide the taxpayer with the total national standard we can allow. Tell the taxpayer this includes expenses for:

- Food,
- Housekeeping supplies,
- Apparel and services,
- Personal care products and services, and
- Miscellaneous items.

Ask the taxpayer if they expend more than the maximum allowed. If the taxpayer does not expend more, you do not have to go through each expense item. Just allow the total maximum standard. If the taxpayer does not expend more than the total national standard, input the total amount claimed by the taxpayer in the food box on AMS. If the taxpayer states they expend more than the overall national standard, you must cover each individual standard, and record on the AMS financial screen. If the total amount claimed for all five categories is more than the total national standards, the taxpayer must only substantiate those individual expenses exceeding the standard.

Example:

The National Standard is \$1,100; the taxpayer's expenses are:

National Standard Expenses ...	Taxpayer's Claimed Expenses ...
Housekeeping supplies	\$100
Clothing	\$100
Food	\$500
Personal Care Products	\$100
Miscellaneous	\$200

The total taxpayer expenses being claimed equal \$1,000. We are required to allow the maximum National Standard of \$1,100 in this scenario, even though the amount claimed was less.

Example:

The National Standard is \$1,100; the taxpayer's expenses are:

National Standard Expenses ...	Taxpayer's Claimed Expenses ...
Housekeeping supplies	\$100
Clothing	\$100
Food	\$700
Miscellaneous	\$200
Personal care	\$100

The total taxpayer expenses claimed equal \$1,200. We can only allow the National Standard of \$1,100, unless the expenses claimed over the National Standard, in this case the food expense, are reasonable and substantiation is received that justifies the additional expense. (See example in next paragraph.)

4. A taxpayer who claims expenses that total more than allowed by the national standards and are considered reasonable; meeting the necessary expense test, providing for a taxpayer and their families health, welfare and/or production of income, should provide substantiation or reasonable explanation to justify the individual expenses exceeding the national standard amount, such as keeping two homes when they commute for employment etc. All deviations from the national standards should be explained and must be reasonable and documented on AMS.

Example:

A taxpayer claims more for food than allowed and all other expenses meet or do not exceed the national standard amount. Justification is based on special prescribed or required dietary needs. The taxpayer must substantiate only the food expense before it can be allowed.

Example:

The taxpayer is **not** required to verify expenses for all five categories if a higher expense is claimed in just one category; the standard amounts are allowed for the remaining categories. In the scenario above, the taxpayer is required to provide verification for the higher food expense, and would be allowed the standard amounts for housekeeping supplies, apparel and services, personal care products, and miscellaneous expenses.

If an amount the taxpayer provides is substantiated at a higher amount than was originally indicated, allow the substantiated amount.

Example:

On the Form 433 or during discussion, the taxpayer indicates his food expense is \$200 more than the standard, and when actually substantiated he is able to show it is \$300 above the standard - allow \$300, the substantiated amount.

5.19.13.1.2.4 (11-25-2014)

National Standard: Out-of-Pocket Health Care Expenses

1. The table for out-of-pocket health care expenses is based on the Medical Expenditure Panel Survey data.
2. Out-of-pocket health care expenses include:
 - Medical services,
 - Prescription drugs, and
 - Medical supplies, including eyeglasses and contact lenses.
3. Elective procedures, such as plastic surgery or elective dental work, are generally not allowed.
4. Taxpayers and their dependents are allowed the total health care standard amount monthly on a per person basis without questioning the amount actually spent. The health care standard is established as a floor on a per-person basis. Taxpayer documentation of out-of-pocket health care expenses is not required unless the amount claimed exceeds the standard.
5. The out-of-pocket health care standard is allowed in addition to the amount taxpayers pay for health insurance premiums.
6. Taxpayers with *no health insurance* that claim more than the total allowed by the out-of-pocket health care standard, may also be allowed more than the standard if they provide documentation to substantiate and justify the additional expenses.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

7. All deviations from the national standards for out-of-pocket health care expenses must be substantiated, reasonable and documented on AMS.

5.19.13.1.2.5 (11-25-2014)

Local Standards for Determining Expenses

1. For some expenses, the national standards are not feasible: housing and utilities, and transportation are determined locally.
2. Unlike the national standards, the local standards for housing, utilities and transportation normally serve as a cap. As a general rule, the taxpayer is allowed the lesser of the local standard or the amount actually paid.

Note:

A taxpayer claiming more than the total allowed by the local standards must substantiate any expenses exceeding the standard amount that does not meet the necessary expense test - **but only if the amount substantiated will be considered once substantiated**. All expenses exceeding the local standards must be documented on AMS Substantiation screen. Consider the information provided on the Form as well as information obtained verbally.

Example:

The local standard for housing and utility expenses for a taxpayer is \$1,889. The taxpayer claims and substantiates expenses meeting the necessary expense test totaling \$2,100 per month. Allow \$2,100 per month when completing the financial statement input.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

3. Provide explanation to the taxpayer if an expense is partially or fully disallowed. It is the taxpayer's responsibility to determine which expenses they need to modify or eliminate. **Before disallowing an expense, consider the overall impact to the taxpayer's financial situation:**
 - The increased cost of transportation to work and school resulting from moving to lower-cost housing.
 - The tax consequences resulting from selling a home; someone moving from an owned home to a rented home lose the tax advantages of itemizing interest and possibly incur a capital gain tax liability.
 - The cost of moving to a new residence.

Note:

For Local Standards covering items such as housing and utilities, and transportation: If the taxpayer's expenses are below or do not exceed the maximum national standard allowed under the Food/Personal Care, Housing and Utilities and/or Transportation expenses, you do not need to itemize each expense on the AMS IRS recognized Expense screen. You may leave it blank because the AMS Financial system will pick up the standard or the taxpayer's amount automatically, whichever is lower. Only enter an amount in the IRS recognized column if it is more than the standard and the higher amount is going to be allowed due to meeting the necessary expense test or having been sufficiently explained or will be substantiated by the taxpayer.

5.19.13.1.2.5.1 (11-25-2014)

Housing and Utility Expenses

1. The housing and utilities standards are derived from census and Bureau of Labor Statistics (BLS) data, and are provided by state, down to county, level. The standard for a particular county and family size includes both housing and utilities allowed for a taxpayer's primary place of residence; for additional information, refer to the SB/SE Allowable Expense Lookup Tool.
2. Housing includes:
 - Monthly rent or mortgage payment,
 - Property taxes,
 - Homeowner's or renter's insurance,
 - Necessary maintenance and repair, and
 - Homeowner dues and condominium fees.

3. Utilities include:

- Gas,
- Electricity,
- Water,
- Fuel oil, coal, bottled gas,
- Trash and garbage collection,
- Wood and other fuels,
- Septic cleaning,
- Telephone,
- Cell phone,
- Internet Services, and
- Cable Television.

4. The housing and utility standard includes an allowance for cell phones, cable television and internet services; ensure the taxpayer is not allowed these expenses separately on the financial statement.

5.19.13.1.2.5.2 (11-25-2014)
Transportation Expenses

1. The transportation standards provide the basis for determining the amount allowed to own and operate a vehicle, as well as for public transportation. For additional information, refer to the SB/SE Allowable Expense Lookup Tool.
2. The transportation standards consist of nationwide figures for loan or lease payments referred to as ownership costs, and additional amounts for operating costs broken down by Census Region and Metropolitan Statistical Area (MSA). Transportation costs are derived from Census and BLS data.
3. Operating costs include:
 - Insurance,
 - Registration fees and inspections,
 - Normal maintenance and repairs,
 - Fuel,
 - Parking, and
 - Tolls.
4. Public transportation costs include mass transit fares for a train, bus, taxi, etc., both within and between cities.
5. Transportation expenses are considered necessary when they are used by **taxpayers and their families** to provide for their health and welfare and/or the production of income. Employees are expected to exercise appropriate judgment in determining whether claimed transportation expenses meet these standards. Expenses that appear to be excessive should be questioned and, in appropriate situations, disallowed.
6. When determining the allowable transportation amounts, you only allow the actual expenses being paid by the taxpayer or the maximum standard which ever is less for both ownership and operating costs. Substantiation for either ownership or operating expenses is not required unless the amount claimed exceeds the maximum standard allowed.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

7. Additional considerations for ownership and operating costs are:

- A. A single taxpayer is allowed ownership and operating costs for only one vehicle.
- B. If a husband and wife own two vehicles, they are allowed the amount claimed for each vehicle up to the maximum allowances for ownership and operating expenses.

Note:

On a shared expense calculation, if the liable taxpayer pays the ownership costs from their separate funds, they are allowed the total ownership costs (and the shared expense box must be unchecked). If the ownership costs are not coming from separate funds the shared percentage applies to the ownership of both cars (and the shared expense box must remain checked). In both situations, the operating cost of all cars are applied the shared percentage.

- C. If a self-employed taxpayer is claiming car/truck expenses on Schedule C, *Profit or Loss From Business*, ensure the same expenses are not also included under personal expenses; it may be necessary to include only a portion of the expenses attributed to personal use under allowable transportation expenses. Excessive expenses may not be allowed for that vehicle.

8. If a taxpayer has a car, but no car payment and is checked on the AMS Asset screen as a necessary expense, only the operating costs portion of the transportation standard is used to figure the allowable transportation expense. The taxpayer is allowed the amount actually spent or the standard, whichever is less.
9. If a taxpayer does not own a car, there is a single nationwide allowance for public transportation; this allowance is established as a "floor" for individuals with no vehicle. Taxpayers with no vehicle are allowed the standard, per household, without questioning the amount actually spent. The taxpayer is not required to provide documentation unless the amount claimed exceeds the standard.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

10. If a taxpayer owns a vehicle and uses public transportation, both ownership and operating expenses may be allowed, along with public transportation, provided they are needed for the health and welfare of the individual or family, or for the production of income; however, the expenses allowed are the **actual** expenses incurred. Documentation is not required unless the amount claimed exceeds the standards.

Example:

If a taxpayer takes a train to work, but drives a vehicle from home to the train station, the actual expenses incurred for vehicle ownership and operating costs, and the actual cost for train fare, are allowable.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

11. If a taxpayer claims higher amounts of operating costs because they commute long distances to reach their place of employment, they may be allowed more than the standard.

Reminder:

The additional operating expense would generally meet the production of income test and therefore be allowed if the taxpayer provides substantiation.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

12. If the amount claimed is more than the total allowed by any of the transportation standards, the taxpayer must provide documentation to substantiate that those expenses are necessary. All transportation standards above the maximum amount must be substantiated, reasonable and will be documented on AMS on the Substantiation screen.

Note:

If the tax liability including projected accruals can be paid in six (6) years and within the CSED, allow all excessive necessary and non-allowable expenses even if the expense does not meet the necessary expense test without requesting substantiation.

**5.19.13.1.2.6 (11-25-2014)
Other Necessary Expenses**

- Other necessary expenses may be considered if they meet the necessary expense test; **they must provide for the health and welfare of the taxpayer and/or their family, or they must be for the production of income.** This is determined based on the facts and circumstances of each case.
- There may be circumstances where expenses may be allowed even if they do not meet the necessary expense test. If the IRS tax liability, including accruals, can be paid within six years and within the CSED, all expenses may be allowed if they are reasonable. See *IRM 5.19.13.1.5, Full Payment in Six (6) Years (6 Year Rule)*. If the taxpayer cannot pay within six years, it may be appropriate to allow the taxpayer up to one year in order to modify or eliminate one or more expenses. See *IRM 5.19.13.1.6, Eliminating Excessive Expenses Within One Year*.
- The following are examples of some expenses that may be determined other necessary expenses:

Expense	Expense is Necessary	Notes/Tips
Accounting and legal fees,	<p>A. Representation before the Service (i.e., to resolve current balances due, delinquent returns, examinations, etc.).</p> <p>B. The fees must meet the necessary expense test.</p> <p>C. The amount should not be excessive and must be reasonable given the complexity of the case.</p> <p>Note:</p> <p>An accountant will charge less for a wage earner with all returns filed that just needs the collection paperwork completed, than he/she would charge for a self-employed individual that needs several returns prepared along with the collection paperwork.</p> <p>D. Fees vary across the country so allowable amounts may also differ depending on where the taxpayer lives.</p>	<p>A. Fees related to business operations (i.e., reported on Schedule C, <i>Profit or Loss From Business</i>) should not be claimed as personal expenses.</p>
Charitable contributions, Example: Donations to tax exempt organizations.	Meets the necessary expense test or is a condition of employment, Example: A minister is required to tithe according to his employment contract.	<p>A. Disallow any other charitable contributions not considered necessary.</p> <p>B. Review the employment contract</p>
Child Care, Note: Baby-sitting, day care, nursery, and pre-school.	<p>A. Meets the necessary expense test; only reasonable amounts are allowed.</p> <p>B. Costs of child care can vary greatly; do not allow unusually large child care expenses if more reasonable alternatives are available.</p>	<p>Ask how old the child is.</p> <p>Note:</p> <p>Find out if the taxpayer's spouse is employed.</p>
Court-ordered Payments (Alimony, child support, including orders made by the state, and other court ordered	<p>A. If alimony and child support payments are court-ordered, reasonable in amount, and being paid, they are allowable.</p> <p>B. If payments are not being made, do not allow the expense unless the nonpayment was due to temporary job loss or illness.</p>	<p>Review the court order. Payments that are included in a state court order are not necessarily allowable (such as a child's college tuition that would not otherwise be allowable as a necessary expense.)</p> <p>Note:</p> <p>Court-ordered payments may include conditional expenses that are not classified as alimony or child support, such as private school, college tuition, dance lessons, etc. Apply the same rules as other conditional</p>

payments),	C. Restitution payments made to other victims pursuant to a court order are alimony and child support payments are court ordered, reasonable in amount, and being paid, they are allowable.	expenses, as these must be considered reasonable and may or may not be allowed.
Dependent Care, Example: For the care of the elderly, invalid or handicapped.	Considered necessary if there is no alternative to the taxpayer paying the expense.	Intentionally left blank
Education,	A. Required for a physically or mentally challenged child and no public education providing similar services is available. B. Allowed only for the taxpayer and only if required as a condition of employment.	Example: A teacher whose employment is conditional upon completion of a graduate program.
Involuntary Deductions,	Union dues, uniforms, work shoes, etc. that are a condition of employment,	Verify it is a requirement of the job. To determine monthly expenses, the total out of pocket expenses would be divided by 12.
Life insurance,	A. Is limited to term policies on the life of the taxpayer only. B. Life insurance used as an investment is not a necessary expense.	Check on whole life policy; whole life policies should be reviewed as an asset for borrowing against.
Secured or legally perfected debts,	Allow if it meets the necessary expense test,	The taxpayer must substantiate the payments are being made.
Credit Card Debts,	A. Minimum credit card payments are allowed under the six-year rule. B. Credit cards are generally considered a method of payment. A taxpayer may pay for necessary living expenses using cash or a credit card.	A. If a credit card is used to pay for personal expenses such as food, clothing, gas, insurance - these expenses are already being allowed on the financial statement. B. If a taxpayer is paying for necessary expenses that exceed the standards, and those expenses are justified, a deviation under the expense item on the financial statement should be allowed. C. If a credit card payment is only partially allowed or not allowed at all, the taxpayer should be advised that IRS allows an amount monthly for miscellaneous expenses that can be used to pay credit card payments.
Current Year Taxes,	A. Current federal, FICA, Medicare, state* and local taxes are allowed regardless of whether the taxpayer made them in the past or not. Note: If the taxpayer a wage employee, place withholding amounts on the AMS Income screen in the appropriate box. Note: If the taxpayer is self-employed or has non-wage income, allow estimated tax payments on the AMS financial screens and document AMS comments that this expense was allowed. <ul style="list-style-type: none"> • Alaska (AK) • Florida (FL) • Nevada (NV) • New Hampshire (NH) • South Dakota (SD) • Tennessee (TN) • Texas (TX) • Washington (WA) • Wyoming (WY) 	Federal taxes do not need to be verified if the amounts are within 20% of the amounts on CC IRPTR, CC RTVUE, CC BRTVU or CC TRDBV
Delinquent State or Local Taxes,	Payments for delinquent state and local (county or municipal) tax liabilities may be allowed in certain circumstances: A. When a taxpayer does not have the ability to full pay the tax liability. B. When a taxpayer provides complete financial information. C. When a taxpayer provides verification of the state or local tax liability and agreement (if applicable).	See paragraph (5) below, for determining allowable amount.
Optional telephones and telephone services,		

Example: Pager, call waiting, caller identification, or long distance.	Must meet the necessary expense test or full pay within six (6) years and within the CSED,	Intentionally left blank
Student loans,	See paragraph (5) below.	Intentionally left blank
Repayment of loans for payment of Federal taxes,	If the IRS has received the proceeds of the loan and the taxpayer can document the loan, the payment amount should be allowed.	Intentionally left blank

4. Delinquent State and Local Taxes - Payments for delinquent state and local (county or municipal) tax liabilities may be allowed in certain circumstances:

- When a taxpayer owes both delinquent federal taxes and delinquent state or local taxes, and does not have the ability to full pay the tax liability.
- When a taxpayer is cooperative and provides complete financial information.
- When a taxpayer advises IRS that he/she owes delinquent state or local taxes and provides verification of the state or local tax liability and agreement (if applicable).

Follow the procedures in this table to determine the allowable payment for delinquent state or local tax debts:

If ...	And ...	Then ...
The taxpayer does not have an existing agreement for payment of the delinquent state or local tax debts,	Provides a complete CIS and verification of state or local tax debts,	Follow procedures under Determining Allowable Payments for Delinquent State or Local Tax Debts below to establish the calculated percentage amount that will be listed as the allowable monthly payment for delinquent state or local taxes on the CIS.
The taxpayer has an existing agreement for delinquent state or local tax debts, and that agreement was established after the earliest IRS date of assessment,	The payment amount on the state or local agreement is less than the calculated percentage amount,	The monthly amount due on the existing state or local agreement will be listed as the allowable delinquent state or local tax payment on the CIS. The payment to IRS will be increased by the amount allowed for the monthly state or local payment one month after the date the state or local liability is scheduled to be full paid.
The taxpayer has an existing agreement for delinquent state or local tax debts, which was established after the earliest IRS date of assessment,	The payment amount on the agreement, is more than the calculated percentage amount,	The amount listed as the delinquent state or local tax payment on the CIS will be the calculated percentage amount. Advise the taxpayer that he/she can use the amount IRS allows for Miscellaneous expenses under National Standards to pay the additional amount due for the delinquent state or local tax payment. The payment to IRS will be increased by the amount allowed for the monthly state or local payment one month after the date the state or local liability is scheduled to be full paid.
The taxpayer has an existing agreement for delinquent state or local tax debts, which was established prior to the earliest IRS date of assessment,	Allowing the amount on the existing state or local agreement will not result in the case being reported uncollectible,	Allow the existing state or local tax payment and increase the IRS payment one month after the date the state or local liability is scheduled to be fully paid. See explanation below if allowing the state payment will result in the account being reported Currently Not Collectible.

Determining Allowable Payments for Delinquent State or Local Tax Debts

- Determine net disposable income on a Collection Information Statement (CIS), Form 433-A, *Collection Information Statement for Wage Earners and Self-Employed Individuals*, or Form 433-F, *Collection/Information Statement*. Do not include any amount that is being paid for outstanding state or local tax liabilities in the calculation. Net disposable income is the difference between gross income and allowable living expenses.
- Calculate the dollar amounts for IRS and state or local payments based on the total liability owed to each agency (including penalties and interest to date)
- Use the net disposable income and a percentage of IRS and state liabilities to total liability to calculate the payment amounts.

Examples of Determining Percentage and Allowable Payments for Delinquent State or Local Tax Debts

Type of Liability	Amount
IRS Liability	\$10,000.00
State or Local Liability	\$5,000.00
Total	\$15,000.00

Type of Liability	Percentage
IRS	10,000.00/15,000.00 = .67
State or Local	5,000.00/15,000.00 = .33

Type of Payment	IA Payment Amount
Taxpayer's net disposable income	\$400.00
IRS Payment (400 x .67)	\$268.00
State or Local Payment (400 x .33)	\$132.00

If allowing even a minimal payment for delinquent state or local taxes will result in the account being reported CNC due to hardship:

And ...	Then ...
The taxpayer does not have an existing agreement for the delinquent state or local tax debts,	A payment for delinquent state or local taxes will not be allowed. Advise the taxpayer that he/she can use the amount IRS allows for Miscellaneous expenses under National Standards to pay the delinquent state or local tax payment.
The taxpayer has an existing agreement for the delinquent state or local tax debts, which was established after the earliest IRS date of assessment,	A payment for delinquent state or local taxes will not be allowed. Advise the taxpayer that he/she can use the amount IRS allows for Miscellaneous expenses under National Standards to pay the delinquent state or local tax payment.
The taxpayer has an existing agreement for delinquent state or local tax debts, which was established prior to	The amount allowed for state and local taxes on the CIS will be reduced to allow for an IRS IA payment. Advise the taxpayer that he/she can use the amount IRS allows for Miscellaneous expenses under National Standards to pay the additional amount due for the delinquent state or local tax payment.

the earliest IRS date of assessment,

The payment to IRS will be increased by the amount allowed for the monthly state or local payment one month after the date the state or local liability is scheduled to be fully paid.

Reminder:

Calculations must be documented in the case history.

Note:

Allowing payments for delinquent state or local taxes when establishing an IA has no effect on NFTL or levy priorities. This guidance only impacts determinations of ability to pay. If the taxpayer refuses to establish an IA or defaults on an IA, IRS employees should follow existing procedures to pursue collection.

Minimum payments for delinquent state and local taxes are allowed for IAs using the six year rule. If the six year rule applies, taxpayers are required to provide financial information, but do not have to provide substantiation of reasonable expenses. If the taxpayer meets all other requirements for the six (6) year rule, the amount claimed for state or local taxes may be allowed. Employees would not be required to obtain verification of the state payment or calculate an amount due based on the percentage basis as discussed above.

Note:

If a state already has a Federal/State Memorandum of Understanding for establishing joint Federal and State agreements, follow the MOU guidelines.

5. Student loans - Payments for student loans may be allowed in certain circumstances:

If ...	Then ...
Taxpayers with student loan debt, who have not yet made arrangements to repay the loan,	Allow 10 days to set up a payment plan for the student loan and provide verification so the loan payment can be allowed. Additional time may be allowed if a taxpayer has extenuating circumstances. Advise taxpayer of the following: <ul style="list-style-type: none"> • If they do not respond by the due date, the IA amount will be established without allowing for a student loan payment. • If they later make arrangements to pay the student loan, they can request the IA be revised.
Taxpayers who have student loan debt, but are unable to make payments on the debt because they are suffering an economic hardship or have medical problems	The IA amount will be established without allowing for a student loan payment. Advise Taxpayer of the following: <ul style="list-style-type: none"> • To request a deferment or forbearance of the student loan payments. • That if they later make arrangements to pay the student loan, they can request the IA be revised.

5.19.13.1.2.7 (11-25-2014)

Conditional Expenses

1. Conditional expenses **may not** meet the necessary expense test of providing for a taxpayer and their family's health and welfare and/or the production of income, but may be allowable based on the circumstances of an individual case. Any substantiation received from the taxpayer or internal verification must be clearly documented in the AMS narrative. Conditional expenses are allowable, without substantiation if the tax liability, including projected accruals, can be paid in full within six (6) years and within the CSED. The following are conditional expenses:

If ...	Then ...
Accounting and Legal Fees,	Fees are necessary only if they are for representation before the Service to resolve current balances due, delinquent returns, examinations, etc., or they meet the necessary expense test of health and welfare and/or production of income. Fees related to business operations (i.e., reported on Schedule C, <i>Profit or Loss From Business</i>) should not be claimed as personal expenses.
Charitable Contribution,	These expenses include donations to tax exempt organizations, such as: civic organizations, religious organizations (tithing and educational), and medical services or associations.
Education,	Expenses for private elementary, secondary and public and private college education.
Housing,	Housing other than the principal residence is not a necessary expense. Example: Housing deemed not necessary include vacation property, owned, rented, leased, or time-share. Other costs associated with housing are usually conditional; for example, pool service and gardening are optional and can be done by a taxpayer, as opposed to the kinds of home maintenance, such as roof repair or plumbing, which would qualify as necessary.
Life Insurance,	Life insurance used as an investment is a conditional expense. Ask the taxpayer whether it's possible to suspend payments on whole or investment life insurance policies in order to apply the money to the tax liability. If the policy has a cash value, ask the taxpayer to obtain it; if the taxpayer will not voluntarily obtain it, consider enforcement. Consider if the payoff of the policy is high compared to the lifestyle of the beneficiaries. Expensive premiums must be justified. Whole life/investment insurance is considered a conditional expense.
Retirement,	Voluntary payments.
Secured or Legally Perfected Debts,	Meets necessary expense test and is filed, executed and superior to the federal tax NFTL.
Transportation,	Transportation not needed for family health and welfare and /or the production of income is not a necessary expense. Vehicles other than necessary vehicles are considered conditional expenses. Example: Conditional transportation expenses are multiple and recreation vehicles.

Unsecured Debts,	<p>Allow payments on unsecured debts if the tax liability, including projected accruals, will be paid within six (6) years; otherwise, payments must come from the total amount allowed under the National Standards. Do not allow payments on unsecured debts, including credit cards, if omitting them permits the taxpayer to pay in full within 90 days.</p> <p>Note:</p> <p>Credit cards are generally considered a method of payment, rather than a specific expense. A taxpayer may be paying for necessary living expenses using cash or a credit card, e.g. food, clothing, gas, etc. Consequently, payments for the portion of the credit card debt reflecting necessary living expenses are provided for as allowable expenses under the national and local standards. If a credit card payment is only partially allowed or not allowed at all, the taxpayer should be advised that the IRS allows an amount monthly for miscellaneous expenses under the National Standards for Food, Clothing and Other Items that can be used to pay credit card payments. Generally, minimum payments on credit cards are allowed under the six-year rule.</p>
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2. When a taxpayer owes both delinquent federal taxes and state or local taxes, and does not have the ability to full pay the liabilities, monthly payments to state or local taxing authorities may be allowed in certain circumstances. (See *IRM 5.19.13.1.2.6(4)*, *Other Necessary Expenses*.)

5.19.13.1.3 (11-25-2014)

Asset/Income/Expense Verification and Substantiation

1. Verification and substantiation requirements vary based on both the proposed case resolution and the balance due on the account. See *IRM 5.19.1.1.6(8)*, *Case Processing Authority Levels*.
2. Compare the taxpayer's financial statement to information obtained via internal sources. The use of the Corporate Files On-Line (CFOL) CC research (CC IRPTR, CC TRDBV and CC RTVUE/CC BRTVU) is **required** when validating financial income information the taxpayer provided.

For a list of internal sources available for your use: see *Exhibit 5.19.13-2, Verify Financial Statement*.

Example:

The taxpayer states they have no assets. Internal research of a prior year return shows mortgage interest. The discrepancy would need to be addressed.

3. Verification of income through IRS research of internal sources is **ONLY** required when completing a financial statement input or on certain types of cases such as CNC accounts if the AAB (CC SUMRY) is above ≡ ≡ ≡ .
4. If verification is needed, use suggested methods for internal and external sources of information for financial verification. See *Exhibit 5.19.13-2, Verify Financial Statement*.

Note:

If the taxpayer has an accountant, an Income Statement covering the most current year can be used.

5. Paper substantiation from the taxpayer, faxed or mailed, is required:
 - If the amount claimed for income or any expenses appears to be unreasonable (per employee judgment) or the expense amounts claimed exceed the ALE standards, and
 - Allowing these other expenses will result in a PPIA or CNC hardship.

Reminder:

Paper substantiation should **also** be secured in cases where the taxpayer's explanation does not correspond to the internal sources verified.

Exception:

Paper substantiation is **not** required if allowing these other expenses will result in a NSIA. However, employees should use sound judgment to determine if the taxpayer's verbal justifications for income/expense discrepancies provide adequate substantiation.

Reminder:

DO NOT direct the taxpayer to send all or part of the following information in general, or when being asked to complete the Form 433. Items should only be requested if during the process of financial input on the AMS screens the items being substantiated will be allowed.

6. Examples of items which may be requested for substantiation of expenses over the standard or to verify other necessary expenses that do not appear on the taxpayer's wage and earning statement include, but are not limited to, copies of items such as:
 - Bank statements or canceled checks, to prove child support payments are being made if they are not on the taxpayer's wage and earning statement.
 - Credit card statements, to confirm payment of necessary expenses by credit card.
 - Rent/lease receipts and lease agreements, only if the amount they claim is substantially over the standard and is going to be allowed if substantiated.
 - Court orders and proof of payments, for child support or other court ordered payments that do not appear on the taxpayer's wage and earning statement.
 - Future expenses.

Example:

The birth of a child or the necessary replacement of a car increases expenses.

- Payroll check stubs, if income or court ordered payments require verification.

Example:

Current year-to-date figures, Form 1099, Form 1040, *U.S. Individual Income Tax Return*, Form W-2, *Wage and Tax Statement*.

7. Substantiation of other necessary expenses may be required if the expense cannot be verified through internal sources.

Note:

Substantiation should **ONLY** be requested for expenses which will be allowed if substantiation is provided.

Reminder:

DO NOT require the taxpayer to prove they are paying living expenses such as rent, utilities, car payments etc.

8. Any verbal/internal verification or paper substantiation received from the taxpayer must be clearly documented on the AMS financial screens. Substantiation of income and/or expenses can include, but is not limited to:

- Verbal information received during telephone contact with the taxpayer,
- Bank statements or canceled checks providing proof of payments being made,
- Credit card vouchers,
- Rent/Lease receipts and lease agreements,
- Payment coupons,
- Court order; must provide proof of payments,
- Contracts,
- Future expenses, or

Example:

The birth of a child or the necessary replacement of a car.

- Payroll check stubs with current year-to-date figures, Form 1099, Form 1040, *U.S. Individual Income Tax Return*, Form W-2, *Wage and Tax Statement*, etc.

9. Send cases awaiting substantiation from the taxpayer:

- To the appropriate ACS inventory if an ACS case.

or

- CC STAUP if in Notice Status.
- Field Assistance makes an appointment for the taxpayer to return to the TAC or advises the taxpayer to return to the TAC by a specific date.

10. When obtaining documents for substantiation, ask the taxpayer for copies, not original documents. Telephone numbers of creditors and person to contact may be secured if verification is necessary.

- A. If the taxpayer has the supporting documents available, encourage the taxpayer to fax the information while on the call. If faxing while on the call is not possible, give the taxpayer the appropriate ACSS address to mail the documents. Field Assistance must request the taxpayer return to the TAC with the documentation.

Exception:

Call site employees are to accept faxes during a call if a levy is in place.

Note:

If the taxpayer does not have the supporting documents available during the call, ask the taxpayer if they would agree to establish the IA at the higher monthly payment amount shown on AMS. Inform them when their substantiation is received we will make a determination if the documentation submitted supports allowing the additional expenses. If the documents support the lower IA amount, we will allow the lower monthly payment without incurring a re-structuring fee.

- B. If the taxpayer claims immediate economic hardship from a levy, interview taxpayer to obtain financial information. Input to AMS Financial screens. Ask the taxpayer to fax all necessary supporting documentation while on the phone.

Example:

The taxpayer provides a financial statement, which shows they have no ability to pay. If the taxpayer claims any conditional expenses or expenses that exceed the ALEs, ask the taxpayer to fax the necessary supporting documentation. Once it is received and you verify that it supports the taxpayer's financial statement, then release the levy. See IRM 5.19.4.4.10, *Levy Release: General Information*. See IRM 5.19.17.1.1.3, *CNC Unable to Pay – Hardship*, to report the account CNC due to hardship.

Example:

The taxpayer provides a financial statement, which shows they have an ability to pay of \$100 per month, and they didn't claim conditional expenses or expenses that exceeded the ALEs. However, the taxpayer is experiencing an immediate economic hardship (they received a cut-off notice from their electric company.) Ask the taxpayer to fax the disconnect notice. Once it is received and you verify it supports the taxpayer's claim of economic hardship, then release the levy in full or in part to relieve the immediate economic hardship. See IRM 5.19.4.4.10, *Levy Release: General Information*. See IRM 5.19.1.5.4, *IAs*, or IRM 5.19.1.5.5, *PPIA*, to establish an IA or PPIA.

- C. If substantiation is mailed, provide the taxpayer with the appropriate deadline to return information and the appropriate ACSS address. Generally, the taxpayer should be allowed no more than 30 days to provide requested substantiation. However, actual deadlines may vary, based upon the taxpayer's circumstances and the information requested. Some appropriate deadlines are:

Example:

Ten days to get substantiation for documents that may be readily available, such as, court-ordered, student loan, state tax or medical payments. (You may need to allow additional time if the taxpayer states the documents are not readily available.)

Example:

30 days if the taxpayer is attempting to borrow.

Note:

Add 15 calendar days to the due date given the taxpayer.

Example:

The number of follow-up days is the number of days given as the due date, 30 days if the taxpayer is attempting to borrow, plus 15 additional days ensuring we receive the correspondence; the correct follow up date is 45 days from today.

11. If the taxpayer does not respond by the follow up date, take the following actions:

- A. If the original IA request met Pending IA criteria and additional information was not received, follow rejection procedures. For Pending IA criteria, see IRM 5.19.1.5.4.7, *Pending IA Criteria*. For Rejection procedures, see IRM 5.19.1.5.4.9, *IA Rejection Criteria*.
- B. If the original IA request did not meet Pending IA criteria and additional information was not received as requested, allow the account to continue with normal collection activity.
- C. If the account is in Notice Status, input CC STAUP 2200.
- D. If the account is in ST 22, proceed with the next case action.

Example:

Levy, NFTL, LT11, *Final Notice -- Notice of intent to levy and your notice of a right to a hearing (sent certified, return receipt requested)*, LT40, *Notice to taxpayer of possible need to contact third parties - balance due/combo accounts, etc.*

- 12. If a taxpayer calls or writes with additional financial information, or requested substantiation, you are **not** required to repeat the tiered interview if it was previously documented clearly.

Example:

AMS History clearly documents a request was made of the taxpayer to full pay, ability to borrow, etc.

- A. If financial information is on AMS and was obtained **within** the last twelve months, you are **not** required to take a complete financial statement, verify and update AMS information. Review and update the previous financial information obtained, **DO NOT** refer the taxpayer to the employee originally taking the financial information. AMS recalculates the payment amount. Ensure requirements are met, and continue the financial statement interview.
- B. When ACSS or CSCO receives documents to support a financial statement and clarification or additional documentation is needed for case resolution, make two (2) attempts to call the taxpayer prior to issuing the appropriate Correspondex letter requesting the additional needed documentation; advise the taxpayer to respond within 30 days and allow 45 days for follow up. Follow procedures in *IRM 5.19.13.1(11), Securing Financial Statement*
- 13. If the taxpayer is still missing any required information, do not give more opportunities to provide the missing documentation. Document this action accordingly and take the next appropriate action.

**5.19.13.1.4 (11-25-2014)
Making the Collection Decision**

- 1. The analysis of the taxpayer's financial condition provides a basis for making one or more of the following decisions:
 - A. Request payment in full or a partial payment based on the liquid equity in available assets,
 - B. IA. See IRM 5.19.1.5.4, *IAs*,
 - C. PPIA. See IRM 5.19.1.5.5, *PPIAs*,
 - D. CNC. When financial analysis indicates no means of payment, see IRM 5.19.17.1.1, *CNC Policy and Overview*, or
 - E. OIC. For OIC information, see IRM 5.19.17.1.2, *OIC*.

Reminder:

Make a NFTL determination. Consider interest in assets:

- Is the government's interest in assets protected?
- Will the value of assets increase or decrease?
- Will the taxpayer's interest in assets change?

See IRM 5.19.4.6, *Procedures for Filing Liens*.

- 2. Request immediate full payment if the **completed** financial statement shows the taxpayer has the ability to borrow or liquidate such as:
 - The taxpayer has cash equal to the tax liability.
 - The taxpayer has unencumbered assets, equity in encumbered assets, interest in estates and trusts, and lines of credit from which money may be borrowed to make payment in full.
 - The taxpayer has other assets which may be pledged or readily converted to cash.

Note:

Stocks, Certificates of Deposit, IRAs, and some 401(k) retirement plans can be liquidated or borrowed against.

If the taxpayer has asset(s) or equity in an asset that will **only partially pay** the liability, follow the instructions in the table below:

If ...	And ...	Then ...
If the taxpayer has liquid assets (cash, CD, money market, IRA, stocks/bonds, etc.) that will partially pay the liability,	Intentionally left blank	Ask the taxpayer to use the liquid asset(s) to partially pay the liability.
If the taxpayer has non-liquid assets that will partially pay the liability (if the asset was sold or the taxpayer was able to secure a loan),	The taxpayer has: <ul style="list-style-type: none"> • Defaulted on a previous IA for the balance(s) due, or • Requested to add another period to an existing IA. 	Ask the taxpayer to liquidate or borrow to make the partial payment.
If the taxpayer has non-liquid assets that will partially pay the liability (if the asset was sold or the taxpayer was able to secure a loan),	The taxpayer has not : <ul style="list-style-type: none"> • Defaulted on a previous IA for the balance(s) due, or 	Do not ask the taxpayer to liquidate or borrow to make the partial payment.

- Requested to add another period to an existing IA.

Note:

If the taxpayer refuses, see paragraph (8) below.

3. If liquidation of any asset(s) or equity in an asset will result in full pay or a substantial partial payment, explore the option with the taxpayer unless,
 - Factors such as advanced age, ill-health, or other special circumstances are determined to prevent the liquidation of the assets, and/or
 - They qualify for Guaranteed, Streamlined, or In-Business Trust Fund agreements.

Note:

It is not appropriate to ask a taxpayer to liquidate or borrow against an asset if doing so will create an economic hardship for the taxpayer.

4. Before a **complete determination** can be made, **ALL** financial statement information provided by the taxpayer **must** be input to AMS. Consider whether the financial statement shows that the taxpayer has either assets to full pay or sufficient equity to borrow. AMS Financial screens perform systemic calculations to assist you with determining an accurate final case disposition. See *Exhibit 5.19.13-3, AMS Financial Statement Processing*.
 - Base the case resolution decision on the amount of disposable household income available to apply to the tax liability.
 - Gross income less allowable expenses equals disposable income.
 - If expenses exceed income, ask the taxpayer for an explanation.

Note:

Document all case actions including any deviation from the systemic calculations on AMS. If processing cannot be completed, and a resolution determined, the documentation will be required at a future date for case resolution. Documentation will also prevent unnecessary contact with the taxpayer.

Note:

Always "Save and Create History" for any financial information input on AMS.

Reminder:

If the taxpayer agrees to borrow against an asset, but can only partially pay the tax liability, the resulting loan payment is an allowable expense when calculating the taxpayer's ability to pay the remaining tax liability.

5. If the taxpayer agrees to an initial VLSP reducing the AAB (CC SUMRY) to an amount fitting Streamlined IA criteria, see IRM 5.19.1.5.4.24, *VLSP*.
6. Consider the one-year and or six (6) year rule when arriving at an appropriate amount based upon the individual taxpayer's financial information. See *IRM 5.19.13.1.5, Full Payment in Six (6) Years (6 Year Rule)*, and *IRM 5.19.13.1.6, Eliminating Excessive Expenses Within One Year*.
 - If the taxpayer claims conditional expenses **and meets** the six (6) year rule or the one-year rule, grant the IA.
 - If the taxpayer claims conditional expenses *but does not meet* the six (6) year rule or one-year rule, request the higher payment amount determined through financial analysis. If the taxpayer does not agree, then follow Independent Review procedures. See IRM 5.19.1.5.4.9, *IA Rejection Criteria*.
7. Emphasize to the taxpayer how much we expect them to pay, rather than how we expect them to spend their money:
 - A. Do not inform the taxpayer they cannot own, for example, a boat or summer cabin.
 - B. Tell the taxpayer they are responsible for determining what modifications or eliminations must be made to their expenses in order to pay their tax liabilities.
8. If the taxpayer **refuses** to liquidate or borrow against assets:

If ...	And ...	Then ...
The taxpayer's account does not meet relevant exception criteria in paragraph (3) above,	The request meets Pending IA criteria, IRM 5.19.1.5.4.7, <i>Pending IA Criteria</i> ,	Reject the IA. See IRM 5.19.1.5.4.10, <i>Rejected IA Independent Review</i> .
The taxpayer's account does not meet relevant exception criteria in paragraph (3) above,	The request does not meet pending IA criteria,	Follow instructions in IRM 5.19.1.5.4.9(3), <i>IA Rejection Criteria</i> .

9. If the taxpayer requests a DDIA, follow IRM 5.19.1.5.4.14, *DDIA*. If the taxpayer requests a PDIA, follow IRM 5.19.1.5.4.15, *Form 2159, Payroll Deduction Agreement*.
10. If the financial analysis shows that the taxpayer has **no** ability to pay, but the taxpayer **requests** an IA, establish the requested NSIA or PPIA with a back up CNC.
11. All case resolutions determined using financial statement processing to determine the taxpayer's ability to pay **require** managerial approval and NFTL determination, when appropriate. See IRM 5.19.1.1.6(5) and (10), *Case Processing Authority Levels*.

Note:

If a determination is made **not** to file the NFTL, follow IRM 5.19.4.5.2(10), *Lien Filing Determinations*.

12. For additional information, see *Exhibit 5.19.13-1, Questions and Answers to Assist in Financial Statement Processing*.

**5.19.13.1.5 (11-25-2014)
Full Payment in Six (6) Years (6 Year Rule)**

1. When a taxpayer is unable to full pay immediately and a non-Streamlined IA is being considered, the taxpayer may qualify for the six (6) year rule. **All expenses may be allowed if:**
 - A. The taxpayer establishes they can stay current in all tax requirements.
 - B. Tax liability, including projected accruals, will be paid within six (6) years AND the liability will be full paid within the CSED.
 - C. Amounts are reasonable.

Example:

The taxpayer is currently making \$4,000 a month car payments on a \$200,000 car. Even though the tax liability will be paid within the six (6) years, the expense is not reasonable. If the additional expenses are reasonable, they may be allowed.

Reminder:

Do not tell the taxpayer how to spend their money; it is up to the taxpayer to determine how to meet their expenses based on what their statement allows.

D. If the financial statement shows the taxpayer cannot full pay within six years, the amounts allowed for one or more conditional expense items may be reduced so the liability can be full paid within six years, if the taxpayer concurs.

E. Taxpayers are required to provide financial information in these cases, but do not have to provide substantiation of reasonable expenses.

Caution:

An IA established under the six (6) year rule is an NSIA. As such, a complete financial analysis must be done prior to establishing the IA, and equity in assets must be addressed in accordance with *IRM 5.19.13.1.4, Making the Collection Decision*.

2. Use IDRS CC ICOMP F or Decision IA to compute the projected accruals to ensure the six (6) year rule is met and the liability will be full paid within the CSED.

3. If the taxpayer can pay the entire tax liability including the projected accruals within six (6) years AND within the CSED, **all** expense(s) (including minimum credit card payments) may be allowed.

- The necessary expense test of providing for a taxpayer and their family's health and welfare or the production of income is not necessary.
- Substantiation is not required. Refer to *IRM 5.19.13.1.2.7(1), Conditional Expenses*. See *IRM 5.19.13.1.3, Asset/Income/Expense Verification and Substantiation*.

See *IRM 5.19.13.1.3, Asset/Income/Expense Verification and Substantiation*.

4. Excessive necessary and non-allowable conditional expenses incurred after the assessment of the tax liability are not covered by the six (6) year rule. If you feel a taxpayer acted to reduce their ability to pay, enforcement action against the post-assessment assets or not allowing the expenses **may be appropriate**.

Reminder:

The Six (6) Year Rule is not applicable to corporations, partnerships, Limited Liability Companies (LLC), where the LLC is identified as the liable taxpayer, or any BMF expenses. The Six (6) Year rule is also not applicable for BMF liabilities owed by in-business sole proprietors or LLCs, where the individual owner is identified as the liable taxpayer.

5.19.13.1.6 (11-25-2014)

Eliminating Excessive Expenses Within One Year

1. Taxpayers who cannot full pay their accounts within six (6) years may be given up to one year to modify or eliminate excessive necessary and/or non-allowable conditional expenses. By modifying or eliminating some conditional expenses, a taxpayer may fall within the six (6) year limit to full pay their liability; this enables a taxpayer to retain some conditional expenses. When allowing the one-year rule, the IA **must** still full pay within a total of 72 months (six (6) year rule).

Caution:

An IA established under the one year rule is an NSIA. As such, a complete financial analysis must be done prior to establishing the IA, and equity in assets must be addressed in accordance with *IRM 5.19.13.1.4, Making the Collection Decision*.

2. For a determined period of time, not to exceed one year, an IA is established for an amount, even if minimal, which can be paid until the date the excessive or non-allowable expenses are modified or eliminated. The taxpayer must agree to the increased payment amount.

3. An IA must include a payment increase at the date a taxpayer is expected to modify or eliminate excessive necessary or non-allowable conditional expenses.

4. Taxpayers are responsible for determining how best to adjust or eliminate expenses.

5. If the taxpayer was given a year to eliminate conditional expenses, fails to adjust the expenses and the account defaults, do not automatically allow the additional expenses. If the taxpayer contacts IRS requesting additional time, grant additional time only in an unexpected or unusual circumstance or based on a change in their financial condition such as loss of a job or birth of a child, etc.

6. Document the basis for the exception. Normally, the one-year rule is only given once. If the taxpayer did not reduce the expenses as promised, do not allow the additional expenses again unless there are unusual circumstances. AMS comments must be documented. Always save and create history.

Example:

The taxpayer pays tuition for private school of \$1,000 per month; the taxpayer requested an IA of \$100 per month, which would not full pay by the CSED. The one-year rule is invoked because the \$1,000 tuition payment is a conditional expense. In one year, the installment payment increases to \$1,100.

Reminder:

The One Year Rule is not applicable to corporations, partnerships, Limited Liability Companies (LLC), where the LLC is identified as the liable taxpayer, or any BMF expenses. The One Year rule is also not applicable for BMF liabilities owed by in-business sole proprietors or LLCs, where the individual owner is identified as the liable taxpayer.

Exhibit 5.19.13-1

Questions and Answers to Assist in Financial Statement Processing

Question 1: If, as a condition of employment, a minister is to tithes, a business executive is required to contribute to a charity, or an employee is required to contribute to a pension plan, will these expenses be allowed?

Answer 1: Yes. The only thing to consider is whether the amount being contributed equals the amount actually required and does not include a voluntary portion.

Question 2: A taxpayer has a child in a university. She has already paid the university \$25,000 for tuition and housing for the school year. and she intends to pay another \$25,000 next July for the following school year. Should this expense be allowed?

Answer 2: Yes, if the taxpayer can pay the liability plus accruals within six years, and prior to the CSED. Otherwise, the expense will not be allowable. The taxpayer may be eligible for an allowable expense to cover the child's enrollment at a local college if the reduced education expense could make it possible for the taxpayer to take advantage of the six-year rule. When an expense is not allowed the taxpayer is responsible for deciding what expense modifications or eliminations are needed to pay the tax liability.

Question 3: A taxpayer is living in an apartment which rents for \$2,000 per month. The lease has another six months to run. The lease agreement includes a termination penalty equal to the lesser of two months rent or the monthly rent due for the balance of the lease. The taxpayer has a \$500 security deposit. Local rental data indicated that an acceptable rental apartment in the same general neighborhood can be rented to house the family at a cost of \$1,500 per month. The taxpayer cannot full pay within six years. Should the taxpayer be required to move to cheaper living quarters as a condition of an IA?

Answer 3: Since breaking the lease would cost more than keeping it until expiration, an IA may be granted which allows the taxpayer to live in his present quarters for the balance of the lease but which requires an increase of \$500 with the seventh month.

Question 4: A taxpayer is a commissioned sales person living in a home with a \$3,000 monthly mortgage. The property was purchased in 2002 at the peak of the local real estate market and has lost approximately 25% of its value in that time due to local market declines. The present value is approximately equal to the mortgage balance. A single family home of a size adequate to house the family is available in a middle class neighborhood convenient to work and schools for \$1,800 per month, including utilities. If the taxpayer remains in his home, income and expenses are approximately equal, leaving no disposable income to apply to the delinquent federal taxes. Should the account be reported CNC?

Answer 4: Maybe. The difference between the cost of renting and owning indicates that a significant payment can be made if the residence were sold; however, the loss of equity, as well as the costs of sale and moving should be considered. Options for resolution may include:

- Recommending the taxpayer try to restructure their mortgage to reduce the monthly payment,
- Asking the taxpayer to sell the property if there is adequate equity for the taxpayer to pay the mortgage, costs of sale and moving costs,
- Securing an IA for a minimal amount until the taxpayer can adjust expenses (See IRM 5.19.1.5.4.19, *MMIAs*), or
- Recommending the account be reported CNC with a mandatory follow-up if property values are expected to increase.

Question 5: A taxpayer claims that she needs more for food than the amount provided by the National Standards because she has five teenage children. Can she get an increased amount?

Answer 5: Yes, if she can fully pay the tax liability plus accruals within six years, and prior to the CSED. Otherwise, she has to substantiate and justify the higher food expenses included within the National Standards. She would still be allowed the standard amounts for housekeeping supplies, apparel and services, personal care products and miscellaneous.

Question 6: Should a self-employed taxpayer who is currently making contributions to an Individual Retirement Account (IRA) be allowed to continue the contributions if it will take seven years for her to fully pay the tax liabilities?

Answer 6: The IRA payments would not be listed on Form 433-F as an allowable expense. Advise the taxpayer that if she wishes to continue making IRA payments, she must divert the money from allowed expenses, or use the amount allowed for miscellaneous expenses.

Question 7: A married couple owes a joint tax liability. They have submitted a Form 433-F, *Collection/Information Statement*. The financial analysis indicates that it will take a four-year IA to fully pay the tax liability. The husband is a truck driver who is responsible for his own food and lodging expenses on the road. He usually pays as he goes with a personal credit card. He requests that this monthly payment be allowed. Should this expense be allowed?

Answer 7: The expenses for food and lodging are allowed as business expenses. These expenses should not appear on the personal expense section of Form 433-F, *Collection/Information Statement*. The business expenses would have already been deducted from business income to arrive at personal income. How the expenses are paid, cash or credit card, do not change the financial analysis. If the taxpayer needs to pay an additional amount on his credit card, he should be told that the IRS includes a monthly Miscellaneous allowance under the National Standards to be used for any expenses not included as allowable in the determination of ability to pay.

Question 8: A taxpayer completed a CIS which indicates that she can fully pay the liability plus accruals within six years. Since the assessment of the tax liability, she has purchased a car for personal use, which has increased her expenses by \$2,000 a month. Should the provisions of the six-year or the one-year rule apply?

Answer 8: If it appears the taxpayer was aware of the tax liability and still committed part of her disposable income to excessive or conditional expenses, the Service is not obligated to allow these expenses even though the liability could be fully paid within six years. The excessive car payment would not be an allowable expense. Allow the standard amount for ownership costs on the CIS.

Question 9: A taxpayer is starting the second year of two-year lease for a luxury car. Car payments are \$1,200 a month. Should the taxpayer be allowed this expense?

Answer 9: Maybe. The taxpayer must justify the expenses in excess of the local transportation standards. There are rare exceptions where an occupation may require a luxury car. The type of car can also depend on the location. A real estate agent will probably drive a more expensive car if she is working a suburb with very expensive homes rather than a middle class suburb. If the taxpayer could be expected to drive a more reasonably priced car, then steps should be taken to eliminate the expense. Ask the taxpayer what the penalty would be to return the car to the dealer. With only one year left on the contract, the penalty may or may not be negligible compared to the amount the IRS could receive if the taxpayer leased a moderately-priced car. If the car payment of \$1,200 is allowed, the IA amount should be increased when the lease is scheduled to expire in one year.

Question 10: A taxpayer has a child in a parochial school. Should the taxpayer be allowed this expense?

Answer 10: Yes, if the taxpayer can pay the liability plus accruals within six years, and prior to the CSED. Otherwise, the expense will be allowed only if it is for a physically or mentally challenged child and no public education providing similar services is available. If the expense is not to be included among allowable expenses, tell the taxpayer that he or she is responsible for deciding what expense modifications or eliminations are needed to pay the tax liability.

Question 11: Because of budget constraints, a public school district has begun charging fees for certain services which were previously provided for free. Should a taxpayer be allowed the expense of paying these fees?

Answer 11: Yes, if the fees are required of all children in the school district. Fees for optional services, such as music lessons, are allowable if the tax liability including projected accruals will be paid within six years.

Question 12: An area has an arrangement with Consumer Credit Counseling Services (CCCS) in which CCCS submits IA proposals on behalf of the taxpayer. Are these cases subject to the allowable expense procedures?

Answer 12: Yes, unless the agreement falls under the Streamlined IA procedures. Any IA in which financial analysis is required will be subject to the allowable expense guidelines. The area office must share allowable expense procedures with CCCS.

Exhibit 5.19.13-2 Verify Financial Statement

- A. Verify as much of the financial statement as possible through internal sources.
- B. When internal locator services resources are not available, or indicate a discrepancy, request the taxpayer provide reasonable information necessary to support their financial statement.
- C. Regardless of the amount of the liability, consider the following:

Internal Sources	Review
CC ENMOD and CC INOLES,	Identify cross-reference TINs for related business activity not declared on the CIS.
CC SUMRY, CC IMFOL and CC BMFOL,	Verify full compliance.
CC RTVUE (IMF) or copy of the last filed return (1040),	Compare the amount of reported income to that declared on the CIS. Identify past sources of income including: Schedule A, <i>Itemized Deductions</i> , such as mortgage interest, Schedule B, <i>Interest and Ordinary Dividends</i> , Schedule C, <i>Profit or Loss From Business</i> ,

	Schedule D, <i>Capital Gains or Losses</i> , Schedule E, <i>Supplemental Income and Loss</i> , Schedule F, <i>Profit or Loss From Farming</i> , and Schedule K-1, <i>Partner's Share of Income, Deductions, Credits, etc.</i>
CC IRPTRO and/or copy of an older year income tax returns,	Compare real estate tax and mortgage interest deductions to the amount declared on the CIS. Higher amounts may indicate present or past property ownership not declared on the CIS. Lower amounts may indicate property was recently sold or transferred. Identify accounts not reported on the CIS such as certificates of deposit, investment accounts, etc. Verify sources of income, such as employers, bank accounts, and retirement accounts. Identify recently dissipated assets.
CC BRTVUE (BMF) or copy of the most recently filed income tax return (Form 1120, <i>U.S. Corporation Income Tax Return</i>),	Compare the amount of reported income to that declared on the CIS. Compare the value of assets and the amount of reported depreciation to the asset values declared on the CIS. The true value of an asset may not be shown on the depreciation schedules.
State Motor Vehicle Records,	Identify motor vehicles registered to the taxpayer, but not declared on the CIS. Reminder: Check for ownership in business names or lien holders; ownership of a trailer may lead to assets such as boats or jet skis.
Real Estate Records,	Identify real property titled to the taxpayer, but not declared in the CIS. Identify property held by transferee, nominee or alter ego. Reminder: Check for ownership in business names or tax assessment records; check courthouse records for grantor/grantee, mechanic liens, state tax liens, divorce records, death certificates, registered wills, and Uniform Commercial Code (UCC) filings.
Credit Bureau Reports,	Identify past residences and employers. Verify competing lien holders, balances due, and payment history. Identify property not listed on the CIS. Identify other creditors as leads for undisclosed assets.
Asset and Locator Services,	Identify current real property, transferred property, or sold property. Identify vehicle, vessel or aircraft ownership. Identify interests in partnerships, corporations or other businesses. Identify potential third parties residing with taxpayer.

Exhibit 5.19.13-3
AMS Financial Statement Processing

Highlights of AMS Financial statement processing functionality enhancements available January 5, 2009.

The **ENTITY** screen provides the following functionality:

- Completes systemic generation of a history item indicating when the financial statement was originally created.
- Used to select what actions were taken when updating any financial information.
- Enter taxpayer's monthly IA proposal amount.
- Enter IRS suggested minimum monthly payment amount if SIA criteria is met.
- Input of comparable ZIP Code if the ZIP Code is not on file to generate appropriate allowable expenses.
- Will provide a message if the address is international and no standards will display.
- Input of "Action Items" providing history on the status of the financial statement

The **ACCOUNTS** screen provides the following functionality:

- Entry of whole dollar amounts.
- Input of bank, credit cards, lines of credit and other types of accounts.
- *Amount to Be Paid to IRS Now* field systemically generates to the SUMMARY under Ability to Pay.
- Text box to document justification for determinations made, pertinent statement processing information such as NFTL filing, or the reason items indicated by the complete input of the statement on AMS were not pursued.

The **REAL ESTATE** screen provides the following information and functionality as it relates to ownership of property:

- Current Value.
- Final payment date.
- Equity is systemically calculated based on current value and balance owed.
- If equity is determined, the SUBSTANTIATION screen will indicate a loan request is required.

The amount is determined using Decision IA or CC ICOMP where the balance is paid in full, plus accruals within six (6) years and within Collection Statute Expiration Date (CSED).

- Once the date is entered on the ABILITY TO MAKE MONTHLY PAYMENTS screen a qualifying statement generates; taxpayer meets six (6) year rule, taxpayer meets 1 year rule and the amount of the payment.

Note:

If one of the above applies, AMS will indicate to go to the SUBSTANTIATION screen to check of the 1 or six (6) year rule applied and no substantiation is required or if there are unreasonable expenses and substantiation is required.

- Generation of a qualifying statement appears when the grand total of available income, minus taxpayer expenses is less than Decision IA or CC ICOMP amount previously entered.
- The ability to increase payments data will systemically list, in date order, any expense where the payoff date was entered on EXPENSE screens.
- When considering the future payoff of an asset, consider the amount if the amount will be available in 12 months or less. Determine the number of months, plus one, and set the second IA amount to include the increased payment.

Note:

Only two payment increases are allowed which are determined by having one or two boxes checked under ABILITY TO INCREASE PAYMENTS list.

- CNC is systemically generated based on gross wages, plus other income is less than total allowable expenses plus any taxes from wages.
- IA with backup CNC is indicated by AMS and the taxpayer is requesting to make payments.
- Record **ALL** additional pertinent information utilized in making a final determination.

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 14. Trust Fund Recovery Penalty (TFRP)

5.19.14 Trust Fund Recovery Penalty (TFRP)

- 5.19.14.1 [Overview](#)
- 5.19.14.2 [TFRP Assessments](#)
- 5.19.14.3 [TFRP Transcripts](#)
- 5.19.14.4 [TFRP Inquiries and Adjustments](#)
- 5.19.14.5 [Daily Transcript Review](#)
- 5.19.14.6 [Manager Inventory Reports](#)
- 5.19.14.7 [Employee Inventory Reports](#)

Manual Transmittal

January 13, 2016

Purpose

(1) This transmits a complete revision of IRM 5.19.14, *Trust Fund Recovery Penalty (TFRP)*.

Material Changes

- (1) IRM 5.19.14.3.7 Updated to include BMF criteria.
- (2) IRM 5.19.14.3.1(8) Updated for automatic web processing delivery of transcript cases.
- (3) IRM 5.19.14.2.1(5) Updated for automatic web processing delivery of assessment cases.
- (4) IRM 5.19.14.3.12 Example 2 Removed requirement to e-mail RBA and added to requirements to document cross-reference data.
- (5) IRM 5.19.14.3.6(11) Removed requirement to document amount of interest applied.
- (6) IRM 5.19.14.1.6(3)(2) Example 4 Updated to include reference to a posted TC 706 prior to TC 240 assessment.
- (7) IRM 5.19.14.3.2.3(3) Added link to 5.19.14.1.6(2).
- (8) IRM 5.19.14.4.3(11) Added links to 5.19.14.1.6 & 5.19.14.3.4.
- (9) IRM 5.19.14.4.3(10) Added link to 5.19.14.3.4.
- (10) IRM 5.19.14.3.2.3(5) Removed requirements to reverse Masterfile cleared credits and debits.
- (11) IRM 5.19.14.3.1(6) Bullets updated with IRM links for manual refunds, erroneous refunds, and credit transfers.
- (12) IRM 5.19.14.2.6 Moved link to IRM 2.4.14 from paragraph 1 to paragraph 2.
- (13) IRM 5.19.14.1.6 Step 3 Updated Form 941 line number and added references to FICA adjustments.
- (14) IRM 5.19.14.3.1(8) and 5.19.14.4.3(1) Changed state mapping of LA, MS & AR from Ogden to Brookhaven.
- (15) Minor grammatical and formatting changes throughout the text.
- (16) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.3.7(4) and (5) 90 day follow-up requirement changed to 120 days.
- (17) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.1.6(2) Clarification for calculation Trust and non-trust.
- (18) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.7(1) Added requirement for electronic documentation. Revised chart Individual Inventory Reports.
- (19) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.6.2 Deleted (2) ATFR System Inventory Monitoring Report chart revised and renamed to Transcript Reports
- (20) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.6.2(1) Added requirement for electronic documentation. Revised chart ATFR System Inventory Reports.
- (21) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.6.1(1) Added requirement for electronic documentation. Revised charts Form 2749 Reports and ATFR Transcripts Reports.
- (22) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.6 Deleted (2) and (3).
- (23) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.6(1) Deleted reference to CCA 42423 Overage Report changed to ORCAS Controlled Inventory Report. Note added.
- (24) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.6 Added references section IRM 5.19.14.6.1 Team Level Inventory Reports and IRM 5.19.14.6.2 System Level Reports.
- (25) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.5 New section added Daily Transcript Review.
- (26) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.4.3(1) Added reference for state of AL, FL, KY, and TN to BSC.
- (27) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.4.2(1) Technical Services Advisory changed to Advisory.
- (28) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.3.7(2) (2)(5) Statement added refunding credit(s).
- (29) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.3.6(12) Deleted. Combined with revised (11)

- (30) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.3.6(11) History item requirements when interest is cross-referenced.
- (31) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.3.6(1) Caution revised.
- (32) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.3.1(8) Delete reference for state of AL, FL, KY, and TN for OSC and added references to BSC.
- (33) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.3.1(2) Requirement of ATFR history item.
- (34) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.2.1(3) Statement under third bullet Form 2749 parts Part 5, changed Technical Services Advisory (TSA) to Advisory.
- (35) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.1.6(3) 2) Example No. 4 First paragraph below chart added clarification; Payment posted to the account prior to this TC 240 assessment have full paid the non-trust fund portion of the tax.
- (36) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.1.5(4) Note changed Technical Services (TSA) to Advisory
- (37) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.1.3(2) Changed Area Office (AO) Technical Services to Advisory Control Point Monitoring (CPM).
- (38) IPU 15U1290 issued 08-12-2015 IRM 5.19.14.3.13.1 Corrected Form number to 12810.
- (39) Various editorial changes and typographical corrections.
- (40) IPU 14U1691 issued 12-16-2014 IRM 5.19.14.4.1 - New paragraph (8) procedures when a referral is received from the Identity Protection Program.
- (41) IPU 14U1691 issued 12-16-2014 IRM 5.19.14.3.6(12) - Added requirements for history documentation.
- (42) IPU 14U1691 issued 12-16-2014 IRM 5.19.14.3.6(13) - Deleted. Paragraph incorporated into (12).
- (43) IPU 14U1691 issued 12-16-2014 IRM 5.19.14.3.1(5) - Revised to clarify Tax Period Status Code 0 (zero).
- (44) IPU 14U1480 issued 10-14-2014 IRM 5.19.14.4.3(9) 8 Reference revised. If it is an ATFR case, forward the case information to the ATFR Coordinator for review and possible update to the RRP responsibility.
- (45) IPU 14U1480 issued 10-14-2014 IRM 5.19.14.4.3(1) Deleted reference of state - KY.
- (46) IPU 14U1480 issued 10-14-2014 IRM 5.19.14.3.6(1) Caution: Only systemically generated TC 971 AC 069, AC 169, and AC 269 notices receive the benefit of a grace period. Systemic notices are identified on IDRS with a unique Document Locator Number (DLN), i.e. NN277-999-99999-Y.
- (47) IPU 14U1181 issued 07-24-2014 IRM 5.19.14.4.1(8) New paragraph added for Identity Theft.
- (48) IPU 14U1181 issued 07-24-2014 IRM 5.19.14.3.12(2) Caution deleted.
- (49) IPU 14U1181 issued 07-24-2014 IRM 5.19.14.3.6(10) Clarification for restricting interest.
- (50) IPU 14U1181 issued 07-24-2014 IRM 5.19.14.3.6(1) Updated If & Then to include reference for TC 971 AC 169 and AC 269 and second Note deleted.
- (51) IPU 14U1181 issued 07-24-2014 IRM 5.19.14.3.4(4) Note deleted and move to new paragraph (5) first bullet.
- (52) IPU 14U1181 issued 07-24-2014 IRM 5.19.14.3.4(5) New paragraph added for applying fees.
- (53) IPU 14U0738 issued 04-22-2014 IRM 5.19.14.3.12 New section added Trust Fund Recovery Penalty (TFRP) & Restitution Based Assessments (RBA).
- (54) IPU 14U0738 issued 04-22-2014 IRM 5.19.14.3.6(1) Note added AC 169 (SSA levy) and AC 269 (Alaska Permanent Fund Dividend) notice dates do not apply for the purpose of calculating interest.
- (55) IPU 14U0738 issued 04-22-2014 IRM 5.19.14.1.6(2) Second note updated to reference Form 944 and Form 943.

Effect on Other Documents

This supersedes IRM 5.19.14 dated January 7, 2014. All interim guidance issued since that date has been incorporated into this document.

Audience

This document is intended for use by Small Business Self Employed (SB/SE) Compliance Campus employees who process Collection work.

Effective Date

(01-13-2016)

Kristen Bailey, Director,
Collection Policy

5.19.14.1 (01-13-2016)

Overview

1. This section contains instructions for the Trust Fund Recovery Penalty (TFRP) Compliance Services Collection Operations (CSCO) Program.

5.19.14.1.1 (01-13-2016)

Compliance Services Collection Operations (CSCO) Programs Overview

1. The CSCO program discussed in this section involves both paper and telephone contact with internal and external customers. This program may require research specific to that program including accessing Integrated Data Retrieval System (IDRS) and the Automated Trust Fund Recovery System (ATFR).
2. All CSCO programs will follow additional guidelines set forth in the Taxpayer Advocate Program and other relevant Internal Revenue Manuals (IRM) referenced in this document.

5.19.14.1.2 (01-13-2016)

Trust Fund Recovery Penalty (TFRP) Overview

1. TFRP is a penalty provided for by Internal Revenue Code (IRC) 6672 against any person required to collect, account for, and pay over taxes held in trust who willfully fails to perform any of these activities, or willfully attempts to evade or defeat any such tax or its payment. TFRP is a "pecuniary" penalty, meaning the government has suffered an actual monetary loss for unpaid trust fund taxes. The penalty is equal to the total amount of tax evaded, not collected, or not accounted for and paid over.
2. IRC 6672, *Trust Fund Recovery Penalty*, applies to individuals or entities (representatives of a business with authority and responsibility) that did not pay the government:
 - Withheld income taxes

- Withheld Social Security and Medicare
- Railroad retirement taxes, or
- Collected excise taxes

3. The responsible person may be one or more of, but not limited to, the following:

- Officer or employee of a corporation
- Partner or employee of a partnership
- Employee of a sole proprietorship
- Corporate director
- Shareholder
- Another corporation
- Surety lender
- Limited Liability Company (LLC) member, manager, or employee
- Other person(s) or entity outside the delinquent business

4. Though TFRP may be assessed against several individuals, the total liability is collected (ultimately retained) only once from either

- The business
- One or more responsible individuals, or
- The business and one or more responsible individuals

5. Assessments of the TFRP may be based on liabilities for the following tax forms with related Masterfile Tax (MFT) codes:

- Form 941 , *Employer's Quarterly Federal Tax Return* (MFT 01, 17*)
- Form 720, *Quarterly Federal Excise Tax Return* (MFT 03, 45*)
- Form CT-1 , *Employer's Annual Railroad Retirement Tax Return* (MFT 09, 71*)
- Form 943 , *Employer's Annual Tax Return for Agricultural Employees* (MFT 11, 19*)
- Form 944 , *Employer's Annual Federal Tax Return* (MFT 14)
- Form 945 , *Annual Return of Withheld Federal Income Tax* (MFT 16)
- Form 1042 , *Annual Withholding Tax Return for U. S. Source Income of Foreign Persons* (MFT 12)
- Form 8288, *U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests* (MFT 17)
- Form 8804 , *Annual Return for Partnership Withholding Tax* (Section 1446) (MFT 08)

Note:

*Indicates Non-Masterfile (NMF)

6. When more than one individual is assessed the penalty Transaction Code (TC) 240 with Reference Number (RN) 618, the amount collected is equal to the unpaid trust fund taxes owed by the business entity, plus interest and fees owed on the trust fund portion of the business, plus accruals for each quarter involved.

7. The amount assessed for each responsible individual from a corporation may be different if all responsible persons were not liable for the same tax periods or the same parts of the tax period (e.g., if a responsible person joins or leaves a business mid-period). The amounts can also differ when Appeals reaches different settlements with the various responsible persons. In the following example where taxpayer B is the only person responsible for all the business tax periods at issue, the Service would seek to collect a total of \$20,000 plus accruals.

Example:

Business Trust Fund Portion	Taxpayer A	Taxpayer B	Taxpayer C	Taxpayer D
\$20,000	\$10,000	\$20,000	\$15,000	\$18,000

5.19.14.1.3 (01-13-2016)

Trust Fund Recovery Penalty Functional Responsibilities

- 1. Revenue Officers (RO)** investigate and determine against whom to assess the TFRP. Unless collection of TFRP is in jeopardy, the taxpayer must be given a preliminary notice at least 60 days before the date of notice and demand for payment of the TFRP. The 60 day letter is Letter 1153(DO), *10-Day Notification Letter, 100% Penalty Against Filer for Corporation*, and it provides for administrative Appeal rights. Appeals will consider the taxpayers timely protest and will either sustain in full, sustain in part, or concede the proposed penalty. A taxpayer may waive the 60 day notice period by signing Form 2751, *Proposed Assessment of Trust Fund Recovery Penalty*, (see IRM 5.7.6.1, *Taxpayer's Response to Letter 1153(DO)*). After completing the investigation and providing the required notice to the taxpayer of the proposed assessment, Form 2749,, *Request for Trust Fund Recovery Penalty Assessment(s)*, is completed. A Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, is initiated for each responsible individual with all of the related assessments. Assessments for Forms 941, 943, 944, 945, 1042 are generated on Automated Trust Fund Recovery Area Office (ATFR-AO), with few exceptions. The remainder are processed as indicated in *IRM 5.19.14.2.5, Inputting the Form 2749 Manually - Not through ATFR-CC*.
- 2. Advisory Control Point Monitor (CPM)** forwards completed Forms 2749 to the Small Business Self Employed (SBSE) Ogden campus through ATFR. Any Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, not processed through ATFR will be forwarded to Ogden CSCO via Form 3210, *Document Transmittal*, and manually input to IDRS.
- 3. Compliance Services Collection Operation (CSCO)** in OSC and BSC
 - Process / post the TFRP assessments
 - Establish the TFRP file (CC UNLCE)
 - Perfect Form 843, *Claim for Refund and Request for Abatement*, relative to Trust Fund.
 - Process Form 3870, *Request for Adjustment*, relative to Trust Fund.

- Process Trust Fund transcripts. This includes ensuring that all necessary actions, including cross referencing, have occurred (e.g. all TC 971s, all payments posted on CC TXMOD, cross referencing, TC 538s).

4. **Taxpayer Advocate Service** The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. TAS criteria include economic burden, systemic burden, best interest of the taxpayer, and public policy (as determined solely by the National Taxpayer Advocate (NTA)). TAS is responsible for assisting taxpayers who have unresolved problems with the IRS. See IRM 13, *Taxpayer Advocate Service*, if additional information is required.

5.19.14.1.4 (01-13-2016)

Automated Trust Fund Recovery (ATFR) System Overview

1. ATFR is comprised of the following:
 - Automated Trust Fund - Area Office & Control Point Monitoring (ATFR-AO)
 - Automated Trust Fund - Campus Compliance (ATFR-CC)
2. Revenue Officers use ATFR-AO to:
 - Systemically download from IDRS, business master file (BMF) name, address, and tax period data to establish a case
 - Calculate the trust fund penalty on open IDRS modules
 - Control trust fund recovery case inventories
 - Systemically generate and control managerial approvals
 - Monitor Assessment Statute Expiration Dates (ASED) and determination dates
 - Make recommendations regarding assertion and non-assertion of the penalty
 - Generate required forms and letters
3. Control Point Monitoring in the AdvisoryGroups use ATFR-AO to:
 - Track and monitor trust fund cases received from the field
 - Monitor cases assigned to Appeals
 - Input pertinent bankruptcy information
 - Set the final case disposition
 - Release the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, to CSCO for processing.
4. Compliance Campus uses ATFR-CC to:
 - Process the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*.
 - Process transcripts
 - Cross-reference payments to all related TFRP modules and the underlying BMF module(s)

Note:

Access privileges to ATFR-AO for Campus Compliance employees includes the ability to search and view forms and letters of the business and all related officers.

5.19.14.1.5 (01-13-2016)

Trust Fund Recovery Penalty Statute of Limitations

1. The general rule is that an assessment of tax must be made within three years from the date a return is filed or the due date of the return, whichever is later.
2. The following chart explains how the ASED is determined for trust fund taxes:

If	Then the limitations period for assessment is:
Withholding or Federal Insurance Contribution Act (FICA),	Three years from the succeeding April 15th or three years from the date return was filed; whichever is later.
Excise or Railroad Retirement Tax Act (RRTA),	Three years from the due date of return, without regard to any extension; or three years from the date return was filed; whichever is later.
Withholding, FICA, Excise or RRTA returns that are: <ul style="list-style-type: none"> • filed under IRC 6020(b)(1), Returns Executed by Secretary • false or fraudulent • willful attempt to evade tax; or • not filed 	No limitation period.

3. The statutory period for assessing trust fund taxes, collecting taxes, and refunding credits may be extended for TFRP cases by the following:
 - Form 2750, *Waiver Extending Statutory Period for Assessment of the Trust Fund Recovery Penalty*(extends the ASED)
 - Form 843, *Claim for Refund and Request for Abatement* (extends the statute of limitations for refund (RSED))
 - Taxpayer Bill Of Rights II (TBOR II) extends the ASED when there is a timely protest.

Note:

Timely mailing of the Letter 1153(DO), *10-Day Notification Letter, 100% Penalty Against Filer for Corporation*, extends the statute of limitations for assessment in certain circumstances. See IRM 5.7.3.6.2, *Impact of Letter 1153(DO) on Assessment Statute*.

4. The Collection Statute Expiration Date (CSED) is normally ten (10) years from the date of assessment. Refer to IRM 5.1.19, *Collection Statute Expiration*.

Note:

If there is a TC 470 CC 95, refer to Advisory to re-compute the date for the TC 550 to resume collection activity.

**5.19.14.1.6 (01-13-2016)
Trust Fund Calculation**

1. Employment tax is comprised of trust fund and non-trust fund taxes. The trust fund portion of these taxes is the amount of Social Security and Medicare (FICA), and income tax the employer is responsible to withhold and remit to the government on behalf of the employee. The non-trust fund portion of these taxes is the amount of Social Security and Medicare taxes the employer is responsible, in most instances, to match and pay to the government.

Caution:

Due to legislation changes the employer is not required to match the employee Social Security and Medicare Taxes in the following situations:

- Additional Medicare Tax, see IRM 5.19.14.1.6(2), *Trust Fund Calculation*.
- Hiring Incentives to Restore Employment (HIRE) Act, see IRM 5.19.14.1.6(3), *Trust Fund Calculation*.

2. Generally, the non-trust fund tax is determined by dividing the FICA tax of the related BMF module in half (see exceptions below). Trust fund tax is then calculated by adding one-half (1/2) the FICA and all of the income tax withheld for the period. The non-trust fund tax amount is always the same for the corporation. It does not change from related responsible party (RRP) to RRP when they are assessed different amounts.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reduced the amount of FICA taxes required to be withheld on behalf of the employee. The employee portion of Social Security tax is reduced to 4.2 percent from 6.2 percent on Form 941, *Employer's Quarterly Federal Tax Return*, for all quarters in the calendar years 2011 and 2012 and annual Form 944, *Employer's Annual Federal Tax Return*, and Form 944, *Employer's Annual Federal Tax Return for Agricultural Employees*. As a result, when calculating the Trust Fund portion of tax for these years, the amount is calculated as demonstrated in the examples below.

Reminder:

When TXBL SSA TIPS is present for tax period 2011XX/2012XX; tip income must be added to the TXBL SSA WAGES before multiplying by 4.2 percent.

Beginning January 1, 2013, employers are responsible for withholding a 0.9 percent Additional Medicare Tax on an employee's wages and compensation that exceeds \$200,000, in addition to withholding Medicare tax at 1.45 percent. There is no employer match for the Additional Medicare Tax. The literal **ADDL-MED-WAGE** will only display on TXMOD for wages subject to the 0.9 percent Additional Medicare Tax; the literal will not be present unless there is a value. This amount needs to be taken into consideration when calculating Non-Trust Fund for correct payment application. This corresponds to Line 5d of Form 941, *Employer's Quarterly Federal Tax Return*, Line 4d of Form 944, *Employer's Annual Federal Tax Return*, and Line 7 of Form 943, *Employer's Annual Federal Tax Return for Agricultural Employees*, which represents the total Additional Medicare Wages.

The following table shows the calculation of total trust fund tax and total non-trust fund tax from CC TXMOD for the most common form for TFRP assessment, Form 941, *Employer's Quarterly Federal Tax Return*.

STEP	ACTION
1	Access CC TXMODA for the related corporation.
2	Reference the amount of TTL-INC-TX-WTHLD or ADJ-INCM-TX-WTHLD . This corresponds to Line 3 of Form 941, <i>Employer's Quarterly Federal Tax Return</i> , and represents the total income tax withheld for the quarter.
3	Reference the amount of TOT-SS-MED-TAX-AMT or ADJ-FICA-TX-WTHLD . Add that figure to the CUR-QTR-FRAC-CT-AMT plus CUR-QRT-SK-PY-AMT . This corresponds to Line 5e of Form 941, <i>Employer's Quarterly Federal Tax Return</i> , and represents the total Social Security and Medicare (FICA) tax (line 5d prior to 2013).
4	Calculate the Total Trust Fund Tax by adding the full amount from step 2 and one half of the amount from step 3. These two figures combined equal Total Trust Fund Tax.
5	The Non-Trust Fund Tax is one half of the referenced amount in step 3.

3. The table below outlines the calculation of the TFRP assessment amount.

- A. Using the table above, calculate Total Trust Fund Tax. The remaining tax is considered Total Non-Trust Fund Tax.
- B. Review TXMODA for payments and other credits.

If ...	Then ...
No credits appear on TXMODA,	The TFRP assessment amount (TC 240, RN 618) is the same as the Total Trust Fund Tax amount.
Credits appear on TXMODA,	Determine if the payments are designated payments.
Payments are designated for Trust Fund (DPC 02, 11)	Determine if the payments have already been considered in the trust fund assessment. If the Total Trust Fund Tax amount minus the DPC 02 or DPC 11 payment amount matches the TC 240, RN 618 amount of the related IMF account, then the payments have already been considered in the trust fund assessment. Do not cross-reference the payments. See example No. 1 below. Payments that have not been considered in the trust fund assessment must be cross-referenced per IRM 5.19.14.3.4 <i>Payment/Credit Cross-Referencing - Single Assessment</i> . See example No. 2 below.
Payments are not designated, or are designated other than DPC 02, 11	Determine if the payments have already been considered in the trust fund assessment. Subtract the payments from the non trust portion first, then from the trust. If the Total Trust Fund Tax minus the payment(s) matches the TC 240, RN 618 amount of the related IMF account, then the payments have already been considered in the trust fund assessment. Do not cross-reference the payments. See example No. 3 below. Payments that have not been considered in the trust fund assessment must be cross-referenced per IRM 5.19.14.3.4, <i>Payment/Credit Cross-Referencing - Single Assessment</i> . See example No. 4 below.

Example:

No. 1

If...	Or...
Tax period other than 2011XX/2012XX	Tax period 2011XX/2012XX
The <u>TOT-SS-MED-TAX-AMT</u> field on TXMOD shows \$3,958.08 The <u>TTL INCM-TX-WTHLD</u> field on TXMOD shows \$4,482.00 The TC 240 RN 618 amount assessed is \$4,961.04	The <u>TXBL SSA WAGES</u> field on BMFOLR shows \$29,760.00 The <u>TXBL MED WAGE/TIPS</u> field on BMFOLR shows \$29,760.00 The <u>TTL INC TX WTHELD</u> field on BMFOLR shows \$4,482.00 The TC 240 RN 618 amount assessed is \$4,663.44
CALCULATE TRUST FUND TAX: \$1,979.04 (½ TOT-SS-MED-TAX-AMT) +\$4,482.00 (Full amount of INCM-TX-WTHLD) = \$6,461.04 (Trust Fund Tax)	CALCULATE TRUST FUND TAX: \$1,249.92 (TXBL SSA WAGES x 4.2%) +\$ 431.52 (TXBL MED WAGE/TIPS x 1.45%) +\$4,482.00 (Full amount of INCM-TX-WTHLD) = \$6,163.44 (Trust Fund Tax)

The BMF tax module shows a TC 670 designated trust fund (DPC 02) payment for \$1,500.00 that is dated the same date as the TC 240 assessment.

The Trust Fund Tax amount minus the DPC 02 payment of \$1,500.00 equals the TC 240/618 amount. This payment has already been considered in the Trust Fund assessment.

If the TC 240/618 amount was equal to the Trust Fund Tax amount, the payment would not have been considered in the Trust Fund assessment and would have to be cross-referenced to the RRP account.

Example:

No. 2

If...	Or...
Tax period other than 2011XX/2012XX	Tax period 2011XX/2012XX
The <u>TOT-SS-MED-TAX-AMT</u> field on TXMOD shows \$15,289.00 The <u>TTL INCM-TX-WTHLD</u> field on TXMOD shows \$9,427.46 The TC 240 RN 618 amount assessed is \$17,071.96	The <u>TXBL SSA WAGES</u> field on BMFOLR shows \$114,954.94 The <u>TXBL MED WAGE/TIPS</u> field on BMFOLR shows \$114,954.94 The <u>TTL INC TX WTHELD</u> field on BMFOLR shows \$9,427.46 The TC 240 RN 618 amount assessed is \$15,922.41
CALCULATE TRUST FUND TAX: \$7,644.50 (½TOT-SS-MED-TAX-AMT) + \$9,427.46 (TTL INCM-TX-WTHLD) = \$17,071.96 (Trust Fund Tax)	CALCULATE TRUST FUND TAX: \$4,828.10 (TXBL SSA WAGES x 4.2%) +\$1,666.85 (TXBL MED WAGE/TIPS x 1.45%) + \$9,427.46 (TTL INCM-TX-WTHLD) = \$15,922.41 (Trust Fund Tax)

The BMF tax module shows a TC 670 designated trust fund (DPC 02) payment for \$5,000.00 that is dated the same date as the TC 240 assessment.

The TC 240/618 amount equals the Trust Fund Tax; therefore, this payment has not been considered in the Trust Fund assessment and must be cross-referenced to the RRP accounts.

Example:

No. 3

If...	Or...
Tax period other than 2011XX/2012XX	Tax period 2011XX/2012XX
The <u>TOT-SS-MED-TAX-AMT</u> field on TXMOD shows \$6,923.39 The <u>TTL INCM-TX-WTHLD</u> field on TXMOD shows \$5,072.00 The TC 240 RN 618 amount assessed is \$6,033.70	The <u>TXBL SSA WAGES</u> field on BMFOLR shows \$52,055.61 The <u>TXBL MED WAGE/TIPS</u> field on BMFOLR shows \$52,055.61 The <u>TTL INC TX WTHELD</u> field on BMFOLR shows \$5,072.00 The TC 240 RN 618 amount assessed is \$5,513.14
CALCULATE TRUST FUND TAX: \$3,461.70 (½TOT-SS-MED-TAX-AMT) +\$5,072.00 (TTL INCM-TX-WTHLD) = \$8,533.70 (Trust Fund Tax)	CALCULATE TRUST FUND TAX: \$2,186.34 (TXBL SSA WAGES x 4.2%) + \$754.80 (TXBL MED WAGE/TIPS x 1.45%) +\$5,072.00 (TTL INCM-TX-WTHLD) = \$8,013.14 (Trust Fund Tax)

The BMF tax module shows a TC 670 undesignated payment for \$2,500.00 that is dated the same date as the TC 240 assessment. Payments posted to the account prior to the TC 240 assessment have full paid the non-trust fund portion of tax.

The Trust Fund Tax amount minus the payment of \$2,500.00 equals the TC 240/618 amount. This payment has already been considered in the Trust Fund assessment.

If the TC 240/618 amount was equal to the Trust Fund Tax amount, the payment would not have been considered in the Trust Fund assessment and would have to be cross-referenced to the RRP account.

Example:

No. 4

If...	Or...
Tax period other than 2011XX/2012XX	Tax period 2011XX/2012XX
The <u>TOT-SS-MED-TAX-AMT</u> field on TXMOD shows \$6,076.96	The <u>TXBL SSA WAGES</u> field on BMFOLR shows \$45,691.45

The <i>TTL INCM-TX-WTHLD</i> field on TXMOD shows \$3,374.00 The TC 240 RN 618 amount assessed is \$6,412.48	The <i>TXBL MED WAGE/TIPS</i> field on BMFOLR shows \$45,691.45 The <i>TTL INC TX WTHLD</i> field on BMFOLR shows \$3,374.00 The TC 240 RN 618 amount assessed is \$5,955.57
CALCULATE TRUST FUND TAX: \$3,038.48 (½TOT-SS-MED-TAX-AMT) +\$3,374.00 (TTL INCM-TX-WTHLD) = \$6,412.48 (Trust Fund Tax)	CALCULATE TRUST FUND TAX: \$1,919.04 (TXBL SSA WAGES x 4.2%) + \$662.53 (TXBL MED WAGE/TIPS x 1.45%) +\$3,374.00 (TTL INCM-TX-WTHLD) = \$5,955.57 (Trust Fund Tax)

The BMF tax module shows a TC 706 payment for \$250.00 that is dated and posted before the TC 240 assessment. Payments posted to the account prior to this TC 240 assessment have full paid the non-trust portion of the tax.

The TC 240/618 amount equals the Trust Fund Tax; therefore, this payment has not been considered in the Trust Fund assessment and must be cross-referenced to the RRP accounts.

4. The Hiring Incentives to Restore Employment (HIRE) Act was enacted March 18, 2010. It is a tax benefit that is available to employers who hire certain previously unemployed workers, or "qualified employees," in their trade or business. This is a tax exemption that reduces the employer's 6.2 percent share of social security (FICA) tax on wages paid to qualified employees during the second, third and fourth quarters of 2010 (201006, 201009 and 201012). Since this is an adjustment to the employer's share of FICA, it affects **only** the **non-trust fund** portion of the tax. There is no change to the tax withheld or the employee's share of FICA tax. When calculating the Non-Trust Fund portion of tax for 201006, 201009 and 201012 the amount is calculated as demonstrated in the HIRE examples 1 - 3 below.

The following table shows the calculation of total trust fund tax and total non-trust fund tax from CC TXMOD when the **HIRE Act Credit** is involved.

STEP	ACTION
1	Access <i>CC TXMODA</i> for the related corporation.
2	Reference the amount of <i>TTL-INC-TX-WTHLD</i> or <i>ADJ-INCM-TX-WTHLD</i> . This represents the total income tax withheld for the quarter.
3	Reference the amount of <i>TOT-SS-MED-TAX-AMT</i> or <i>ADJ-FICA-TX-WTHLD</i> . Add that figure to the <i>CUR-QTR-FRAC-CT-AMT</i> . The total represents the Social Security and Medicare (FICA) tax.
4	Calculate the Total Trust Fund Tax by adding the full amount from step 2 and one half of the amount from step 3. These two figures combined equal Total Trust Fund Tax.
5	Reference the amount of <i>CURR-TX-HOL</i> or <i>CURR-TX-HOL-CMPTR</i> . If both fields are present and the amount is different, use the amount shown in <i>CURR-TX-HOL-CMPTR</i> . This figure represents the HIRE Act Credit for the quarter.
6	The Non-Trust Fund Tax is one half of the referenced amount in step 3 minus the referenced amount in step 5.

Once you have calculated the non trust fund tax, follow normal payment application procedures. To determine if BMF credits were already considered in the calculation of the TFRP assessment amount, see *IRM 5.19.14.1.6(3), Trust Fund Calculation*.

In the following examples, you will see how the HIRE Act Credit affects the non-trust fund tax calculation and payment application.

Example:

No. 1 HIRE

Non Trust Fund Tax...	Trust Fund Tax...
The <i>TOT-SS-MED-TAX-AMT</i> field on TXMOD shows \$12,876.65. The <i>CUR-QTR-FRAC-CT-AMT</i> field on TXMOD shows \$0.01-. The <i>TTL INCM-TX-WTHLD</i> field on TXMOD shows \$6,556.00. The <i>CURR-TX-HOL</i> field on TXMOD shows \$1,032.08. The TC 240 RN 618 amount assessed is \$10,912.21.	
CALCULATE NON TRUST FUND TAX: FICA Tax = \$12,876.64 (<i>TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT</i>) \$6,438.32 (½ FICA Tax) - \$1,032.08 (<i>CURR-TX-HOL</i>) = \$5,406.24 (<i>Non Trust Fund Tax</i>)	CALCULATE TRUST FUND TAX: FICA Tax = \$12,876.64 (<i>TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT</i>) \$6,438.32 (½ FICA Tax) + \$6,556.00 (<i>TTL INCM-TX-WTHLD</i>) = \$12,994.32 (<i>Trust Fund Tax</i>) The TC 240 RN 618 amount assessed is \$10,912.21

Notice that there is a difference in the Trust Fund Tax amount and the TFRP assessment amount. The table below shows there were BMF credits that were considered in the calculation of the TFRP assessment amount.

Non-Trust Fund Tax...	Trust Fund Tax...
\$7,488.35 (total BMF payments on TXMOD) - \$5,406.24 (Non Trust Fund Tax) = \$2,082.11 (total payments to apply to Trust Fund Tax)	\$12,994.32 (Trust Fund Tax) - \$2,082.11 (total payments applied to Trust Fund Tax) = \$10,912.21 (TC 240 RN 618 amount assessed)

Since Trust Fund Tax minus the total payments applied equals the amount assessed, the \$2,082.11 would not be cross-referenced. It has already been considered in the calculation of the TFRP assessment. Any subsequent payments can now be applied to the TFRP assessment and cross-referenced following normal procedures.

Example:

No. 2 HIRE

Non-Trust Fund Tax...	Trust Fund Tax...
The <i>TOT-SS-MED-TAX-AMT</i> field on TXMOD shows \$25,954.73. The <i>CUR-QTR-FRAC-CT-AMT</i> field on TXMOD shows \$0.25.	

The *TTL INCM-TX-WTHLD* field on TXMOD shows \$5,966.80.
 The *CURR-TX-HOL-CMPTR* field on TXMOD shows \$616.86.
 The TC 240 RN 618 amount assessed is \$3,458.39.

CALCULATE NON TRUST FUND TAX: FICA Tax = \$25,954.98 (<i>TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT</i>) \$12,977.49 ($\frac{1}{2}$ FICA Tax) - \$616.86 (<i>CURR-TX-HOL</i>) = \$12,360.63 (<i>Non Trust Fund Tax</i>)	CALCULATE TRUST FUND TAX: FICA Tax = \$25,954.98 (<i>TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT</i>) \$12,977.49 ($\frac{1}{2}$ FICA Tax) + \$5,966.80 (<i>TTL INCM-TX-WTHLD</i>) = \$18,944.29 (<i>Trust Fund Tax</i>) The TC 240 RN 618 amount assessed is \$3,458.39
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Notice that there is a difference in the Trust Fund Tax amount and the TFRP assessment amount. The table below shows there were BMF credits that were considered in the calculation of the TFRP assessment amount.

Non-Trust Fund Tax...	Trust Fund Tax...
\$27,846.53 (total BMF payments on TXMOD)	\$18,944.29 (Trust Fund Tax)
- \$12,360.63 (Non Trust Fund Tax)	- \$15,485.90 (total payments applied to Trust Fund Tax)
= \$15,485.90 (total payments to apply to Trust Fund Tax)	= \$3,458.39 (TC 240 RN 618 amount assessed)

Since Trust Fund Tax minus the total payments applied equals the amount assessed, the \$15,485.90 would not be cross-referenced. It has already been considered in the calculation of the TFRP assessment. Any subsequent payments can now be applied to the TFRP assessment and cross-referenced following normal procedures.

Subsequent Claims - HIRE

There are times when the HIRE Act Credit will not be claimed on an original, but on an amended return. In this situation, a TC 291 will post to IDRS on the business account. The Reference Numbers you might see that are associated with the HIRE Act Credit are Item Reference Numbers 115, 116, 117 and Credit Reference Number 296. See example 3a below.

Example:

No. 3a HIRE

TC 291...
The <i>TC 291</i> amount on TXMOD is \$1,442.31-
Item Reference Numbers
115 is \$23,263.00
116 is \$1,442.31-
117 is \$4,769.75
Credit reference Number
296 is \$295.72

Since there is no change to the tax withheld or the employee's share of FICA tax, no adjustment to the trust fund assessment will be necessary. However, as shown in the previous examples and in example 3b below, the employer's portion of the FICA Tax (non-trust fund) is reduced by the HIRE Act Credit. For more information on Reference Numbers and Employment Taxes, refer to IRM 21.7.2.4.1, *Item Reference Numbers (IRNs) and Credit Reference Numbers (CRNs) — Employment Taxes*.

Example:

No. 3b HIRE

Non-Trust Fund Tax...	Trust Fund Tax...
The <i>TOT-SS-MED-TAX-AMT</i> field on TXMOD shows \$19,776.52 The <i>CUR-QTR-FRAC-CT-AMT</i> field on TXMOD shows \$0.03 The <i>TTL INCM-TX-WTHLD</i> field on TXMOD shows \$1,163.00 The <i>CURR-TX-HOL-CMPTR</i> field on TXMOD shows \$1,442.31 The TC 240 RN 618 amount assessed is \$11,051.28	
CALCULATE NON TRUST FUND TAX: FICA Tax = \$19,776.55 (<i>TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT</i>) \$9,888.28 ($\frac{1}{2}$ FICA Tax) - \$1,442.31 (<i>CURR-TX-HOL-CMPTR</i>) = \$8,445.97 (<i>Non Trust Fund Tax</i>)	CALCULATE TRUST FUND TAX: FICA Tax = \$19,776.55 (<i>TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT</i>) \$9,888.28 ($\frac{1}{2}$ FICA Tax) + \$1,163.00 (<i>TTL INCM-TX-WTHLD</i>) = \$11,051.28 (<i>Trust Fund Tax</i>) The TC 240 RN 618 amount assessed is \$11,051.28

Notice that the Trust Fund Tax amount and the TFRP assessment amount are the same. This tells us that there were no BMF payments considered in the calculation of the TFRP assessment amount. You can also see in the table below that the Non Trust Fund tax has not been paid yet.

Non-Trust Fund Tax...	Trust Fund Tax...
\$4,355.38 (total BMF payments/credits on TXMOD) \$8,445.97 (Non Trust Fund Tax) Notice that there are not enough payments/credits to cover the Non Trust Fund Tax. Payments can not yet be applied to the TFRP assessment.	\$11,051.28 (Trust Fund Tax) - \$0.00 (total payments applied to Trust Fund Tax) = \$11,051.28 (TC 240 RN 618 amount assessed)

Once the Non Trust Fund is paid, payments can be cross-referenced and begin paying the TFRP assessment per normal procedures.

5. When a subsequent tax assessment (TC 29X,30X) has not been considered in the Trust Fund assessment, calculate the non-trust fund portion of the original BMF tax (TC 150) using the adjustment reference codes for FICA/Medicare tax and withholding or research ATFR-AO for Form 4183, *Recommendation re: Trust Fund Recovery Penalty Assessment*, calculations. If the subsequent tax assessment is not considered in the Trust Fund assessment, BMF payments with received dates after the TC 290 posted are applied first to the non-trust portion of tax before cross-referencing to the MFT 55 accounts. Payments with received dates prior to the TC 290 posting may be applied to the trust fund portion of tax if the non-trust fund was fully satisfied prior to the additional assessment.
6. If the original Form 941, *Employer's Quarterly Federal Tax Return*, tax, including penalty and interest, was paid prior to an additional assessment (e.g., TC 290, TC 300, TC 308, TC 294, TC 298), any payments made towards the previously satisfied amount may not be reapplied to the additional tax assessment for calculation of the TFRP.
7. TC 766 Action Code (AC) 299 is a Consolidated Omnibus Budget Reconciliation Act (COBRA) credit that is treated as a TC 650 for the purpose of TFRP calculation. However, it is not cross-referenced to RRP's.

**5.19.14.2 (01-13-2016)
TFRP Assessments**

1. Prior to August 17, 2001, the TFRP penalty assessment was shown on Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, as a total combined assessment. On these assessments, the total penalty (TC 240) was combined on the last tax period reflected on the Form 2749.
2. Effective August 17, 2001, each quarter is listed on the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, separately and each quarter is assessed separately on IDRS.

**5.19.14.2.1 (01-13-2016)
Assessment Overview**

1. The majority of Forms 2749 are generated through the ATFR-AO system. The Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, is processed through the ATFR-CC application. Assessment data is maintained on the system electronically for future reference. On rare occasions a Form 2749 is manually processed, independent of the ATFR system. The adjustment is input to IDRS CC ADJ54. See *IRM 5.19.14.2.5*, Inputting the Form 2749 Manually - Not Through ATFR-CC, for IDRS input instructions.

TFRP assessments for the following forms must be processed manually:

- Form 720 , *Quarterly Federal Excise Tax Return* (MFT 03, 45*)
- Form 8288 , *U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests* (MFT 17)
- Form 8804 , *Annual Return for Partnership Withholding Tax* (Section 1446) (MFT 08)

For manual assessments, the RO completes a paper Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, which has five parts. They are:

- Part 1, legal assessment document
- Part 2, acknowledgment document
- Part 3, routing document
- Part 4, file copy for the Compliance Campus, if appropriate
- Part 5, control copy, which is kept by Advisory function

2. Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, must be processed within 2 business days of receipt in CSCO.
3. Forms 2749 that have been submitted to ATFR-CC from Control Point Monitoring (CPM) are automatically delivered to Ogden campus inventory on a daily basis. ATFR-CC systemically submits all of the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, transactions to IDRS. Those cases that cannot be systemically processed are added to the ATFR-CC campus inventory for employee processing.
4. When a Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, is received on ATFR-CC, the system will ensure the most current IDRS information (payments/credits/debits) is reflected on the ATFR-CC Form 2749. The ATFR-AO Form 2749 will always appear as it was originally sent to the Compliance Campus.

**5.19.14.2.2 (01-13-2016)
Reviewing the Form 2749**

1. A Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, that cannot be processed through ATFR-CC are reviewed for the following information prior to manual input to IDRS:

- Taxpayer's name, address, and SSN (per CC INOLE). If the entity does not exist, establish per *IRM 5.19.14.2.3*, *Establishing the TFRP Account*.
- Business name and EIN.
- Type of assessment:

Regular assessments are requested based on a determination that there is no risk to assessment statute expiration or collection of the tax.
Quick assessments are requested when the assessment statute expires within 30 days.
Prompt assessments are requested when immediate collection action is needed on an account.
Jeopardy assessments are requested based on a determination that collection of the tax will be endangered if regular assessment and collection procedures are followed.

- Description of Liability, includes the tax form(s), tax period, unpaid balance, and the total trust fund portion to be assessed.
- Related names, addresses, and TINs.
- Revenue Officer's name, signature, telephone number and date.

2. Review the BMF Assessment Statute Expiration Date (ASED) for Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, processed manually as well as those processed through ATFR as follows:

If ...	And ...	Then ...
ASED is greater than 60 days	Is not a quick, prompt, or jeopardy assessment	Follow regular procedures for processing Form 2749
ASED is less than		

60 days, but greater than 30 days	Is not a quick, prompt, or jeopardy assessment,	Follow regular procedures for processing Form 2749. Monitor weekly for TC 240 to post to IDRS. If assessment does not post and ASED is 30 days or less, follow instructions in box 4 below.
ASED is 30 days or less	Form 2859, <i>Request for Quick or Prompt Assessment</i> , is received	View ATFR and look for a DLN to determine if it was quick/prompt assessed. If present, destroy Form 2859. If no DLN, follow instructions in box 4 below to submit forms to Accounting.
ASED is 30 day or less	No Form 2749, <i>Request for Request for Trust Fund Recovery Penalty Assessment(s)</i> , and/or Form 2859, <i>Request for Quick or Prompt Assessment</i> , were received in Accounting (no DLN on ATFR)	Change the assessment type on Form 2749 to Quick. If ATFR case, print a copy of the Form 2749 and submit the transactions on ATFR. Prepare the following forms to submit to Accounting: Form 2859, for each tax period on the Form 2749, and Form 3210, <i>Document Transmittal</i> . Fax one copy of each to Accounting. Notify CPM assessment type was changed to Quick and Form 2859 submitted. Accounting will return/fax copy of Form 3210 with the DLNs for each tax period. ATFR Coordinator will input DLNs and assessment date for each tax period to ATFR-AO.
ASED appears to be expired,	Form 2749, <i>Request for Trust Fund Recovery Penalty Assessment(s)</i> , is not submitted through ATFR	Check BMF TXMOD or BMFOLT for extension, suspension or other explanation, i.e., TC 971 AC 330. If none, return to Advisory.
ASED appears to be expired,	Form 2749, <i>Request for Trust Fund Recovery Penalty Assessment(s)</i> , was timely submitted through ATFR	Check BMF TXMOD or BMFOLT for extension, suspension or other explanation, i.e., TC 971 AC 330. Check ATFR-AO for extension. If none, follow procedures for barred assessments in IRM 25.6.1.13, <i>Statute of Limitations Processes and Procedures</i> .

3. When the ATFR-AO Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, and IDRS prompt assessments do not match, verify the assessment amount. See IRM 5.19.14.1.6, *Trust Fund Calculation*. If unable to resolve a discrepancy between what is assessed on IDRS and the Form 2749, reject the Form 2749 back to the Revenue Officer. Notify the RO via e-mail that Form 2749 was rejected and the reason why.

5.19.14.2.3 (01-13-2016) Establishing the TFRP Account

1. Use CC ENREQ with TC 000, filing status, year prior to penalty assessment and complete name and address to establish an account if the penalty is being assessed against a taxpayer with no account on Master File under the taxpayers own SSN. Input the transactions in the following order; CC ENMOD; ENREQ. Refer to IRM 2.3.15, *Command Code ENMOD* and IRM 2.4.9, *Command Code ENREQ*.
2. Once the TC 000 has been established, process Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*.

When manually inputting a Form 2749, input the transactions using CC MFREQ and REQ54. In order to avoid an unpostable condition or delay processing, do not create a dummy account prior to the input of the TC 000. Input the transactions to the IDRS command codes in the following order CC ENMOD, ENREQ, MFREQ and REQ54. Taking the above steps in the designated order will allow the TC 000 and the TC 240 to post at the same time.

Caution:

A penalty against a secondary taxpayer cannot be assessed on the primary taxpayer's SSN.

3. The following examples illustrate circumstances that require an account to be established:

Example:

A joint account for Lloyd and Fern Birch is on Master File. The TFRP is being assessed against Fern Birch, the secondary taxpayer. Fern has an account under her SSN with the name of Fern Maple on Master File because she filed individually before filing jointly. Establish the account using the name of Fern Birch with an invalid SSN (SSN with an asterisk *). When the taxpayer updates her name with the Social Security Administration (SSA), the invalid SSN will be updated to valid.

Example:

A joint account the same as above. The TFRP is being assessed against Fern, the secondary taxpayer. Fern has no account under her SSN on Master File because she never filed an individual tax return. Establish an account for her SSN on Master File with a TC 000. See IRM 5.19.14.2.3(1), *Establishing the TFRP Account*, above.

5.19.14.2.4 (01-13-2016) Inputting Form 2749 through ATFR-CC

1. Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, input through ATFR-CC that can be worked systemically are processed upon receipt and those that require user intervention are added to the system inventory. Using the "Next Case" menu option, cases in the system inventory are retrieved and processed by employees.
2. Review the BMF ASED. See IRM 5.19.14.1.5, *Trust Fund Recovery Penalty Stature of Limitations*.
3. Review the "RP History" menu option to determine the case condition(s) that require user intervention. Below are a few examples.
 - **Not on IDRS** is caused when the entity for a taxpayer does not exist on Master File, or exists on Master File but is not present on IDRS. **Resolution:** If the entity does not exist on Master File, establish the account per IRM 5.19.14.2.3, *Establishing the TFRP Account*. If the entity exists on Master File and is not present on IDRS, use CC MFREQ to re-establish the entity to IDRS. Once the entity has been re-established, refresh the transactions and review the "RP History." If the case history has updated to "Transactions Successfully Proposed," submit the transactions.
 - **Active Criminal Investigation (CI)** is indicated by a "Z" Freeze on the IMF and/or the BMF Module. A "Z" freeze will cause the TC 240 to unpost. **Resolution:** Review CC UPTIN to obtain the identity of the CI employee assigned to work the unpostable transaction. Contact the CI employee to inform them that you require timely posting of the assessment. Notate in the ATFR History that CI was contacted. Monitor the case every 14 days and document in ATFR History until the transaction posts.

Do not delete the unposted TC 240 transaction. Once "Z" freeze is released, access the unposted transaction and reset the status of the transaction from 70(unposted) to 20 Submitted in ATFR. This allows the monitor run to update the case to posted and load the DLN and assessment date on the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*.

Caution:

Caution must be taken to protect the Assessment Statute Expiration Date (ASED). If the ASED is within 30 days, elevate the case to your manager.

- **Possible TFR Assessment Detected** will occur when a TC 240 is already posted to IDRS for the tax period listed on the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*. TFRP assessments may not occur for all responsible persons at the same time due to protests or other reasons. Additional TFRP assessments are also possible. **Resolution:** If a TC 240 is posted to IDRS for the same related responsible party of the business entity and the TC 240 amount and

tax period are the same as that shown on Form 2749, delete the TC 240 RN 618 transaction on ATFR. Verify the Memo Money Amounts (MMAs) are correct before submitting the TC 971s. If the TC 240 amount and tax period are not the same as shown on Form 2749, submit the transactions.

Caution:

Verify assessment date, TC 240 amount, and all responsible parties before deleting. These may be additional assessments for the same corporation under a different MFT (for example, MFT 03 or 11). Contact CPM if unable to determine correct assessments.

- **BMF Responsible Party – NMF** will occur when the Related Responsible Party (RRP) is a BMF entity. **Resolution:**
 - (1) Change the assessment type on Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)* to Quick.
 - (2) Print a copy of the Form 2749.
 - (3) Prepare a Form 2859, *Request for Quick or Prompt Assessment*, for each tax period listed on Form 2749.
 - (4) Prepare Form 3210, *Document Transmittal*.
 - (5) Fax the forms to the NMF Manual Assessment Unit in Cincinnati.

Notify CPM that the assessment type was changed to Quick and the Form 2859, *Request for Quick or Prompt Assessment*, submitted. Suspend the case until the DLN and assessment dates are received. When DLNs and assessment dates are received from the NMF Manual Assessment Unit, the ATFR Coordinator will input on ATFR/AO. Once the DLNs are input, unsuspend the case and submit transactions.
 - **Manual Assessment Failed to Post** will occur if the ATFR-AO Form 2749 and ATFR-CC or IDRS quick assessment amounts do not match. **Resolution:** Verify the assessment amount per *IRM 5.19.14.1.6, Trust Fund Calculation*. ATFR-CC will automatically update the assessment amount if the corporation has made payments between the time of the quick assessment and submission of Form 2749 to ATFR-CC. If it is determined that the assessed amount is accurate and the DLN, assessed date, and assessment match Form 2749, delete the transaction(s) on ATFR and select "submit transactions". If unable to resolve a discrepancy between what is assessed on IDRS and the Form 2749, contact CPM for resolution.
4. Reject Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, via ATFR-CC if information is incomplete or incorrect on ATFR. Input a history on ATFR-AO with the reason for rejecting the Form 2749.

Caution:

Rejecting Form 2749 is very rare and should only occur after all corrective action(s) has been exhausted. Once a case has been submitted, rejecting is no longer an option.

5. When the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, is processed and all transactions post to IDRS, the case will update to a posted status.

5.19.14.2.5 (01-13-2016)

Inputting the Form 2749 Manually - Not Through ATFR-CC

1. Trust Fund Recovery Penalty Assessments are input on the Individual Master File (IMF) under the responsible party(s) SSN. The assessment is input onto IDRS under MFT 55, using a TC 290 \$.00 with RN 618, for the amount of the Trust Fund Penalty.
2. Use CC REQ54 to input the assessment amount to the TFRP account(s) as listed below. From this, a TC 240 with a RN 618 and a CP 15B, *Civil Penalty Notice*, with a cross-reference EIN will generate.
3. Always input CC ASED with review indicator "1" to the BMF tax period unless the box on the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, is checked "no". This suppresses the erroneous generation of CP 527, *Trust Fund Recovery Assessment Statute Expiration Date Notice*.
4. Use CC REQ77 to cross-reference all related TFRP accounts.
 - TC 971 AC 097 IMF to BMF
 - TC 971 AC 093 IMF to IMF or BMF to IMF

Note:

When multiple MFTs are assessed for the same tax period on the same corporation, a separate TC 971 AC 097 must be input for each MFT with the memo money amount.

5. When processing a paper Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, hold the case until the DLN is available then write the DLN and the assessment date on the Form 2749. If multiple tax periods, write the DLN for each assessment on the Form 2749.
6. Route copies of Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, as follows:
 - A. Part 1: Place in the employee source document folder and route to Files.
 - B. Part 2: Send to Advisory via Form 3210, *Document Transmittal*.
 - C. Part 3: Destroy
 - D. Part 4: Destroy.

5.19.14.2.6 (01-13-2016)

Trust Fund Recovery Penalty File (UNLCE File)

1. The TFRP file (commonly referred to as UNLCE) contains a record of the amount of the TFRP assessments, the business entity, and the responsible person(s). The file is established and researched on IDRS, using CC UNLCE, which is the IDRS screen display of Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*.
2. The majority of CC UNLCE files are initially populated by a systemic process. Reject listings of cases that could not be loaded into CC UNLCE are provided to the Campus via an e-mail delivery system. For those cases, correct the account information as indicated on the reject (error) listing, and use the information from the source document, Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, to establish the TFRP file on IDRS. Update the TFRP (UNLCE) file within 5 business days from the UNLCE Error Report date. See *IRM 2.4.41, Command Code UNLCE*, for input information.
 - Input CC UNLCE with no definer (space) to establish a business entity or responsible person on the TFRP file.
 - Input CC UNLCER to research information on the TFRP file.
 - Input CC UNLCEC to change or add information on a business entity or responsible person that is already established on the TFRP file.
 - Input CC UNLCED to delete information from the TFRP file.
3. A history item field is available on the TFRP (UNLCE) file for the business entity and related responsible party(s) records. When in the research mode, the date, employee ID and history item will display. The input screen to enter history is a 56 character field. A maximum of 75 history items for each business entity and related responsible party(s) can be entered. Once the 75 history entries have been reached, the oldest entries will be systemically deleted.
4. Use CC UNLCER to research the TIN to determine:

If ...	And ...	Then ...

TFRP file IS NOT present on CC UNLCE	TC 240 RN 618 is posted and you have Form 2749, <i>Request for Trust Fund Recovery Penalty Assessment(s)</i>	Establish the TFRP (UNLCE) file, using the Form 2749.
TFRP file IS NOT present on CC UNLCE	TC 240 RN 618 is posted with a date that is more than 10 years old and you do not have Form 2749, <i>Request for Trust Fund Recovery Penalty Assessment(s)</i>	1. Check ATFR for Form 2749 information. Input UNLCE information on accounts where Form 2749 is secured. Input/update TC 971 AC 097/093. If research determines the correct TFRP assessment information is available from BMF data, establish the TFRP (UNLCE) file and input/update TC 971 AC 097/093. 2. If Form 2749 is not secured, input TC 971 AC 331.
TFRP file IS NOT present on CC UNLCE	TC 240 RN 618 has posted (you do not have Form 2749, <i>Request for Trust Fund Recovery Penalty Assessment(s)</i>), and the date of the TC 240 is less than 10 years old.	1. Check ATFR for Form 2749 information. Input UNLCE information on accounts where Form 2749 is secured. Input/update TC 971 AC 093/097. If unable to secure Form 2749 and account is not on ATFR, contact Advisory for copy of Form 2749, control on IDRS and monitor for 30 days. If no response within 30 days, contact the TSA Manager in the appropriate area where the business account is located. If research determines the correct TFRP assessment information is available from BMF data, establish the TFRP (UNLCE) file and input/update TC 971 AC 097/093. 2. If Form 2749 is unavailable, input TC 971 AC 331.
TFRP file IS present on CC UNLCE,		1. Verify information from Form 2749. 2. Add any missing information. 3. Change any incorrect information

5. When inputting information onto CC UNLCE:

- Input data from Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, beginning with the earliest tax period.
- Trust Fund balances, not BMF module balances, should be input to IMF and BMF accounts for each tax period with a TFRP assessment. If multiple RRP's have different assessment amounts, input the largest amount to the BMF.

Note:

Prior to July 15, 2008, the BMF UNLCE was established using the unpaid balance of the BMF account at the time of the TFRP assessment. Do not change the amount on the BMF UNLCE to display the TFRP assessment amount if it was established prior to July 15, 2008 unless the amount doesn't match the unpaid balance at the time of the assessment OR the TC 240 amount.

- If the account has an established TFRP file for the same periods and TIN already, update the amounts to include the additional assessment. List the amount separately in the history section.
- When using a Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, to establish the TFRP file, if one already exists with the same tax periods and TIN and the Trust Fund balances are not identical, review the ATFR-CC and the AO Form 2749. If the information on the TFRP file is identical to either Form 2749, take no action. If the information on the TFRP file is not identical, validate the Trust Fund assessment by following the steps in *IRM 5.19.14.1.6, Trust Fund Calculation*. If the TC 240 amount is the same as either Form 2749, change the TFRP file to the amounts on the Form 2749 that matches the TC 240 amount.

Caution:

TFRP amounts may not match the Form 2749 if multiple MFTs or multiple assessments for the same tax period and TIN have been included in the total amount for that tax period. Review history to determine if these conditions exist.

- When establishing the TFRP file, if one already exists with the same tax periods and TIN, and the Trust Fund balances are identical to the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, destroy the Form 2749.

6. BMF penalty assessments cannot be input to the TFRP file using the EIN format. Input BMF penalty assessments to the TFRP file using the SSN format. Indicate in the history item field that the assessment is a NMF EIN using the phrase: "SSN XXX-XX-XXXX represents BMF XX-XXXXXXXXX NMF account" .

7. Input a history item to indicate the type of assessment.

Example:

Form 2749/R (regular assessment)
Form 2749/Q (quick assessment)
Form 2749/P (prompt assessment)
Form 2749/J (jeopardy assessment)

8. Do not delete full paid accounts from the TFRP file.

5.19.14.3 (01-13-2016)

TFRP Transcripts

1. TFRP Transcript case processing.

5.19.14.3.1 (08-12-2015)

Case Processing Overview

1. Ogden and Brookhaven CSCO Operations are responsible for the Trust Fund Recovery Penalty program and all necessary actions (e.g., payment cross referencing, TC 971 linkages, and Form 3870, *Request for Adjustment*, adjustment requests).
2. TFRP transcript case processing consists of ATFR and Non-ATFR (manual) transcripts. ATFR transcripts are processed systemically with and without user intervention. ATFR cases that are processed by a user are completed by inserting and/or deleting transactions, then submitting the transactions. "Submit Transactions" must be selected to close the case, even if no transactions are required. When closing a case without transactions, an ATFR history item is required stating case conditions (e.g. no transactions submitted because "all modules are current, or "BMF CSED expired", or "paying non-trust", or "payment applied via associated multi-corp case", etc.). An ATFR case cannot be re-opened once "Submit Transactions" has been selected. As a result, any transaction(s) required to be input subsequent to submission of the case must be input directly to IDRS.
3. Campus TFRP inventory is generated by the following computer generated transcripts:
 - **TFRPENACT** transcripts generate on an IMF TFRP account when a payment or credit offset or reversal posts to the account, or when the account reaches Masterfile status 12.

- **100PENADV** transcripts generate on a BMF account with a posted TC 971 AC 093 when a payment or credit offset, or reversal posts to the account. TC 290/291 will also generate this transcript.
- **100%PNFIN** transcripts generate on a BMF account with a posted TC 971 AC 093 when the account updates to Status 12.
- **AMRH 09** and various other credit transcripts generate when a credit balance remains unresolved for at least 26 cycles because of a TC 570 posting to a module with a TC 24X and a Reference Number 699/ 697. Other generated transcripts may include but are not limited to AM06, ST07, and ST09.
- **TFRPINVSSN** transcripts generate when the TFRP has been established on an invalid SSN and the account is later merged to a valid SSN.

- When closing TFRPINVSSN transcript cases, a history of all case actions taken must be documented in AMS.
- If a TFRP account has been merged to the valid SSN or vice versa, research ATFR to determine how the account was established, i.e., valid or invalid SSN. If validity on ATFR needs to be changed, notify the ATFR Coordinator of the change.

4. Case actions on TFRP related transcripts must be completed within 43 days of the date of the transcript. Perform all necessary case actions to make the account current. Cross-reference all payments that have posted.

Note:

Related cross-referencing resulting from a transfer or offset of the originating payment or credit must be completed within 43 days of the date of that originating transcript.

5. It is not necessary to review tax periods with ATFR Tax Period Status Code 0 (zero) if:

- Case Balance is greater than \$.00 and;
- There are no Un-Xrefs or Proposals and;
- Tax period is not listed under Transcripts section.

Note:

Tax Period Status Code 0 (zero) with a balance of \$.00 must be reviewed to determine if a credit balance exists. Resolve any credit balances in accordance with *IRM 5.19.14.3.4*, Resolving TFRP Overpayment Cases. Additionally, interest must be validated, see *IRM 5.19.14.3.4, Payment/Credit Cross-Referencing - Single Assessment*, and *IRM 5.19.14.3.6, Computing and Cross-Referencing Interest*. For Non-ATFR cases, use CC RECON if there are payments pending to post in the current cycle. See *IRM 5.19.14.3.2.3, Cross-Referencing Restrictions*, for exceptions.

6. It is not necessary to work the entire transcript on combined assessments until the account reaches Status 12, a TC 604, or TC 608 is posted. If the trust fund module (MFT 55) is Status 12, it is not necessary to review the entire account when a TC 604 or TC 608 posts to a BMF tax period associated with the combined assessment.

7. Integrated Automation Technologies (IAT) provides tools that simplify research, reduce keystrokes, eliminate repetitive typing, and increase the accuracy of regular work processes. The use of IAT is mandatory and limited to the certain IAT Tools listed below. Additional IAT tools will be added to the list when one is deemed beneficial and seen as adding quality to Campus Collection work processes. For User Guides, see the IAT web site at <http://iat.web.irs.gov/>.

- Manual Refund IAT tool, also reference *IRM 21.4.4, Manual Refunds*.
- Erroneous Refund IAT tool, also reference *IRM 21.4.5.4, Erroneous Refunds*.
- Credit Transfer IAT tool, also reference *IRM 21.5.8, Credit Transfers*.
- Fill Forms IAT tool.

8. If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, following established procedures. See the IAT Website at <http://iat.web.irs.gov/> for how to report/fix problems with IAT tools. IAT users may also visit this site to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.

Note:

The mandated use of IAT does not apply to cases worked within the ATFR system. ATFR has built in automation that assists users with case processing.

9. An ATFR case is defined as "all tax periods and all RRP's associated with the business entity case established with the same case creation date." ATFR Transcript cases are automatically delivered to the system on a weekly basis, generally Tuesday through Friday or until the cycle upload is complete. ATFR systemically generates and submits transactions to IDRS. Transcript cases that require user intervention are added to the system inventory. Using the "Next Case" menu option, cases in the system inventory are retrieved and processed by employees. Ogden works ATFR cases where the business entity state is AK, AZ, CA, CO, HI, IA, ID, IL, IN, KS, MI, MN, MO, MT, ND, NE, NM, NV, OK, OR, SD, TX, UT, WA, WI, WY and where the business entity country is Guam, Puerto Rico, and Virgin Islands. Brookhaven works ATFR cases where the business Entity state is AL, AR, CT, DC, DE, FL, GA, KY, LA, MA, MD, ME, MS, NC, NH, NJ, NY, OH, PA, RI, SC, TN, VA, VT, and WV.

**5.19.14.3.2 (01-13-2016)
Payment Application**

1. When a payment or credit posts to the TFRP account, cross-reference the amount to all RRP's and the related BMF module(s), including modules in Status 53, 72 and 71, and update the MMA.
2. Research the BMF modules for payments and credits not considered in the trust fund calculation, cross-reference to all RRP's and update the MMA.

Note:

Payments, credit offsets, and debits are cross-referenced to the related IMF and BMF account module(s) on IDRS using either the ATFR or IAT applications.

3. If TC 91X and "Z" freeze is present on the account, contact CI/Fraud Detection Center and proceed per their instructions. For ATFR cases, input a history item on ATFR and monitor the case weekly. For Non-ATFR cases, input a history on AMS, open a Monitor control on IDRS and monitor the case weekly. If transactions are not posted within 30 days contact CI/Fraud Detection Center and input history item for the follow-up contact. Continue to monitor weekly and contact the CI/Fraud Detection Center every 30 days until transactions post. All follow-up actions must be documented in ATFR or AMS (non-ATFR).

Note:

Do not delete the transactions from ATFR until the transactions post on IDRS. When posted, delete the transactions from ATFR and submit the case.

4. Contact Area Office (AO) CPM when case(s) cannot be resolved. Form 2209, *Courtesy Investigation*, may be required if unable to contact by phone. The case will be referred on ICS to the Advisory Manager where the corporation account is located. Control on IDRS and monitor for 45 days. If unresolved, prepare Form 5942, *Reviewers Report-- Technical Services Advisory*, and forward to Advisory Manager. Input a history item to AMS or ATFR (if applicable) when the Form 2209 or Form 5942 is sent.

Some examples are:

- Incorrect assessments,
- Unclear overpayments,
- Missing returns (TC 59X).
- Partial abatement of BMF accounts (TC 291, TC 301). See *IRM 5.19.14.4.3, Processing TFRP Adjustments*, for exceptions.
- Additional assessments on BMF (TC 300)

Do not refer a case to the Area Office because there is no UNLCE data. See *IRM 5.19.14.2.6, Trust Fund Recovery Penalty File (UNLCE File)*, for steps to take when UNLCE information is missing.

Caution:

Do not refer incorrect assessments resulting from a TC 240 inserted into ATFR because the original TC 240 unposted. Instead, research ATFR 2749 RP History for the transaction status code history to verify the TC 240 unposted and was reinserted. After validation, print the submitted Form 2749 to use as the source document and adjust the account to reflect the correct TFRP amount. See *IRM 5.19.14.1.5, Trust Fund Recovery Penalty Statute of Limitations*.

Example:

Form 2749 shows the "assessment amount" of \$400.00 for tax period 201503 and a "Trust Fund Balance" amount of \$4,000.00. A TC 240 for \$4,000.00 dated 3/15/2015 unposted in cycle 201511. In addition, a TC 240 for \$400.00 dated 3/31/2015 is posted to the same account cycle in 201515. Both assessments display the same BMF X-REF TIN. Research of the ATFR RP History for the business entity reveals a deleted TC 240 for \$4,000.00 and an inserted TC 240 for \$400.00.

5.19.14.3.2.1 (01-13-2016)

Trust Fund Recovery Penalty Using Old and New Calculation Methods

1. For all TFRP liabilities where the Letter 1153(DO), *10-Day Notification Letter, 100% Penalty Against Filer for Corporation*, and Form 2751, *Proposed Assessment of Trust Fund Recovery Penalty*, were issued on or after June 19, 2000, any business payments received on the account after December 31, 2002, are applied in the following order:
 - Non-trust fund portion of tax
 - Trust fund portion of tax
 - Fees and collection costs
 - Assessed penalty
 - Assessed interest
 - Accrued penalty to date of payment
 - Accrued interest to date of payment

This payment application method is referred to as the "new calculation method."

Note:

The term "assessed" indicates transactions posted on CC TXMOD. Accruals are amounts computed on the total balance due on an account (interest and penalties), but are not yet posted to CC TXMOD.

2. Under the "old calculation method", where the Letter 1153(DO), *10-Day Notification Letter, 100% Penalty Against Filer for Corporation*, and Form 2751, *Proposed Assessment of Trust Fund Recovery Penalty*, were issued prior to June 19, 2000, the payments received prior to December 31, 2002 were applied to:
 - Non-trust
 - Fees and collection costs
 - Penalties
 - Interest
 - Trust
3. Effective January 1, 2003, all new undesignated payments are applied under the "new calculation method" even if the penalty was assessed under the "old calculation method." Prior to January 1, 2003 all undesignated payments were applied per the old calculation method.

Caution:

Do not recalculate accounts that were assessed under the old method; this change only applies to new payments received on these accounts.

4. On accounts where there are payments posted before and after December 31, 2002, penalties and interest will be paid as they post to the account. For example, penalties and interest that are posted to the account on or before December 31, 2002 will be paid using the old calculation method for application of payments. Penalties and interest that post to an account after December 31, 2002 will be paid using the new calculation method for application of payments.
5. When two or more responsible officers on a corporation were assessed using different calculation methods, compute credits on both accounts under the new calculation method.

5.19.14.3.2.2 (01-13-2016)

Points to Remember

1. When cross-referencing payments always consider the following:
 - When an incorrect posting of payment(s) results in an offset to another period, the offset must be reversed for correction of the account.
 - Determine if payments or credits dated prior to the TC 240 RN 618 have been included in the original trust fund assessment before cross-referencing. See *IRM 5.19.14.1.6, Trust Fund Calculation*.
 - Before applying credits to the TFRP accounts and the BMF tax modules, verify the total of the proposed TC 538s and/or TC 241s are not greater than the unpaid Trust Fund plus interest. Do not overpay the account(s).

- Payments applied to fees and collection costs are not cross-referenced.
- Review case history on AMS, ATFR or CC UNLCE if case conditions met/meet requirements for a history item.

5.19.14.3.2.3 (01-13-2016)

Cross-Referencing Restrictions

1. Do not cross-reference payments, credits, or debits that have the same date or are dated after a posted TC 604/606/608, or accounts that have moved to retention. Update the MMA to reflect those payments, credits, and debits that were not cross-referenced.
2. Payments with dates prior to a TC 608 must be cross-referenced to the account. The amount cross-referenced cannot exceed the amount of the write-off. See *IRM 5.19.14.3.13, Special Conditions*.
3. When two responsible parties owe different amounts for the same period, cross-reference payments and do not apply more than the assessment amount(s). See *IRM 5.19.14.1.6(2), Trust Fund Calculation, & IRM 5.19.14.3.4, Payment/Credit Cross-Referencing - Single Assessment*.
 - If the RRP with the larger assessment is making the payment, that TFRP assessment must be full paid before applying to interest for any other RRP(s).
 - If the RRP with the smaller assessment is making the payment and begins to pay interest, the interest payment can be applied to the other RRP(s) and the BMF account. However, the payment applied as interest does not reduce the MMA (Trust Fund) of the non paying RRP or BMF.
 - If BMF is making the payment, apply the payment to the RRP(s) once the non trust fund portion of tax has been paid.
4. Do not post more credit than the balance of the TFRP assessment including accruals. If a credit balance is created, refer to *IRM 5.19.14.3.7, Resolving TFRP Overpayment Cases*, for steps to resolve the credit.
5. Masterfile will clear overpayments less than \$1.00 and underpayments less than \$5.00.

Note:

When paying interest, the amount due computed by CC INTST, CC COMPA and DMI may differ by a few cents from what actually posts to IDRS due to rounding differences. As a result, a credit or debit may be created when the cross-referenced payment will full pay the balance due as indicated.

- If an amount was cleared because of an overpayment or underpayment, do not attempt to reverse the cleared amount. Do not cross-reference the cleared amount.

Example:

Two RRP's are assessed different amounts. The balance remaining on the RRP account where the payment has posted is \$23.35. The payment amount is \$23.55. Masterfile cleared the overpayment of \$0.20 with a TC 386, and \$23.35 is cross-referenced to the RRP and the corporation. The balance of interest remaining on the non-paying officer account is \$33.95. A reversal of the cross-referenced amount is not required. The amount cross-referenced is limited to the amount owed by the paying officer.

Example:

The remaining balance on the RRP account is \$102.45 and a payment is received for \$100.00. The underpayment of \$2.45 is cleared with a TC 606 and the account becomes full paid. Cross-reference \$100.00 to the corporation. The cleared amount of \$2.45 is not cross-referenced. The amount cross-referenced is limited to the amount of the payment.

5.19.14.3.3 (01-13-2016)

Memo Money Amount (MMA)

1. When payments/credits/debits are received on accounts, update the memo money amount field to reflect the unpaid balance of the trust fund tax. This includes the account where the payment was received and all related accounts.
2. The MMA field on CC TXMOD reflects the remaining unpaid trust fund balance on all IMF and BMF related modules. The MMA is input as a TC 971 with action codes 093 and 097. The MMA must be input when a trust fund assessment is made. Update the MMA each time any single transaction (e.g., credit or debit) occurs on the account, after the last transaction when multiple transactions post, or when updating an incorrect MMA.
3. When a new TC 971 posts, it will overlay the money amount in the original TC 971. There will be only one TC 971 for each cross-referenced transaction. The cycle of the original TC 971 updates to a current posting cycle, but the original TC 971 date remains. The updated TC 971 will display as a "DJ" transaction in the Pending Transactions section of IDRS showing the date of the payment/credit.
4. IMF and BMF MMA:
 - A. TC 971 AC 097 MMA on the IMF account must reflect the unpaid trust fund penalty balance for each BMF quarter.
 - B. TC 971 AC 093 MMA on the IMF account must always be \$0.00 even if there is still a trust fund balance.
 - C. TC 971 AC 093 MMA on the BMF account must reflect the IMF unpaid trust fund penalty balance for that BMF quarter for each related responsible person.
5. The MMA is input in dollars and cents format for both IMF and BMF accounts using the CC REQ77 screen field called FREEZE-RELEASE-AMT. There are ten spaces available in this field.

Note:

When inputting or updating the TC 971 AC 093 IMF to IMF MMA, the FREEZE-RELEASE-AMT must be blank.

6. When the trust fund has been paid in full, reduce the MMA to .00. Never input a TC 971 AC 094/096 to reverse a previous TC 971 unless it is to correct erroneous information. If erroneous information exists, it may be necessary to input a new TC 971 AC 093/097.
7. Use the current date when inputting a missing or incorrectly reversed TC 971.

5.19.14.3.4 (01-13-2016)

Payment/Credit Cross-Referencing – Single Assessment

1. Payments, credit offsets, and debits are cross-referenced to the related IMF and BMF account module using either the ATFR or IAT applications. Payments are cross-referenced using TC 241 RN 697 from BMF to IMF, TC 241 RN 699 from IMF to IMF, and TC 538 from IMF to BMF.
2. Payments must be posted to reflect the originating payment application. For example trust fund to trust fund, and interest to interest. When a single payment is split between trust and interest, cross-reference to trust and interest on the related accounts using a separate TC 241 RN 699/697 and/or TC 538.

Example:

Remaining trust fund balance is \$2,000, and interest is \$1,300. RRP 1 makes a \$2,500 payment. A TC 241 RN 699 for \$2,000 (trust fund balance) and a TC 241 RN 699 for \$500 (interest) will be applied to RRP 2. A TC 538 for \$2,000 (trust fund balance) and a TC 538 for \$500 (interest) will be applied to the BMF.

- BMF payments must be applied to the non-trust fund portion of tax before cross-referencing to the MFT 55 account(s). Once the non-trust fund amount is paid, cross-reference payments to the MFT 55 account(s) until the trust fund portion is paid. If an additional tax assessment (TC 290) was not considered in the Trust Fund assessment, payments with received dates after the TC 290 posted are applied to the non-trust fund portion of tax before cross-referencing to the MFT 55 account(s). Payments received prior to the TC 290 posting may be applied to the trust fund portion of tax if the non-trust fund tax was fully satisfied prior to the additional assessment. See *IRM 5.19.14.1.6, Trust Fund Calculation*.

Example:

ABC Corporation filed its Form 941, *Employer's Quarterly Federal Tax Return*, for the period ended June 30, 2015 timely and it posted in cycle 201530. There are 5 payments of \$350.00 posted on the account. The non-trust fund tax of \$1,050.00 is full paid and two payments have been cross-referenced to the RRP account for trust fund tax. Additional tax is assessed and a TC 290 posted to the account in cycle 201611. A \$350.00 payment posted in cycle 201613. This payment and all payments dated subsequent to the TC 290 must be applied to the additional non-trust tax before it is cross-referenced to the MFT 55 account(s).

Example:

123 Corporation filed its Form 941, *Employer's Quarterly Federal Tax Return*, for the period ended March 31, 2016 timely. The return reported \$300.00 for non-trust fund tax and \$1,300.00 for trust fund tax. Additional tax of \$8,300.00 is assessed and a TC 290 is posted to the account in cycle 201325. The Trust Fund assessment (TC 240) does not include the additional tax amount. The only payment on the account is a \$5,000 payment that posted in cycle 201343. Because there are no prior payments posted, the entire payment is applied to the non-trust fund tax before cross-referencing to the MFT 55 account(s).

Once the trust fund portion of tax is paid, then apply payments to assessed penalties and assessed interest, then to accrued penalties and accrued interest. Continue to apply payments in this order until the trust fund tax and trust fund interest is full paid. Amounts applied to BMF fees and penalties are not cross-referenced.

- IMF payments are cross-referenced to the BMF and all RRP's until the trust fund amount is full paid. Then apply payments to assessed fees and collection costs, then to interest. Amounts applied to fees and collection costs are not cross-referenced.
- When Applying Fee Payments to a TFRP account:
 - Once the trust tax is fully paid, fees must be paid with the next available payment / credit dated subsequent to the fee. However, fees that are assessed after payments / credits have been applied accurately to interest must be paid with the next available payment. Do not reallocate cross-referenced interest payments that pre-date the assessment of the fee(s).
 - If the trust tax is fully paid and the assessment of a fee and a payment post to IDRS in the same cycle, but the payment pre-dates the date of the fee, the payment is applied in date order using normal application of payment processing methodology. Ref. *IRM 5.19.14.3.2.1(1), Trust Fund Recovery Penalty Using Old and New Calculation Methods*. Generally, that payment will be applied to interest.
 - When the trust and interest of a tax period is full paid and a subsequent payment / credit posts to an account to pay fees that were assessed prior to the accurate application of payments / credits, do not reallocate the previously cross-referenced trust and interest payments. This situation is an exception to the general rules of payment application. The fee(s) is paid by that subsequent payment / credit.
- When a payment on the TFRP account is reversed or refunded:
 - debit the amount on related TFRP account(s) using TC 240 RN 697/699 with a corresponding amount and date,
 - debit the amount on the related BMF module(s) using TC 539 with corresponding amount and date,
 - update TC 971s to reflect corrected MMAs.

Note:

Payments should be cross-referenced exactly as they posted to the originating account. See chart and examples below.

If ...	And ...	Then ...
TC 670 or other credit transaction	The credit was FULLY reversed prior to cross-referencing	Do not cross-reference
TC 670 or other credit transaction	The credit was FULLY reversed subsequent to cross-referencing	Reverse the credit from the business account and all RRP accounts
If ...	And ...	Then ...
TC 670 or other credit transaction except 706	The credit was PARTIALLY reversed, refunded or offset prior to cross-referencing	Cross-reference only the remaining amount to the business and RRP accounts. See examples 1 & 2 below.
TC 706	The credit was PARTIALLY reversed, refunded or offset prior to cross-referencing	Cross-reference the full amount of the TC 706 to the business and RRP accounts. However, do not cross-reference more than the balance of the remaining TFRP. Input TC 539 to the business account and TC 240/699 to RRP accounts for the reversed, refunded, or offset amount. See example 3 below. Do not cross-reference the netted amount. **

Example:

No. 1 TC 670 (or other credit transaction except TC 706) for \$100.00 posts to the RRP account. Before it is cross-referenced to the business and other RRP accounts, \$35 is reversed to pay an outstanding liability on another period. This will generally create a new TC 670 to post for the remaining amount of the credit and for this example a TC 670 posts for \$65.00. Cross-reference only the remaining amount (\$65.00) to the business account with TC 538 and to RRP accounts with TC 241/699.

Example:

No. 2 TC 670 (or other credit transaction except TC 706) for \$100.00 posts to the RRP account and overpays the module. Before it is cross-referenced to the business and other RRP accounts, \$35 is offset to another tax period. Cross-reference only the remaining amount (\$65.00) to the business account with TC 538 and to RRP accounts with TC 241/699.

Example:

No. 3 TC 706 for \$100.00 posted to RRP account and before it was cross-referenced to the business or other RRP accounts, a TC 701 posted for \$25.00. Input TC 538 to the business account and TC 241/699 to RRP accounts for \$100.00 and TC 539 to the business account and TC 240/699 to RRP accounts for \$25.00.

Reminder:

The TC 539 input to the business account for the TC 701 amount will appear differently on IDRS when the transactions post. Do not attempt to correct the transaction when this occurs.

If...	And...	Then...
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TC 670 or other credit transaction except 706	The credit was PARTIALLY reversed, refunded or offset subsequent to cross-referencing	Reverse the amount originally cross-referenced from the business and RRP accounts and cross-reference only the remaining amount. See examples 4 & 5 below.
TC 706	The credit was PARTIALLY reversed, refunded or offset subsequent to cross-referencing	Input TC 539 to the business account and TC 240/699 to RRP accounts for the reversed, refunded, or offset amount. See example 6 below. Do not cross-reference the netted amount.**

Example:

No. 4 TC 670 for \$100.00 posted to RRP account and the full amount has been cross-referenced to the business and other RRP accounts. A TC 672 for \$75.00 posts to the account in a later cycle, after the payment was cross-referenced. Input TC 539 to the business account and TC 240 / 699 to RRP accounts for \$100.00 and input TC 538 to the business account and TC 241/699 to RRP accounts for \$25.00.

Example:

No. 5 TC 670 for \$100.00 posted to RRP account and the full amount has been cross-referenced to the business and other RRP accounts. In a later cycle, after the payment has been cross-referenced, \$75.00 is refunded to the taxpayer. Input TC 539 to the business account and TC 240 / 699 to RRP accounts for \$100.00 and input TC 538 to the business account and TC 241/699 to RRP accounts for \$25.00.

Example:

No. 6 TC 706 for \$100.00 posted to RRP account and was cross-referenced to the business and other RRP accounts. In a later cycle, a TC 701 posted for \$45.00. Input TC 539 to the business account and TC 240/699 to RRP accounts for \$45.00.

**The netted amount is the difference between the original amount that posted to the tax module and the amount that was reversed. Ex. \$100 - \$25 = \$75. \$75 is the netted amount

7. After applying credits to TFRP accounts and BMF modules, review the Payment Sorter to validate credit dates/amounts for each payment.
8. Payments other than those listed below are applied using the normal payment application method. See *IRM 5.19.14.3.2, Payment Application*:

If ...	And ...	Then ...
TC 670 posted to BMF	Designated Payment Code (DPC) 01	After non-trust has been paid in full any remaining DPC 01 payment is applied using normal payment application method
TC 670 posted to IMF	DPC 01	Apply using normal payment application method
TC 670	DPC 02,11 that has not been considered in the TFRP calculation	Cross-reference using the TC 670 payment date.
TC 670	DPC 11 is more than the trust fund balance	Contact Insolvency for the appropriate action.
TC 670	DPC 02 is more than the trust fund balance	Apply up to the remaining trust fund amount <ul style="list-style-type: none"> • If the payment is posted to the BMF module, transfer the excess to the BMF module with outstanding trust fund balance with the oldest CSED • If the payment is posted to the IMF module, transfer the excess to the IMF module with outstanding trust fund balance with the oldest CSED • Cross-reference to all related accounts • Monitor the case until the payment transfer posts • After all trust fund tax is paid, apply any remaining credit from a BMF payment first to posted penalties, fees and collection costs, then to the related interest in the same manner • Apply any remaining credit from an IMF payment to fees and collection costs, then to the related interest in the same manner.
Designated Interest (TC 680)	Posted to BMF or MFT 55	Do not cross-reference until all trust fund has been paid.
Designated Penalty (TC 690)	Posted to BMF	After all related penalties are paid, apply any remaining amount to Non-trust, Trust, Fees, then Interest.
Designated Penalty (TC 690)	Posted to MFT 55	Apply using normal payment application method.
Designated Penalty (TC 690)	Posted to MFT 55 and is more than the trust fund and any other related posted penalties	<ul style="list-style-type: none"> • After all posted penalties are paid, i.e., TC 240, TC 280, etc., transfer any remaining credit to the MFT 55 module with outstanding penalty with the oldest CSED • Cross-reference to all related accounts • Monitor the account until the payment transfer posts • After all penalties are paid, apply any remaining credit to the related interest in the same manner.

9. If the TFRP was assessed under Old Calculation methodology, BMF payments posted prior to 01/01/03 are applied as follows:
 - A. If the total amount due on CC INTST computed on the BMF account to the date of the payment or 12/31/2002, whichever is earlier, is more than or equal to the trust fund assessment for that quarter, do not cross-reference.
 - B. If the total amount due on CC INTST computed on the BMF account to the date of the payment or 12/31/2002, whichever is earlier, is less than the trust fund assessment for that quarter, determine the amount to be applied to trust fund tax by:
 - A. Calculate the BMF total tax using the following formula: TC 150 + TC 290 + TC 300 - TC 291 -TC 301
 - B. Subtract trust fund tax amount. If TC 29X, 30X is present on the module, see *IRM 5.19.14.1.6, Trust Fund Calculation*.
 - C. Add BMF total penalties/fees (TC 186, TC 166, etc. excluding TC 276, TC 270)
 - D. Add TOTAL FTP displayed on CC INTST computed to 12/31/2002

E. Add TOTAL INT displayed on CC INTST computed to 12/31/2002.

The total from steps 1 through 5 equals the amount to be paid before old calculation payments are applied to the trust fund tax. Once that amount is paid, begin applying payments to trust fund tax in reverse payment date order.

The following are examples of Old Calculation cases.

Non-Trust Fund tax portion	\$1,500
Penalty & Collection costs	\$ 300
Interest	\$1,000
Trust Fund tax Portion	\$2,500

Example:

No. 1

- A payment posts for \$500 dated 5/1/02
- Compute interest using CC INTST to the date of the payment (5/1/02)
- The total balance due per CC INTST is \$2,600
- The payment will not be cross-referenced because \$2,600 is more than the Trust Fund portion

Example:

No. 2

- A payment posts for \$500 dated 6/1/02
- Compute interest using CC INTST to the date of the payment (6/1/02)
- The total balance due per CC INTST is \$2,100
- A TC 241 RN 697 for \$400 should be applied because the total amount due is \$400 less than the Trust Fund portion.

10. On single period assessments, when payments are posted to both the IMF and BMF accounts, cross-reference in payment date order depending on where the payment posts. If payments post to both the IMF and BMF with the same date, use the BMF payment first

11. If one or more RRP's make a payment on the same day that does not full pay the trust, cross-reference each payment to all related accounts.

Example:

The non-trust fund is full paid and the trust fund balance is \$4,000.00. Officer A has a refund offset payment of \$35 dated 4/15/2015, Officer B has a refund offset payment of \$145.00 dated 4/15/2015, and the corporation has a refund offset payment of \$85.00 dated 4/15/2015. Since the total of all of the payments does not exceed the trust fund balance, each payment is cross-referenced to the other responsible parties. Officer A's \$35.00 payment is cross-referenced with TC 241/699 to Officer B and TC 538 to the BMF account, Officer B's \$145.00 payment is cross-referenced with TC 241/699 to Officer A and TC 538 to the BMF account, and the corporation's \$85.00 payment is cross-referenced with TC 241/697 to each Officer A and Officer B.

12. If more than one RRP makes a payment on the same day that full pays the TFRP assessment but does not full pay the interest, divide the balance of the TFRP assessment by the number of RRP's that made a payment on that day. Cross-reference that portion of each payment to full pay the TFRP assessment. Cross-reference the remaining amount toward the interest due.

Example:

Taxpayer A made a payment of \$200.00 dated 04/01/2016, Taxpayer B made a \$150.00 payment on 04/01/2016. The remaining trust fund balance is \$250.00 plus interest of \$950.00. Taxpayers A and B made a payment on the same day that full paid the TFRP assessment. Divide the balance of the TFRP assessment by two and cross-reference \$125.00 from each officer to full pay the trust fund. Cross-reference \$75.00 from Taxpayer A to Taxpayer B and the corporation, and \$25.00 from Taxpayer B to Taxpayer A and the corporation as interest.

13. If more than one RRP makes a payment on the same day that full pays the TFRP assessment including interest, divide the balance of the TFRP assessment and interest by the number of RRP's that made a payment on that day. Cross-reference that portion of each payment to full pay the TFRP assessment plus interest and refund the difference if there are no outstanding tax liabilities.

Example:

Taxpayer A made a payment of \$200.00 dated 04/01/2014, Taxpayer B made a \$150.00 payment on 04/01/2014 and Taxpayer C made a \$150.00 on 04/01/2014. The balance of the TFRP assessment is \$75.00 plus interest of \$300.00. Taxpayers A, B and C made a payment on the same day that full paid the TFRP assessment. Divide the balance of the TFRP assessment and applicable interest by three and cross-reference a total of \$125.00 to all responsible parties. Use TC 241/699 to cross-reference \$25 from each officer to full pay trust and TC 241/699 from each officer for \$100.00 to pay interest. Apply TC 538 for \$25.00 to the corporation from each officer to full pay trust and TC 538 for \$100.00 to the corporation from each officer to full pay interest.

14. If the trust fund tax is full paid and more than one RRP makes a payment on the same day that pays the interest, and the interest amounts owed for each officer is not the same, divide the smallest balance of interest due by the number of RRP's that made a payment on that day and cross-reference that portion to all related party(s). Once the interest on the account with the smallest balance is full paid, continue cross-referencing to the remaining RRP's in the same manner. See chart and example below:

Example:

Taxpayer A made an interest payment of \$150.00 dated 04/01/2015, Taxpayer B made a \$75.00 interest payment on 04/01/2015 and Taxpayer C made a \$300.00 interest payment on 04/01/2015. Taxpayer A owes interest of \$200.00, Taxpayer B owes interest of \$75.00, and Taxpayer C owes interest of \$300.00.

Divide the smallest balance of interest due by three. Use TC 241/699 to cross-reference \$25 from each officer to full pay the interest due for Taxpayer B. Apply TC 538 for \$25.00 to the corporation from each officer to pay interest. The remaining interest balance for Taxpayer A is \$125.00, and the remaining interest balance for Taxpayer C is \$225.00. Divide the smallest remaining interest balance by the number of taxpayers with a remaining interest balance. Use TC 241/699 to cross-reference \$62.50 from Taxpayer A and Taxpayer C to full pay the interest due for Taxpayer A. Apply TC 538 for \$62.50 to the corporation from each officer to pay interest. The remaining interest balance for Taxpayer C is \$100. Apply TC 538 for \$100.00 to the corporation from Taxpayer C to full pay interest.

Note:

The remaining payment balance for each taxpayer after their interest has been full paid is refunded.

	Taxpayer A		Taxpayer B		Taxpayer C	
	Paymt	Interest Owed	Paymt	Interest Owed	Paymt	Interest Owed
	\$150.00	\$200.00	\$75.00	\$75.00	\$300.00	\$300.00
\$75.00 divided by 3 = \$25.00 from each taxpayer	-\$25.00	-\$75.00 = \$25.00 x 3	-\$25.00	-\$75.00 = \$25.00 x 3	-\$25.00	-\$75.00 = \$25.00 x 3
BALANCE Remaining	\$125.00	\$125.00	\$50.00	\$0.00	\$275.00	\$225.00
\$125.00 divided by 2 = \$62.50 from Taxpayers A & C	\$62.50	-\$125.00 = \$62.50 x 2	\$0.00		\$62.50	-\$125.00 = \$62.50 x 2
BALANCE Remaining	\$62.50	\$0.00	\$50.00		\$212.50	\$100.00
\$100.00 remaining on Taxpayer C can be full paid with his remaining payment	\$0.00	\$0.00	\$0.00	\$0.00	\$100.00	-\$100.00
BALANCE of payment to be refunded or offset	\$62.50		\$50.00		\$112.50	\$0.00

5.19.14.3.5 (01-13-2016)

Payment/Credit Cross-Referencing – Combined Assessment

1. If a payment is received from an RRP against whom the TFRP has been assessed, apply it to the underlying BMF tax periods in earliest assessment order.
2. Do not apply payments to a portion of any period for which a responsible person is not liable. For example, in the table illustrated below, if Taxpayer B makes a payment, his payment would not be applied to 01/199603. The application of his funds would begin with 01/199606.

MFT	Tax Period	BMF Trust Fund Liability	Taxpayer A	Taxpayer B	Taxpayer C
01	199603	\$3,000	\$3,000	0	\$3,000
01	199606	\$4,000	\$4,000	\$4,000	\$4,000
01	199609	\$3,000	\$3,000	\$3,000	\$3,000
01	199612	\$4,000	\$4,000	\$4,000	0
Total		\$14,000	\$14,000	\$11,000	\$10,000

- Taxpayer A, Taxpayer B, and Taxpayer C are responsible for different quarters of the TFRP
- Taxpayer A was assessed \$14,000 on MFT 55 199612 (total of 199603, 199606, 199609, and 199612)
- Taxpayer B was assessed \$11,000 on MFT 55 199612 (total of 199606, 199609, and 199612)
- Taxpayer C was assessed \$10,000 on MFT 55 199609 (total of 199603, 199606, and 199609).

Using the information above, the following examples illustrate the guidelines to follow when cross-referencing payments/credits which are posted to TFRP combined assessments.

Example:

No. 1

Taxpayer A made a payment of \$14,500 that fully satisfied the TFRP assessment including interest accruals and related BMF modules for Trust Fund:

- Input TC 241 RN 699 for \$11,000 and a TC 241 for interest to Taxpayer B
- Input TC 241 RN 699 for \$10,000 and a TC 241 for interest to Taxpayer C
- Input TC 538 for \$3,000 to 01 199603, \$4,000 to 01 199606, \$3,000 to 01 199609, and \$4,000 to 01 199612 to the corporation. The remaining \$500 will be applied to interest. See *IRM 5.19.14.3.6, Computing and Cross-Referencing Interest*.
- Trust fund amount will be fully satisfied
- Update MMAs

Example:

No. 2

Taxpayer C made a payment of \$3,100

- Input TC 241 RN 699 for \$3,100 to Taxpayer A
- Input TC 241 RN 699 for \$100 to Taxpayer B
- Input TC 538 for \$3,000 to 01 199603, and \$100 to 01 199606
- Update MMAs

Example:

No. 3

Taxpayer A made a payment of \$2,900

- Input TC 241 RN 699 for \$2,900 to Taxpayer C
- Do not cross-reference the payment to Taxpayer B
- Input TC 538 for \$2,900 to 01 199603
- Update MMAs

Example:

No. 4

Taxpayer A made a payment of \$7,000.

- Input TC 241 RN 699 for \$4,000 to Taxpayer B
 - Input TC 241 RN 699 for \$7,000 to Taxpayer C.
 - Input TC 538 for \$3,000 to 01 199603, and \$4,000 to 01 199606
 - Update MMAs
3. Payments received from the RRP should be cross-referenced to trust fund tax for all tax periods on the underlying BMF and related responsible party(s) accounts prior to cross-referencing any amount to interest. However, BMF payments can be applied to interest for the tax period where they posted after the trust fund tax for that tax period has been satisfied.
4. A separate TC 538, one for trust and one for interest, for each BMF tax period is required when applying trust and interest to the business account. When cross-referencing to other RRP accounts with combined assessments, the full amount of the trust fund tax payment can be cross-referenced, even if it is cross-referenced to multiple tax periods on the business account. A separate TC 241/699 is required to be input for interest and can be the combined amount when cross-referenced to other RRP accounts with combined assessments.
5. For Non-ATFR cases, input a history item on AMS for each TC 241 RN 697 indicating the tax period, date and amount that was applied to trust fund tax and/or interest. Input the history item on ATFR for ATFR cases.
6. The following combined new calculation examples illustrate the guidelines which should be followed when cross referencing payments/credits/debits which are posted to the BMF trust fund module(s).

MFT	Tax Period	BMF Trust Fund Liability	Taxpayer A	Taxpayer B	Taxpayer C
01	199603	TF = \$6,000 NTF = \$2,000	\$6,000	\$6,000	0
01	199606	TF = \$4,000 NTF = \$1,500	\$4,000	\$4,000	0
01	199609	TF = \$5,000 NTF = \$1,000	\$5,000	0	\$5,000
01	199612	TF = \$5,000 NTF = \$1,000	\$5,000	0	\$5,000
Total		TF = \$20,000 NTF = \$5,500	\$20,000	\$10,000	\$10,000

- Taxpayer A, Taxpayer B, and Taxpayer C are responsible for different quarters of the TFRP.
- Taxpayer A is assessed \$20,000 for 199603, 199606, 199609, and 199612.
- Taxpayer B is assessed \$10,000 for 199603 and 199606.
- Taxpayer C is assessed \$10,000 for 199609 and 199612.

Example:

No. 1 (Non-Trust has been paid)

Payment for \$6,000 posted to the BMF tax period 199603.

- Input TC 241 RN 697 for \$6,000 to Taxpayer A.
- Input TC 241 RN 697 for \$6,000 to Taxpayer B.
- Do not cross-reference payment to Taxpayer C.

Example:

No. 2 (Non-Trust has not been paid)

Payment for \$4,000 posted to the BMF tax period 199606.

- Input TC 241 RN 697 for \$2,500 to Taxpayer A.
- Input TC 241 RN 697 for \$2,500 to Taxpayer B.
- Do not cross-reference payment to Taxpayer C.

Example:

No. 3 (A payment of \$500 has previously been applied to Non-Trust)

Payment for \$3,000 posted to the BMF tax period 199609.

- Input TC 241 RN 697 for \$2,500 to Taxpayer A.
- Input TC 241 RN 697 for \$2,500 to Taxpayer C.
- Do not cross-reference to Taxpayer B.

Example:

No. 4 (Non-Trust fund has not been paid)

Payment for \$500 (DPC 02) posted to the BMF tax period 199612.

- Input TC 241 RN 697 for \$500 dated 1/1/01 to Taxpayer A.
- Input TC 241 RN 697 for \$500 dated 1/1/01 to Taxpayer C.
- Do not cross-reference payment to Taxpayer B.

Note:

Remember to update MMAs and input history on AMS to indicate the tax period where the TC 241/697 originated.

- Underpayment interest is generally computed from the date of the TFRP assessment to the date of the payment if full paid; otherwise, it is the 23c date. See IRM 20.2.5.3, *Interest on Penalties and Additions to Tax*. Interest continues on the remaining balance until full paid.

When calculating interest, the following grace period(s) must be considered:

If ...	And ...	Then ...
the amount shown on the notice is less than \$100,000	payment is received within 21 calendar days,	additional interest is not computed from the notice date on the amount paid.
the amount shown on the notice equals or exceeds \$100,000	payment is received within 10 business days,	additional interest is not computed from the notice date on the amount paid.
a TC 971 AC 069/169/269 is posted to the account. See IRM 20.2.5.4 (5), <i>Interest on Underpayments</i>	payment is received within 30 calendar days,	additional interest is not computed from the notice date on the amount paid.

===== See IRM 20.2.5.4(4) , *Notice and Demand Debit Interest*, for applicable Notice Status Codes.

Caution:

Systemically generated TC 971 AC 069, AC 169, and AC 269 notices are entitled to the benefit of a grace period. Systemic notices are identified on IDRS with a unique Document Locator Number (DLN), i.e. NN277-999-99999-Y. Beginning 2015, IDRS correctly calculates the interest for systemic TC 971 AC 069. However, the TC 971 AC 169 and AC 269 notices require manual interest calculation.

- Input TC 340 \$ 0.00 to restrict any calculated, yet unassessed interest on an account where the calculated interest is attributable to the IRS computer not recognizing a payment that is received within the grace period and full pays the account . If the erroneous interest has already been assessed, abate it with a TC 341 . See IRM 20.2.1, *Introduction, Standards and Guidelines* for more information.

Caution:

When calculating underpayment interest, CC INTST cannot be used when:

- There are pending payments on the account where interest is being calculated;
- Making corrections to posted transactions on the account;
- There are multiple assessments on the account;
- There are multiple same date payments that are being split between RRP's for trust and interest;
- Applying multiple payments with different dates or, the date of payments received within the grace period of a notice date has not updated on CC INTSTD.

See IRM 20.2.1, *Interest on Underpayments*, and IRM 20.2.5, *Restricted Interest* for more information.

- IRC 7508, *Time for Performing Certain Acts Postponed by Reason of Service in Combat Zone or Contingency Operation*, prescribes a period of time to be **disregarded** when computing interest for individuals who serve in a Combat Zone (CZ). The period of time disregarded because of service in a CZ starts when an individual enters the CZ and ends 180 days after release from the CZ. See IRM 20.2.7.9, *Combat Zone, IRC 7508*. A CZ account is identified by the following:

- The COMBAT-ZONE field with an indicator of 1 or 2 on the account entity (CC ENMOD/IMFOLE). A "1" indicates the taxpayer is currently serving in a combat zone, and a "2" means the taxpayer is no longer serving in a combat zone.
- TC 500 with any of these closing codes (Closing Codes 52/53, 54/55, 56/57) on the entity (CC ENMOD).
- If applicable, the literal COMBAT ZONE would show on the transcript (CC TXMODA); or
- A Master File (MF) Freeze Code -C on the transcript (CC TXMODA and CC IMFOLT).

The transaction date of the TC 500 with a Closing Code of 52, 54, or 56 identifies the date the taxpayer enters a CZ, and the transaction date of the TC 500 with a Closing Code of 53, 55, or 57 identifies the date the taxpayer exits a CZ.

The Master File and IDRS programs can correctly compute and suspend interest (and penalties) on combat zone (CZ) accounts if there is one CZ period, or in the case of multiple CZ periods, if the second CZ entry date is more than 6 months from the previous CZ exit date. For example:

- Multiple CZ periods with more than 6 months between tours: TC 500 04-29-2010 CC 52, TC 500 12-10-2010 CC 53
- TC 500 10-08-2011 CC 56, TC 500 06-08-2012 CC 5

However, where there are multiple in and out CZ periods and the previous CZ exit date is within 6 months of the next CZ entry date, Master File and IDRS cannot correctly compute interest. Therefore, interest must be manually computed and restricted. For information on the use of TC 34X, refer to IRM 20.2.5 , *Restricted Interest*. In this instance, where the in/out CZ tours are within 6 months, the CZ period is considered as one continuous period starting from the first CZ entry date up through the last CZ exit date. For example:

- TC 500 04-29-2010 CC 52, TC 500 12-10-2010 CC 53
- TC 500 05-31-2011 CC 56, TC 500 06-08-2012 CC 57

Suspend interest in this example from 04-29-2010 up thru 06-08-2012 plus 180 days.

- Payments that are applied towards trust fund interest on the originating account must be cross-referenced to trust fund interest on the related responsible party(s) accounts.

Reminder:

Designated interest payments, TC 680, will be cross-referenced after the trust fund tax amount is paid.

- If an IMF RRP is paying interest on fees and the BMF is full paid, do not apply that interest to the BMF. Apply interest to the other RRP accounts only if the account is not full paid. Do not overpay the account(s) and cause a credit balance. If a credit balance is created, see *IRM 5.19.14.3.7* to resolve the credit.
- On combined assessments, payments made by the IMF are not applied towards interest until the trust fund tax for all quarters is full paid.
- On single period assessments, when interest payments post on the IMF account, use the posted TC 196 amount to begin applying the payment to the BMF account. Using CC INTST, CC COMPA or DMI, compute interest to the payment date on the other RRP accounts to determine the amount to be cross-referenced.

Note:

When applying multiple payments, the TC 196 amount cannot be used to determine the interest amount.

8. On single period assessments, when interest payments post on the BMF account, compute interest to the date of the BMF payment or credit. Do not overpay the account and cause a credit balance. If a credit balance is created, see *IRM 5.19.14.3.7, Resolving TFRP Overpayment Cases*.
9. On combined assessments where BMF payments have full paid the trust fund tax and are beginning to pay interest, compute interest for the quarter that is full paid using that quarter's trust fund tax assessment amount from UNLCE. Use CC COMPA or DMI to compute the interest from the assessment date of the TC 240 for each related responsible party to the payment date.

Reminder:

When BMF payments have full paid the trust fund tax and are paying interest on combined assessments, a review of the trust fund balance for all quarters may appear that only the trust fund tax is being paid when, in actuality, interest is also being paid.

Example:

The trust fund tax amount assessed is \$1,000 for 199806 and \$1,000 for 199809 for a total TC 240 amount of \$2,000. Payments totaling \$1,400 have been applied from the business 199806 account. \$1,000 is applied to the trust fund portion for tax period 199806 and \$400 is applied to the interest. The MFT 55 tax module balance is \$600, however, the amount still owing for the 199809 trust fund tax is \$1,000. The MMA, TC 971 AC 097 for tax period 199806 is updated to \$.00, and a history item is recorded on CC UNLCE that the TC 241 697 for \$1,000 is trust fund tax and the TC 241 697 for \$400 is interest applied to tax period 199806. The MMA, TC 971 AC 097 for tax period 199809 is \$1,000.

10. On combined assessments where IMF payments have full paid the trust fund tax and are beginning to pay interest, use CC COMPA or DMI to compute the interest from the assessment date of the TC 240 to the payment date. Compute interest on the trust fund assessment amount from UNLCE for each quarter separately.
11. Compute interest for each assessment separately when assessments are posted on the same period for more than one corporation. Use IDRS CC COMPA or DMI to compute interest and post to IDRS using TC 340 if it is necessary to restrict interest. Caution should be used when manually computing or restricting interest. Do not unnecessarily restrict accounts; ensure that TC's 340/341 are used appropriately. Master File programming can accurately compute interest in some situations. Some examples include:
 - Accounts where the IMF is making all the payments;
 - Accounts where the 1st corporation pays trust fund then 2nd corporation pays trust fund, then the 1st corporation pays interest and then 2nd corporation pays interest;
 - Combined assessments that are paid in tax period order.

Verify that IDRS is computing interest correctly using DMI or CC COMPA. Generally, but not limited to, the only time that you will restrict the interest on an account will be after all accurate cross-references have taken place to fully pay the account, but the account is in a credit balance for \$1.00 or more or a debit balance of \$5.00 or more due to systemic calculation of interest. Input a TC 340 for \$0.00 to correct the account balance.

Use CC REQ54 to input TC 340. See *IRM 20.2.8.3, Manual Computations*:

- Always use blocking series 52
- Enter the date that interest is computed to in the DB-INT-TO-DT field. See *IRM 20.2.8.3., Manual Computations*.
- TC 340 AMT \$\$\$\$
- Hold code 3
- Attach interest computation and copy of the letter as a source document.

Always send a letter and a copy of the interest computation report to the taxpayer each time interest is manually computed or restricted. Users of CC COMPA may only send CC COMPAD prints to taxpayers as an explanation of the manual interest computation. Use Letter 3447, *Cover Letter for Manual Interest Computations with COMPAD* or Letter 3535, *Interest Computation Cover Letter*, as a cover letter when providing an interest computation report to taxpayers as required by IRC 6631, *Explanation of Interest Computation*. Letter 3447 must be used as a cover letter for CC COMPAD printouts. For more information on manually computing interest, refer to *IRM 20.2.8.3, Manual Computations*.

12. When interest is cross-referenced on Non ATFR cases, input a history entry to AMS. For ATFR cases, input a history to ATFR. Include the following information:
 - Method of interest computation, i.e., CC IMFOLT (if case is Status 12), CC INTST, CC COMPA or DMI;
 - Tax period interest is being applied to;
 - Payment date;
 - Last 4 digits of RRP and/or Business receiving the interest cross-reference credit; and
 - Reason for interest restriction, if applicable.

5.19.14.3.7 (01-13-2016) Resolving TFRP Overpayment Cases

1. When the amount collected exceeds the TFRP assessment including accruals, the taxpayer whose payment created the excess may receive a refund of the overpayment.
2. When a payment or credit posts to account or the cross-referencing of payment results in a credit balance, verify all payment and/or credits accurate.
 - Reverse any incorrect TC 241 RN 697/699 with a TC 240 RN 697/699, and any incorrect TC 538 with a TC 539.
 - Submit appropriate transactions to ensure all payments and/or credits are cross-referenced and up to date.
3. Determine if the credit amount can be offset to another balance due tax module, refunded to the taxpayer, or moved to the Excess Collection file.

Note:

Exceptions listed below for TC 520s in *IRM 5.19.14.3.7(6) & (7)*, for OICs in *IRM 5.19.14.3.7(8)*, and TC 130s in *IRM 5.19.14.3.7(9)*.

- A. Perform research and appropriate actions to resolve credits on MFT 55 accounts.

B. Perform research and appropriate actions to resolve credits on BMF accounts with freeze codes A-, -R, U-, V-, -V, -W, or -Y **if there is another balance due on a tax module with a related TFRP assessment**. If an open IDRS control exists, contact that area to determine if their issue prevents the immediate offset or refund of the credit. If so, document ATFR history for ATFR cases or AMS for non-ATFR cases.

Caution:

Do not attempt to resolve BMF credit balances containing a freeze code other than those listed above.

4. Research IDRS for other outstanding liabilities including NMF on that TIN.

A. Use IDRS CC ADD 24 to transfer credit to the outstanding liability with the earliest CSED.

B. If the credit is transferred to a trust fund liability (MFT 55), or a business account with corresponding TFRP assessment(s) on an MFT 55 account(s), do not wait for the credit transfer to post. Perform all cross-reference actions immediately.

C. Notify the taxpayer whenever a payment is transferred.

If ...	Then ...
The transferred credit does not overpay the trust fund tax and/or trust fund interest	Cross-reference the credit to the underlying business and all RRP accounts and update the MMA. See Example No. 1 below.
The transferred credit overpays the trust fund tax and/or trust fund interest	Cross-reference the credit up to the amount owed, to the underlying business and all RRP accounts and update the MMA. Follow the procedures in <i>IRM 5.19.14.3.7, Resolving TFRP Overpayment Cases</i> , above and transfer the remaining credit. See Example No. 2 below:

Example:

#1 Officer A received a refund offset payment, TC 706 dated 4-15-2014. The offset payment full paid the remaining module balance and resulted in a \$200 overpayment from a previously posted TC 670 payment dated 6-15-2015. The \$200 overpayment was transferred to another MFT 55 account with a trust fund balance of \$3,000.00 and was cross-referenced to the corporation and all related officers.

Example:

#2 An earlier dated TC 706 refund offset caused an overpayment of \$3,000 on tax period 201412 for Officer A. Research of IDRS identified a balance due amount of \$800 on 201503, \$4,300 on 201506 and \$15,000 on 201509 tax modules. After calculating the additional interest owed, \$950 is transferred to tax period 201503 and the applicable amounts are cross-referenced to all related accounts. The remaining \$2,050 is transferred to 201506 and is cross-referenced to all related accounts.

Example:

#3 BMF credit of \$700.00 was created by the posting of an Installment Agreement payment dated 11-14-2015 on previously full paid 201509 tax module (U- freeze code). Another balance due exists on the 201512 tax module with related TFRP assessments. Transfer the \$700.00 credit from 201509 to 201512 and cross-reference to all related accounts.

5. If there is no additional liability and the credit can be refunded (potential exceptions listed in paragraphs below), monitor the account until the TC 241 posts and release TC 570 with TC 571. Continue to monitor the account and if a systemic refund does not generate within 14 days, initiate a manual refund. See *IRM 21.4.4 Manual Refunds*, for instructions on completing a manual refund.

A. Verify that the Refund Statute Expiration Date (RSED) has not expired per *IRM 25.6.1.10.2 Statute of Limitations Processes and Procedures*.

B. If the **RSED has expired** and all liabilities are satisfied, transfer the credit(s) to the appropriate Excess Collection file following the procedures below:

- Use Form 8758, *Excess Collection's File Addition*. Follow *IRM 3.17.220.2.1.1, Preparation of Form 8758*.
- Attach the IDRS prints to the Form 8758, *Excess Collection File Addition*.
- Input a history item to AMS for Non-ATFR cases, and ATFR for cases in ATFR to indicate the actions taken. (Credit to XSF via Form 8758).

Reminder:

In order for Accounting to transfer a credit from a module with an expired CSED, and not cause an unpostable, there must be an unreversed TC 608 in the module. If there is no unreversed TC 608, it will be necessary to transfer the credit(s) to a satisfied module with a TC 570 or create a dummy module.

6. If the overpayment involves a case identified as a bankruptcy (freeze code -V, -W, and TC 520 with closing code 60 - 67, 81, 83 - 85), contact Centralized Insolvency Operation (CIO) for inquiry of a possible update to the Proof of Claim, and if the credit can be moved to another balance due module, or refunded. Review the Automated Insolvency System (AIS) to obtain the appropriate phone and/or address information. Control and monitor the case. Review AIS history for current closing activity 120 days following the initial contact with CIO. Follow up with CIO as necessary every 120 days until the credit balance is resolved or until AIS history indicates current closing activity. If action is in process, document AMS with the AIS history information and close the case. Always input a history item on AMS that CIO was contacted and note any instructions and/or information provided.

7. If the overpayment involves a case with a freeze code -V or -W that is other than TC 520 with closing code 60 - 67, 81, 83 - 85, control the case and monitor it every 120 days until the TC 520 is reversed. Once the TC 520 is reversed, resolve any remaining credit balance as instructed in *IRM 5.19.14.3.7(1) through (3), Resolving TFRP Overpayment Cases*, above.

8. If the overpayment involves a case identified as an accepted OIC (TC 780), resolve the credit balance as instructed in *IRM 5.19.14.3.7(1) through (4), Resolving TFRP Overpayment Cases*, above. After exhausting all resources to resolve the credit, if a credit balance remains, inform the appropriate MOIC Liaison located on the SERP Who/Where tab http://serp.enterprise.irs.gov/databases/who-where.dr/coic_backend.htm of the credit and close your case. Use the first two digits of the DLN to determine the appropriate office and E-mail, via secure messaging, Brookhaven or Memphis MOIC. See *IRM 5.19.7, Campus Collection Programs*, for information about OIC.

9. MFT 55 accounts with a V- freeze present on CC TXMOD must be researched for a posted TC 130 with the corporate EIN that matches the Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*. If present, release with a TC 131 after the TC 240 has posted whenever the only reason for input is for TFRP (refer to CP 44 in *IRM 5.19.10.3.10, Generation of CP 44 and CP 188* . If the TFRP is assessed only against the secondary SSN, the TC 130 should remain on the joint entity.

**5.19.14.3.8 (01-13-2016)
Non-Master File (NMF) TFRP Accounts**

1. There are several different types of TFRP accounts that are assessed on Non-Master File (NMF):

- An Individual account has reached the maximum amount of transactions that master file can accommodate. These accounts are master file overflow accounts;
 - A corporation is considered a Related Responsible Party (RRP) for a TFRP assessment;
 - Accounts which require a reversal of erroneous abatements when the statute for assessment (ASED) has expired.
2. NMF accounts will not have a TC 971 AC 093/097 on the NMF account or the related RRP and business accounts. NMF accounts are identified as NMF on CC UNLCE.
 3. NMF transcripts generate when a transaction or payment posts to a NMF account. These transcripts generate in the CSC NMF Unit and are forwarded to CSCO TFRP in Brookhaven and Ogden to be worked.
 4. When a payment or credit posts to the NMF TFRP account, cross-reference the amount to all related TFRP modules and the underlying BMF module(s), including Status 53, Status 72, and Status 71. Follow the procedures in *IRM 5.19.14.3.4, Payment/Credit Cross-Referencing - Single Assessments*, and *IRM 5.19.14.3.5, Payment/Credit Cross-Referencing - Combination Assessments*.
 5. Payments and credits cannot be cross-referenced to the NMF accounts. Once the TFRP is full paid, any remaining penalty on the NMF account is abated. Complete Form 1331-B, *Notice of Adjustment*, and forward to CSC NMF Accounting to request abatement of the remaining TFRP. A separate Form 1331-B is not necessary to abate penalty or interest assessments; however, it must be notated on the Form 1331-B to abate any penalty and interest, including accruals.
 6. Determine if a TC 130 Entity freeze (V- freeze) is on the Master File account for the RRP that is on NMF. Reverse the TC 130 when the account is full paid or the CSED has expired.

**5.19.14.3.9 (01-13-2016)
Processing PMTEXPCSED Transcripts**

1. A Payment Expired CSED (PMTEXPCSED) transcript will generate when a payment is applied to a module after the CSED has expired. Refer to *IRM 5.19.10.5.2, Collection Operations Transcript Processing*, for procedures to work these transcripts.

**5.19.14.3.10 (01-13-2016)
Multiple TC 240 Assessments**

1. If more than one TFRP assessment (TC 240 ref 618) is posted to the TFRP account for the same business entity, and the dollar amounts are the same, review the DLN for a determination if the additional assessment(s) is a "true duplicate." A duplicate assessment may be indicated by the Document Code of the DLN of the TC 240. The Document Code is the 4th & 5th digits in the DLN. A Document Code 51 indicates the assessment was a quick or prompt assessment. A manually submitted TFRP assessment will contain a Document Code 54. If the assessment(s) is determined to be a "true duplicate," abate the assessment with the most current date. If review of the DLN(s) indicates the duplicate assessments(s) resulted from incorrect ATFR processing, see *IRM 5.19.14.3.2(4), Payment Application*.
2. When RRP's have multiple business assessments with the same assessment date, apply payments to the corporation assessed first by the RRP that made the payment. Cross-reference payment(s) to all RRP's to correspond with the assessment of the same corporation regardless of the order in which they appear on the tax module. See *IRM 5.19.14.3.4(7), Payment/Credit Cross-Referencing - Single Assessment*. Update the MMA accordingly.

Example:

Officer A has 3 TFRP assessments with the same assessment date. The TC 240 for XYZ Corporation appears as the first assessment. TC 240 for ABC Corporation appears as the second assessment and TC 240 for 123 Corporation appears as the third assessment.

Officer B has 3 TFRP assessments with the same assessment date. The TC 240 for ABC Corporation appears as the first assessment. The TC 240 for 123 Corporation appears as the second assessment and TC 240 for XYZ Corporation appears as the third assessment.

Officer C has 3 TFRP assessments with the same assessment date. The TC 240 for 123 Corporation appears as the first assessment. The TC 240 for XYZ Corporation appears as the second assessment and TC 240 for ABC Corporation appears as the third assessment.

Officer A submits a payment that is credited to XYZ Corporation. Cross-reference the payment to Officers B and C and update the TC 971 / 097 for the EIN related to XYZ Corporation. Cross-reference the payment (TC 538) to XYZ Corporation. When all trust fund penalties have been paid, then apply payments towards fees then interest.

Officer C submits a subsequent payment that is credited to 123 Corporation. Cross-reference the payment to Officers B and C and update the TC 971 / 097 for the EIN related to 123 Corporation. Cross-reference the payment (TC 538) to 123 Corporation. When all trust fund penalties have been paid, then apply payments towards fees then interest.

3. When RRP's have multiple business assessments with different assessment dates, apply the payment, credit or debit beginning with the earliest TFRP assessment date. Cross-reference payment(s) to all RRP's to correspond with the assessment of the same corporation regardless of the order in which they appear on the tax module. See *IRM 5.19.14.3.4(7), Payment/Credit Cross-Referencing - Single Assessment* Update the MMA accordingly.
4. When multiple MFTs with different (BMF) assessment dates are assessed on one RRP or as a combined assessment, apply payments to the MFT with the earliest BMF assessment date. If BMF assessment dates are the same, apply from MFT number, lowest to highest.
5. For Non-ATFR cases input a history item on AMS for each TC 241/ Ref 697 indicating the EIN, tax period, date and amount that was applied to trust fund tax and/or interest. For ATFR cases, document the ATFR history.

**5.19.14.3.11 (01-13-2016)
TFRP/OIC**

1. When an Offer in Compromise (OIC) is accepted, a TC 780 is placed on the tax periods included in the offer. When the terms of the OIC are properly completed, a TC 788 is placed on the tax periods, and the OIC account is treated as full paid, see *IRM 5.19.7.3.22, Closing an OIC*.
2. When an OIC is accepted (TC 780) continue to cross-reference the payment or credit to that account until the TC 971 AC 032 is pending. Ensure that the TC 971 AC 097 for the corporation that filed the OIC is updated with the unpaid trust fund amount, or the TC 971 AC 093 for the RRP that filed the OIC is updated with the unpaid trust fund amount.
3. In the following chart, Taxpayers A and B have TFRP assessments for \$10,000 individually from unpaid trust fund taxes from XXY Corporation for the same tax periods. Taxpayer B has an accepted offer for \$2000 and the Service will seek to collect the remaining balance including accruals from Taxpayer A and/or Corporation XXY. Taxpayer B is now considered full paid.

Transaction	Corporation XXY	Taxpayer A	Taxpayer B
TFRP Assessment	\$10,000	\$10,000	\$10,000
OIC Accepted with payment and cross-referenced to taxpayer B & the corporation	(\$2,000)	(\$2,000)	(\$2,000)
Write off	None	None	\$8,000
Balance	\$8,000	\$8,000	-0-

4. The following chart illustrates an example of a corporation with an accepted offer. The payment of \$6000 received with the offer paid the non trust fund portion of \$4000. \$2000 is then applied towards the trust fund portion and cross-referenced to the trust fund assessment for Taxpayer A and Taxpayer B. The RRP's are responsible for the balance of the TFRP assessment not paid by the OIC.

Taxpayers A and B have TFRP assessments for \$10,000 individually from unpaid trust fund taxes from Corporation XXYY for the same tax periods. The accepted offer for Corporation XXYY eliminates the Corporation's remaining balance. Taxpayers A and B still have a TFRP balance due of \$8,000.

Transaction	Corporation XXYY	Taxpayer A	Taxpayer B
TFRP Assessment and corporation balance	\$14,000	\$10,0	\$10,000
OIC accepted with payment and cross- referenced to taxpayers A & B after the non trust has been paid.	(\$6,000)	(\$2,000)	(\$2,000)
Write off	(\$8,000)	None	None
Balance	-0-	(\$8,000)	(\$8,000)

Note:

If there is a pending TC 971 AC 032 on either the corporation or the RRP account, the Offer has been satisfied and a TC 604 will post. Any payments applied to those accounts at this time will cause an unpostable condition.

**5.19.14.3.12 (01-13-2016)
Trust Fund Recovery Penalty (TFRP) & Restitution Based Assessments (RBA)**

1. When working any TFRP case, you must check the BMF tax module to see if there is an associated RBA assessment. Indicators of this would include:

- Pending or posted TC 971 AC 18X.
- Pending or posted TC 766 credit with RN 337, which is the transaction code for cross- referencing RBA payments.

2. If any of the conditions above are present, you must take the following actions:

- If there is a pending or posted TC 766/337, check the BMF account AMS history for documentation of payment application. The procedures for TFRP and RBA are similar, in that payments must be posted to reflect the originating payment application. For example; tax to tax, interest to interest, etc. See *IRM 5.19.14.3.4(2), Payment/Credit Cross-Referencing - Single Assessment*.

Note:

Unlike TFRP, RBA payments that are split between the assessment, penalties and interest are cross-referenced as one TC 766/337.

- If documentation is present, apply the payments/credits as outlined in **Example 1** below.

Example:

No. 1

MFT 55 200709	MFT 01 200709
	TC 150 03/03/2008 \$ 242,862.50
TC 240 11/25/2013 \$142,862.50	TC 971/184 linked to MFT 31 MMA \$242,862.50 TC 971/093 linked to MFT 55 MMA \$142,862.50
TC 971/097 linked to MFT 01 MMA \$142,862.50	TC 650 01/24/2012 \$100,000.00 TC 766/337 06/15/2012 \$142,862.50 TC 766/337 07/30/2012 \$502.93

The posted TC 971/184 and TC 766/337s are indicators that there is a RBA assessment.

AMS documentation present:

TC 766/337 dated 06/15/2012 \$142,862.50 from (SSN) 31/200709 for tax.
TC 766/337 dated 07/30/2012 \$502.93 from (SSN) 31/200709 for interest.

The non-trust fund portion of the tax is full paid with the TC 650 dated 01/24/2012 for \$100,000.00. Since the TC 766/337 dated 06/15/2012 for \$142,862.50 is paying the trust fund portion of the tax, it is cross-referenced to the MFT 55 account as a TC 241/697. The TC 766/337 for \$502.93 is cross-referenced to the MFT 55 account as a TC 241/697 for interest. The amounts cross-referenced are limited to amounts owed.

Note:

Unlike TFRP, RBA TC 971/18X MMAs do not get reduced.

- If there is no documentation on AMS, contact the appropriate RBA Liaison located on "SERP Who/Where" for payment application information.
- If there is no pending or posted TC 766/337, work the case following normal IRM procedures. See **Example 2** below.

Example:

No. 2

MFT 55 200709	MFT 01 200709

TC 240 11/25/2013 \$37,619.20	TC 150 11/19/2007 \$155,070.30
TC 971/097 linked to MFT 01 MMA \$37,619.20	TC 971/184 linked to MFT 31 MMA \$37,619.20
TC 670 01/24/2012 \$28,346.20	TC 971/093 linked to MFT 55 MMA \$37,619.20
TC 670 01/30/2012 \$9,273.00	TC 650 07/05/2007 \$36,279.49
	TC 650 08/31/2007 \$45,524.86
	TC 650 10/30/2007 \$35,646.75

The TC 670 payments on the MFT 55 account full pay the trust fund portion of the tax. Cross-reference a TC 538 dated 01/24/2012 for \$28,346.20 and a TC 538 dated 01/30/2012 for \$9,273.00 to the MFT 01 account.

- Document AMS history for the BMF account with all cross reference information, including:

- o Transaction code(s)
- o Payment date(s)
- o Payment amount(s)
- o Originating TIN, MFT and tax period
- o Cross referenced TIN, MFT and tax period
- o Application of payment(s) (i.e. Tax, Penalty, Interest)

For example: TC 538 dated 01/24/2012 \$28,346.20 and TC 538 dated 01/30/2012 \$9,273.00 from (SSN) 55/200709 for tax.

5.19.14.3.13 (01-13-2016) Special Conditions

- When a bankruptcy freeze (-V or -W) appears on the MFT 55 module, process the case. See *IRM 5.19.14.3.7(4), Resolving TFRP Overpayment Cases*, for cases involving overpayment.

If ...	And ...	Then ...
CSED is expired (TC 608)		<ol style="list-style-type: none"> Use DMI for old calculation accounts (all payments posted prior to 12/31/2002) and compute the FTP penalty and interest to 12/31/2002 to determine if there are any BMF payments to be applied to the related responsible officers' accounts. Cross-reference any missing payments received prior to the first posted TC 608 date. <p>Note:</p> <p>If TC 608 amount is larger than the trust fund amount, it is not necessary to compute the FTP penalty or interest.</p> <ol style="list-style-type: none"> Reverse any incorrect TC 538s on the account. Add up all payments made by the responsible parties, and then update the memo money amount (TC 971 AC 093) to reflect new unpaid trust fund balance. If part of a combined assessment, input the new unpaid trust fund balance for the related quarter (TC 971 AC 093). Update TC 971 AC 097 to reflect the new unpaid trust fund balance.
TC 604 is Present	Bankruptcy (TC 971 AC 031) and OIC (TC 971 AC 032) and the balance due was previously reduced to zero on IMF	Do not cross-reference any missing payments received prior to the TC 604 date. Update TC 971 AC 093 & 097 to reflect the unpaid trust fund amount
TC 604 is Present	OIC write off and a balance remains on the IMF side.	<ol style="list-style-type: none"> The RRP is still liable for the balance on the IMF side unless the officer files an OIC on his individual account. <p>Note:</p> <p>The exception to this may be if the Field included the IMF assessment in the OIC (generally prior to 09/01/2005). If so a Form 3870, <i>Request for Adjustment</i>, may be generated by the field.</p> <ol style="list-style-type: none"> Continue to cross-reference payments to other Related Responsible Parties
TC 788 is present	OIC full paid tax period	<ol style="list-style-type: none"> The RRP is still liable for the balance on the IMF side unless the officer files an OIC on his individual account. <p>Note:</p> <p>The exception to this may be if the IMF assessment was included in the OIC prior to 09/01/2005. (If so a Form 3870, <i>Request for Adjustment</i>, may be generated by the field).</p> <ol style="list-style-type: none"> Continue to cross-reference payments to other Related Responsible Parties.

5.19.14.3.13.1 (01-13-2016) Account Transfers

- An Account Transfer is a means of transferring an account between Master File accounts or between Master File and Non-Master File. An Account Transfer is required when an assessment has posted incorrectly to Master File and the ASED has expired.
- When transferring an entire tax module, penalty and interest accruals must be restricted. Penalties and interest must be restricted on any BMF account transfer. Use TC 270, 160, or 180 when restricting penalties and TC 340 when restricting interest.
- Resolve the following Freeze Codes before completing the Account Transfer; -Z, -V, -W, -L, E-, -E and -Y. If transferring only a portion of the tax module, the freeze codes do not need to be resolved prior to the transfer.
- TC 538 and TC 241 / 69X must be reversed prior to the account transfer. Cross-reference any reversed credits to the valid account once the account transfer is complete. All pending transactions must post to IDRS before sending the case to Accounting. An exception is installment agreement payments.
- Reverse all TC 971 AC 093 / 097.

6. Prepare Form 12810, *Account Transfer Request Checklist*, and forward to the Accounting Function. A separate form is required for each tax period transferred.
7. Input a 12 week STAUP to the account being transferred.
8. For Non-ATFR cases, input a history item to AMS for the action taken. Document ATFR history for cases in ATFR.

**5.19.14.4 (01-13-2016)
TFRP Inquiries and Adjustments**

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**5.19.14.4.1 (01-13-2016)
Processing TFRP Correspondence and Form 4442 Inquiry Referrals**

1. When the TFRP is assessed, IDRS issues a first notice. The CP 15B, *Civil Penalty Notice*, informs the taxpayer of the tax periods (up to 25) included in the TFRP assessment. Three weeks later, IDRS issues Notice 504, *Final Balance Due Notice*. Six weeks after the issuance of Notice 504, the account is assigned to Status 22 (ACS) or Status 26 (RO). The CP 15B provides the taxpayer guidelines on requesting suspension of collection as provided by IRC 6672(c), *Trust Fund Recovery Penalty*. The taxpayer may respond to these notices in writing or by telephone.

The Form 4442, *Inquiry Referral*, is used when a taxpayers inquiry cannot be resolved during initial contact with the IRS. The initial contact may be received in person, or by telephone. Control Forms 4442 as taxpayer correspondence.

2. Written requests received in CSCO must be controlled within 14 days from the IRS received date or 3 business days from the operation receive date. When a final response cannot be initiated within 30 days, an interim response will be initiated by the 30th calendar day from the IRS received date. Sites using Accounts Management System (AMS) for controlling and monitoring inventory follow AMS guidelines for case control and acknowledgment of taxpayer correspondence. If correspondence is received from a previous area after the 30 days expires and no interim letter was issued, you must send an interim letter within five business days of receipt in your area. Subsequent interims may be required if you are unable to respond as promised, see IRM 21.3.3.4.2.2, *Interim Responses*. Follow all other IDRS control procedures in IRM 21.3.3.4.2.2, *Interim Responses*.
3. If correspondence is received stating the taxpayer does not understand or is questioning the TFRP assessment, send Letter 2282C, *Penalty Abatement Trust Fund Recovery Disallowed*, and explain the determination for assessment.
4. If the correspondence states the taxpayer is not liable for the TFRP; or the taxpayer is requesting an abatement of the TFRP, research IDRS to verify that the withheld tax of one employee for each quarter of liability has been paid. If payment has been received, forward the correspondence to the Advisory office where the claimant resides. Send Letter 2282C, *Penalty Abatement Trust Fund Recovery Disallowed*, to the taxpayer advising him/her of the referral to Advisory. If payment for the withheld tax of one employee for one quarter of liability has not been paid, send Letter 2282C with Form 843, *Claim for Refund and Request for Abatement*, to the taxpayer.
5. If the taxpayer requests a refund of taxes paid, send Letter 2282C, *Penalty Abatement Trust Fund Recovery Disallowed*, with Form 843, *Claim for Refund and Request for Abatement*, to the taxpayer.
6. If the taxpayer states payments have not been applied or have been applied incorrectly, research IDRS and apply or correct any missing and/or misapplied payments. If payments are applied or corrected, send Letter 2282C, *Penalty Abatement Trust Fund Recovery Disallowed*, to inform the taxpayer.
7. Correspondence received that includes a request to make payments, states he/she is currently on an installment agreement, states he/she is in bankruptcy, incarcerated, deceased, or is entitled to military deferment, forward the inquiry to Balance Due Accounts. Notate "TFRP issue resolved " on the correspondence prior to routing.
8. Identity theft occurs when business or individual taxpayer identifying information is created, used, or attempted to be used, without authority, to obtain tax benefits. If the taxpayer claims Identity Theft, forward the correspondence to the Advisory office where the claimant resides. Send Letter 2282C, *Penalty Abatement Trust Fund Recovery Disallowed*, to the taxpayer advising him/her of the referral to Advisory. Refer to IRM 10.5.3, *Identity Protection Program*, for servicewide guidance and information about the Identity Protection Program.
 - If a referral requesting an TFRP adjustment or abatement is from Identity Protection, contact Area Office (AO) CPM to request a Form 3870 , *Request for Adjustment*. If unable to contact by phone, it may be necessary to send a Form 2209, *Courtesy Investigation*. The case will be referred on ICS to the Advisory Manager where the corporation account is located. Control on IDRS and monitor for 15 days. If unresolved, prepare Form 5942, *Reviewers Report- Technical Services Advisory*, and forward to Advisory Manager. Input a history item to AMS or ATFR (if applicable) when the Form 2209 or Form 5942 is sent. If unresolved in 5 business days, elevate to local management.
9. Correspondence received for all other issues are routed to the appropriate functional area. Use the Campus Mail Routing Guide in SERPhttp://serp.enterprise.irs.gov/databases/local-sites-other.dr/local.dr/mrg.dr/mrg_all_campus.htm for the determination where to route.
10. If Form 2848, *Power of Attorney (POA) and Declaration of Representative*, or Form 8821, *Tax Information Authorization (TIA)*, is attached to the notice or correspondence, use CC CFINK to research the Centralized Authorization File (CAF) to verify if the POA is authorized for the period(s) in question. If the account is not on CAF the Form 2848 must contain the following:
 - Taxpayer's full name, address, and TIN
 - Representative's full name and address
 - Type of tax
 - Tax year(s) or period(s)
 - Signature of taxpayer and date of signature
 - Representative must sign declaration
11. A POA or TIA must contain the essential elements listed in IRM 21.3.7, *Processing Third Party Authorizations onto the Centralized Authorization File (CAF)*, to be valid. Those essential elements include:
 - Clear intent
 - Clear identification of the taxpayer, e.g., name, address, TIN (2 out of 3 are sufficient)
 - Clear identification of the third party
 - Specific tax matter(s) – type of tax and period(s)
 - Taxpayer's signature and date
 - For a POA, the representative's signature and date.

If ...	Then ...
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POA does not contain all the items listed above	Return original to the taxpayer with the explanation that the form is incomplete. Use Letter 2282C, <i>Penalty Abatement Trust Fund Recovery Disallowed</i> , when responding to other issue(s). Return using Letter 861C, <i>Power of Attorney (Form 2848) Incomplete for Processing</i> , if not responding to other issues.
POA contains all the items listed above.	Fax the original to the Consolidated CAF site for your Campus. Notate "original faxed to CAF" and the date on the form and retain with the case file..

12. Specific use Powers of Attorney (e.g., civil penalties and Forms 843) are entered onto the CAF. This eliminates the need for the taxpayer to resubmit authorization requests each time a third party corresponds on a specific issue. When a valid authorization is received in an office which does not process authorizations to the CAF, FAX the authorization to one of the centralized CAF campuses for processing.
13. If a valid POA or TIA is received, send responses to correspondence to the taxpayer and to the authorized representative. Replies from a valid POA are treated as if the taxpayer(s) was responding.
14. If an unauthorized third party requests information concerning the penalty assessment, send Letter 135C, *Power of Attorney Needed to Furnish Information*. Do not send or discuss tax information with an unauthorized third party. Correspond directly with the taxpayer.

Note:

When more than one person is liable for the TFRP, a liable person may be entitled to certain limited information concerning the other liable persons under IRC 6103(e)(9), *Protecting and Disclosing Confidential Tax Returns and Return Information*. See IRM 5.1.22.4, *Disclosure of Trust Fund Recovery Penalty Payment Information*.

15. If during a taxpayer contact or correspondence, it appears a taxpayer may be experiencing a hardship or otherwise meets TAS case criteria, determine if you are able to resolve and close the TAS issue on the same day as the taxpayer contact. If so, do not refer the inquiry to TAS. If you cannot resolve in the same day, complete a Form 911, *Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order)*, refer the taxpayer to TAS, and document the referral on CC UNLCE.

Note:

The definition of same day is within 24 hours. There will be times you can completely resolve the issue within 24 hours. There will also be times that although you cannot completely resolve the issue within 24 hours, if you have taken steps within 24 hours to resolve the taxpayers issue, these cases also meet the definition of same day. Do not refer these cases to TAS unless the taxpayer asks to be transferred to TAS. Refer to the Same-Day Resolution subsection in IRM 13.1.7, *Taxpayer Advocate Service Case Processing*, for additional assistance.

16. Document case actions in AMS.

**5.19.14.4.2 (01-13-2016)
TFRP Claims Procedures**

1. Refund Claims are written requests for TFRP adjustment(s) submitted by the taxpayer which must be approved by Advisory. A Form 843, *Claim for Refund and Request for Abatement*, can be submitted for any payment made by the individual by submitting the claim within two years of the date of the payment.
2. A taxpayer may also submit an Informal Claim for Refund/Abatement. A taxpayer who is not asking for a refund does not need to use Form 843 to receive consideration of the claim. See IRM 5.19.14.4.1, *Processing TFRP Correspondence and Form 4442 Inquiry Referrals*.

Example:

A taxpayer writes a letter and asks that the TF assessment be abated because he was not responsible for the payroll of the company. In his letter to IRS, he does not request a refund for any monies paid.

3. If a taxpayer submits a Form 843, *Claim for Refund and Request for Abatement*, claim stating they are not liable for the Trust Fund assessment, after verifying the taxpayer meets the requirements below, send the claim to the Advisory office where the claimant resides. See SERP for the correct Advisory office to send the claim, based on the claimant's zip code.
4. To obtain a suspension of collection while a refund claim is pending under IRC 6672 (c), *Trust Fund Recovery Penalty*, the taxpayer must take the following actions within 30 days after the date of notice and demand:
 - A. Pay the withheld tax of one employee for one quarter of liability
 - B. Submit Form 843, *Claim for Refund and Request for Abatement*, for the amount paid
 - C. Submit a bond complying with IRC 6672(c)(3), *Trust Fund Recovery Penalty*
5. A Form 843, *Claim for Refund and Request for Abatement*, must be filed for each quarter (separate assessments).
6. A payment must be made for each quarter (separate assessments).
7. Only one Form 843, *Claim for Refund and Request for Abatement*, and one payment are required on combined assessments.
8. Forms 843 will be perfected where they are received.
9. Upon receipt of Form(s) 843, research IDRS for the payment(s) described above. If the payment is posted to IDRS:
 - A. Validate case actions and verify that all payments have been cross-referenced correctly and the MMA is updated.
 - B. Input TC 470 using CC REQ77 on each quarter
 - C. Input IDRS History, "843 to Advisory" using CC ACTON on each quarter
 - D. Route the Form(s) 843 to Advisory using Form 3210, *Document Transmittal*. List each quarter and the payment made, separately on the Form 3210, *Request for Adjustment*.
 - E. Send Letter 2282C, *Penalty Abatement Trust Fund Recovery Disallowed*, to the taxpayer advising him/her of the referral to Advisory.

If the claim is allowed, Advisory will prepare Form 3870, *Request for Adjustment*, and forward to CSCO.

10. When researching IDRS, if the payment is not present:
 - A. Send Letter 2282C, *Penalty Abatement Trust Fund Recovery Disallowed*, to the taxpayer stating that payment of the trust fund liability of one employee for one quarter must be made (if multiple quarters are involved, a Form 843, *Claim for Refund and Request for Abatement*, and payment must be filed for each)
 - B. Return all documents sent in support of the refund claim, back to the taxpayer
 - C. Input a history item "843rejectd" using CC ACTON on each quarter.

5.19.14.4.3 (01-13-2016)
Processing TFRP Adjustments

1. Form 3870, *Request for Adjustment*, relating to TFRP assessments are worked in the Ogden and Brookhaven CSCO Campuses. Brookhaven generally works Forms 3870 for accounts where the business entity state is AL, AR, CT, DC, DE, FL, GA, KY, LA, MA, MD, ME, MS, NC, NH, NJ, NY, OH, PA, RI, SC, TN, VA, VT, or WV. Ogden generally works all other TFRP Forms 3870. However, the Campus is not prohibited from working cases outside the general state mapping perimeters.
2. TFRP related Form(s) 3870 must be processed within 30 days of the campus received date.
3. CSCO will receive Form 3870, *Request for Adjustment*, for abatement of the TFRP liability for any of the following circumstances:
 - A. Field Collection decides that all or a portion of the liability is not owed;
 - B. Appeals decides that all or a portion of the liability is not owed or should be conceded;
 - C. A Federal Court judgment is reached in favor of the taxpayer and the Government decides not to appeal. However, assessments of other responsible persons should not be abated based on this judgment;
 - D. When TAS submits an Operations Assistance Request and attaches Form 3870, *Request for Adjustment*.
4. Only Advisory is authorized to request abatements/adjustments on cases outlined in (3) (b) and (c) above.
5. When Form 3870, *Request for Adjustment*, requests abatement for the following conditions, apply the applicable payment(s). Do not abate the TFRP assessment:
 - A. Withheld taxes were collected from the underlying trust fund by payment or credit offset (i.e., corporation full paid). Cross-reference to RRP accounts with TC 241 RN 697.
 - B. Full payment of the TFRP liability was submitted by one or more RRP. Cross- reference to other RRP accounts with TC 241 RN 699 and to the corporation with TC 538.
 - C. A TFRP assessment becomes full paid with a satisfied Offer in Compromise (TC 788) on the related BMF account. Cross-reference to RRP accounts with TC 241 RN 697.
6. Forms 3870 received from Advisory requesting full or partial adjustment and/or abatement of TFRP liabilities:
 - Must include the specific reason for the abatement/adjustment.
 - Must include managerial approval. If no managerial approval indicated, return to the originator via Form 3210, *Document Transmittal*.
 - Must include the new TFRP money amounts for partial adjustments.
 - Should include instructions for the reversal of applicable payments i.e., TC 241 RN 699/697, on other responsible person(s) accounts and TC 538 on the business account.
7. If Form 3870, *Request for Abatement*, is unprocessable i.e., unclear or incomplete, contact Advisory or the originator for additional information. If unable to contact, reject Form 3870 and return it to the originator via Form 3210, *Document Transmittal*. Include a thorough explanation of the reason for the reject.
8. If Form 3870, *Request for Adjustment*, is received based on litigation or bankruptcy and no TC 521 or TC 604 has posted, contact Advisory to verify that the litigation or bankruptcy has been completed. If not, reject the Form 3870 back to the originator via Form 3210, *Document Transmittal*. Include a thorough explanation of the reason for the reject.
9. When a responsible person(s) is determined to be not liable and Form 3870, *Request for Adjustment*, is received requesting full abatement of the TFRP:
 - A. Abate individual tax periods requested.
 - B. Abate the lien fee (TC 360), if it has been assessed, even if it has not been requested on Form 3870.
 - C. Reverse any payments/credits cross-referenced from other RRP accounts and the corporation, and any payments/credits cross-referenced from this account to other RRP accounts and the corporation.
 - D. Reduce TC 971 AC 097 to \$.00 and input TC 971 AC 096 one cycle later to reverse each tax period that is fully abated.
 - E. Reduce TC 971 AC 093 to \$.00 and input TC 971 AC 094 one cycle later for each quarter that is fully abated on the TFRP module.
 - F. Use CC UNLCEC to change the TFRP amount to \$.00 on the RRP.
 - G. Update CC UNLCE history comment field to reflect TP XXX-XX-XXXX not liable.
 - H. If it is an ATFR case, forward the case information to the ATFR Coordinator for review and possible update to the RRP responsibility.
 - I. Control the case in monitor (M) status on IDRS and monitor the account until all transactions post.
10. When a responsible person(s) is determined to be partially liable and Form 3870, *Request for Adjustment*, is received requesting partial abatement of the TFRP:
 - A. Adjust individual tax periods as requested and perform necessary actions to ensure accurate and up-to-date payment application. See *IRM 5.19.14.3.4, Payment/Credit Cross-Referencing - Single Assessment*.
 - B. Input TC 971 AC 097 to reflect the reduced MMA.
 - C. Input TC 971 AC 093 to reflect the reduced MMA.
 - D. Use CC UNLCEC to change the TFRP amount to the reduced amount on the RRP account.
 - E. Update CC UNLCE history comment field to reflect TP XXX-XX-XXXX not fully liable.
11. If the BMF tax liability has been reduced (TC 291) on the associated BMF account, perform necessary actions to ensure accurate and up-to-date payment application. See *IRM 5.19.14.1.6, Trust Fund Calculation*, and *IRM 5.19.14.4.3, Processing TFRP Adjustments*.

If ...	And ...	Then ...
TC 291/301 is present or if a TC 290 tax adjustment		Review the BMF tax module for one of the following to determine if the TC 150 was prepared under IRC 6020(b): <ul style="list-style-type: none"> • TC 150 with literal 6020(b) to the right or; • TC 599-08 or; • TC 599-38 or;

<p>reduces the assessed TFRP amount</p> <p>Note:</p> <p>If the TFRP is a combined assessment, review all of the BMF tax periods included in the assessment for a TC 291/301 posted.</p>	<p>TC 291/301/290 was not included in the TFRP assessment and there is no pending, posted or un-reversed TC 780 or TC 520 present on the BMF or associated IMF tax modules.</p>	<ul style="list-style-type: none"> • TC 599-63 <p>If the preliminary review indicates the TC 150 was prepared under IRC 6020(b), review AMS, ICS and ATFR-AO histories for any indicators of fraud. Indicators of fraud could include, but are not limited to:</p> <ul style="list-style-type: none"> • ICS history indicates a field visit verified the business had employees and TC 291 decreases tax to \$.00; • ATFR-AO or IDRS history indicates a previously filed claim has been denied. <p>If there are no indicators of fraud use a print of the MFT 01 tax module as the source document and following the procedures in IRM 21.5, <i>Account Resolution</i>, adjust the account to reflect the correct TFRP amount. Add a history item to AMS that fraud indicator(s) was/was not found.</p> <p>Note:</p> <p>An adjustment to the TFRP is not limited by the dollar amount of the tax decrease of a return processed under IRC 6020(b).</p> <p>Forward any case having fraud potential using the procedures in <i>IRM 5.19.14.4.3(11), Processing TFRP Adjustments, If and Then box 4.</i></p>
<p>TC 291 with "55" in the 9th & 10th digits in the DLN is present</p> <p>Note:</p> <p>If the TFRP is a combined assessment, review all of the BMF tax periods included in the assessment for a TC 291 posted after the TC 240/618 date</p>	<p>A previously posted TC 290 with "55" in the 9th & 10th digits in the DLN is present, and TC 150 was not prepared under IRC 6020(b); the TC 291 amount was not included in the TFRP assessment, and there is no pending, posted or un-reversed TC 780 or TC 520 present on the BMF or associated IMF tax modules.</p>	<p>Review the tax module to validate that the tax decrease is a reduction of a CAWR assessment (TC 290 with "55" in the 9th & 10th digits in the DLN)</p> <p>If so, review IDRS, AMS, ICS, ATFR-AO and ATFR-CC histories for any indicators of fraud. Indicators of fraud could include, but are not limited to:</p> <ul style="list-style-type: none"> • ICS history indicates a field visit verified the business had employees and TC 291 decreases tax to \$.00; • ATFR-AO or IDRS history indicates a previously filed claim has been denied. <p>If there are no indicators of fraud and the related tax decrease is supported by the review, use a print of the MFT 01 tax module as the source document to adjust the TFRP following the procedures in IRM 21.5, <i>Account Resolution</i>.</p> <p>Note:</p> <p>An adjustment to the TFRP is not limited by the dollar amount of the tax decrease for a CAWR assessment.</p> <p>Add a history item to AMS that fraud indicator(s) was/was not found. Forward any case having fraud potential using the procedures in <i>IRM 5.19.14.4.3(11), Processing TFRP Adjustments, If and Then box 4.</i></p>
<p>TC 291/301 or a TC 290 tax adjustment that reduces the assessed TFRP amount is present after the TC 240/618 date</p> <p>Note:</p> <p>If the TFRP is a combined assessment, review all of the BMF tax periods included in the assessment for a TC 291 posted.</p>	<p>TC 150 was not prepared under IRC 6020b and TC 291/301/290 was not included in the TFRP assessment and the tax decrease is \leq or less for the BMF quarter and the aggregate decrease is \leq or less and there is no pending, posted or un-reversed TC 780 or TC 520 present on the BMF or associated IMF tax modules.</p> <p>Note:</p> <p>The aggregate amount is the total of all tax decreases in the tax year for the BMF entity in which a TFRP assessment was not adjusted.</p> <p>If the tax decrease is more than \leq for the BMF quarter or the aggregate decrease is more than \leq follow the procedures in <i>IRM 5.19.14.4.3(11), Processing TFRP Adjustments, If and Then box 4.</i></p>	<p>Request the TC 150, TC 291 and TC 976 documents from Return Files; or retrieve the document(s) from the Correspondence Imaging System (CIS) if available.</p> <p>Note:</p> <p>Do not request the TC 150, TC 291 or TC 976 document if the posted date of the transaction is more than 7 years from the current date.</p> <p>Review the returns, IDRS, AMS, ICS, ATFR-AO and ATFR-CC histories for any indicators of fraud. Indicators of fraud could include, but are not limited to:</p> <ul style="list-style-type: none"> • ICS history indicates a field visit verified the business had employees and TC 291 decreases tax to \$.00; • ATFR-AO or IDRS history indicates a previously filed claim has been denied. <p>If there are no indicators of fraud and the related tax decrease is supported by the review, use a copy of the amended return as the source document and following the procedures in IRM 21.5, <i>Account Resolution</i>, adjust the account to reflect the correct TFRP amount. Add a history item to AMS that fraud indicator(s) was/was not found. Forward any case having fraud potential using the procedures in <i>IRM 5.19.14.4.3(11), Processing TFRP Adjustments, If and Then box 4.</i></p>
<p>TC 291, 300 or 301 or a TC 290 tax adjustment that reduces the assessed TFRP amount is present</p>	<p>TC 300 was not included in the TFRP assessment, and the period for assessment has not expired, or the TC 291/301/290 tax decrease is more than \leq for the BMF quarter or the aggregate decrease is more than \leq or there is a pending, posted or un-reversed TC 780 or TC 520 present on the BMF or associated IMF tax modules.</p>	<p>cross-reference all applicable payments. Request the TC 291, 300 and 301 documents from Files. Prepare Form 2209, <i>Courtesy Investigation</i>, to request a recomputation of the TFRP Form 3870., <i>Request for Adjustment</i>. Forward Form 2209 and a copy of the requested documents to the Revenue Officer (if case is still assigned) or Advisory Manager where the corporation account is located. The case will be referred on ICS to the Revenue Officer (if case is still assigned) or Advisory Manager where the corporation account is located. Control on IDRS and monitor for 45 days. If unresolved, prepare Form 5942, <i>Reviewer's Report-- Technical Services Advisory</i>, and forward to Advisory Manager stating "Form 2209, <i>Courtesy Investigation</i>, with a copy of the 291 document was sent on MM/DD/YYYY requesting a Form 3870. <i>Request for Adjustment</i>. No response was received within the 45 day suspense period. Please respond with the Form 3870 within 15 days from the receipt of this second request." Input a history item to AMS or ATFR (if applicable) when the Form 2209 or Form 5942 is sent.</p> <p>If the TC 300/301 was not included in the TFRP assessment and the period for assessment has expired, review AMS, ICS and ATFR-AO histories for any indicators of fraud. Indicators of fraud could include, but are not limited to:</p> <ul style="list-style-type: none"> • ICS history indicates a field visit verified the business had employees and TC 291 decreases tax to \$.00; • ATFR-AO or IDRS history indicates a previously filed claim has been denied. <p>Add a history item to AMS that fraud indicator(s) was/was not found. If indicators of fraud are identified forward the case to Advisory as indicated above.</p>

Note:

For HIRE Act case, see *IRM 5.19.14.1.6, Trust Fund Calculation*.

12. Reason Code (RC) 065 and Penalty Reason Code (PRC) 013 are generally used when adjusting TFRP (MFT 55) amounts. However, the PRC may be different when adjusting TFRP amounts resulting from an Appeals decision. Refer to Document 6209 for applicable Appeals PRC.

13. When multiple TC 240 assessments appear on the module, input the assessment date of the TC 240 being adjusted as the "Return Processable Date" on CC ADJ54.
14. If refund is related to a Department of Justice directed reversal, Advisory prepares a Form 3870, *Request for Adjustment*, and/or a Memorandum of Authority directing CSCO to adjust the account. If a Memorandum of Authority is not included, the Form 3870 must be notated with the justification for adjustment to the account. Prepare and issue a manual refund of any overpayment when requested. Return Forms 3870 to Advisory that do not include either the notated justification or Memorandum of Authority.
15. Document AMS with the reason for adjusting the account, i.e., Form 3870, *Request for Adjustment*, BMF tax decrease etc. and the original amount of the TFRP assessment for that period.
16. Complete the adjustment action and maintain Form 3870, *Request for Adjustment*, as a source document in the employee adjustment folder.

**5.19.14.5 (01-13-2016)
Daily Transcript Review**

1. Tax Examiners:

- A. Review the Payment Sorters for all tax periods listed on the Transcript page and Audit Transactions Report before closing an ATFR transcript case.
- B. Generate a Transcript Activity Report and either print and sign or electronically sign that all Payment Sorters have been reviewed and submit the report to their Manager on a daily basis.

2. ATFR Coordinator:

- A. Generate the Campus Transcript Activity Report from the prior business day and create a 25 percent random selection listing from all closed cases.
- B. Forward review listing to a manager or managers on a rotational basis.

3. Managers & Reviewers:

- A. Manager(s) must assign daily review to all tax examiners on a rotational basis.
- B. Reviewers must view the Payment Sorters for each RRP and Business for all tax periods listed on the Transcript Tab and Audit Transcript Report to ensure the current payments and/or credits were cross-referenced in part or in whole to the other RRP's and /or Business and all Memo Money Amounts (MMA) match when RRP's are assessed the TFRP.

Note:

This quick visual review is to be performed without calculators. Do not math verify. Do not validate interest.

- C. Reviewers will record all errors identified and submit the signed forms back to the Manager for return of the case(s) to the originator for possible correction.

4. Department Manager:

- A. A daily log of the weekly and cumulative results is to be maintained and reviewed by the Department Manager and sent to HQ on the weekly basis by the 1st business day of each week.

5. Campus Analyst:

- A. Perform a monthly review of error types and trends. Report findings to the Department Manager on a monthly basis and send cumulative findings to HQ on a quarterly basis.

6. All signed and annotated Daily Transcript Review reports will be maintained in clearly labeled files for a period of 6 months.

**5.19.14.6 (01-13-2016)
Manager Inventory Reports**

1. Manager reports are used to monitor employee inventories. TFRP Transcript inventory that is not controlled through ATFR is controlled on AMS and monitored by the Assigned Batch Status Report and the ORCAS Controlled Inventory Report. Weekly review of these reports is mandatory and should be performed by the Department Manager. It may be delegated no lower than the Team Leader level. Documentation of these reviews must be maintained for a period of 6 months.

Note:

ATFR reports are available to both the Manager and the Acting Manager of each team. Each Manager and Acting Manager can view information for his or her team only. Refer to the ATFR User Guide for information about accessing the various reports.

**5.19.14.6.1 (01-13-2016)
Team Level Inventory Reports**

1. The following Manager Reports were developed to monitor and manage Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, and TFRP transcript inventories. When TFRP Assessment or Transcript inventory is assigned or completed by any individual in a team, review of these reports is mandatory and should be performed by the Department Manager. It may be delegated no lower than the Team Leader level. The report must contain the date it was run. Electronic documentation of these reviews must be maintained for a period of 6 months. Review and retention of any report is not necessary if there were no cases worked or assigned during the review period.

Form 2749 Reports		
Report Title and Description	Purpose	Frequency of Review
CC 2749 Inventory Report Displays all open Form 2749 cases with Status, Assigned date and User assigned to.	This report is reviewed to ensure assessments are processed within the 2-day processing requirement, and weekly to ensure assessment cases are closed timely.	Daily/Weekly
ASED Report Provides a listing of cases in your organization that have a statute expiration date within 90 days.	This report is reviewed to ensure assessments are processed to allow the TC 240 to post before the statute expiration date.	Weekly following the ATFR Monitor Run
ATFR Transcripts Reports		
Report Title and Description	Purpose	Frequency of Review
Open Inventory Report Displays the current inventory for each employee in your organization. The report displays only those cases that have a CSC (Case Status Code) requiring action.	This report is reviewed to monitor all inventories within your work group.	Weekly
		Weekly on Cycle completion date.
Transcript Case Cycle Report Displays the inventory in your organization, for any given cycle of work. The report displays only those cases that have a	This report is reviewed to ensure transcript cases are worked within the	Note:

CSC (Case Status Code) requiring action.	required 43 day time frame.	if the cycle inventory is not completed on a Cycle completion date, an additional report must be pulled when cycle is completed.
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**5.19.14.6.2 (01-13-2016)
System Level Reports**

- The following System Reports were developed to monitor and manage Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, and TFRP transcript inventories that are in the ATFR system, not yet assigned to individual employees. System reports are available only to those with a System Manager profile. A System Manager can view information for all teams as well as the System Inventory. Review of these reports is mandatory and should be performed by the Department Manager. It may be delegated no lower than the Team Leader level. **The ASED Report may not be delegated below the Department Manager level.** Electronic documentation of these reviews must be maintained for a period of 6 months.

ATFR System Inventory Reports Form 2749 Reports		
Report Title and Description	Purpose	Frequency of Review
ASED Report Provides a listing of all cases that will reach the assessment statute expiration date within 90 days.	This report is reviewed to ensure assessments are processed to allow the TC 240 to post before the statute expiration date.	Weekly following the ATFR Monitor Run May be delegated no lower than Department Manager level.
UNLCE E-mails; Log & Error Provides a daily listing of cases that require manual input of UNLCE.	These e-mails are reviewed to ensure manual UNLCE input is done within the required 5 day time frame.	Daily
CC 2749 Inventory Report Displays all open Form 2749 cases with Status, Assigned Date, and User assigned to.	This report is reviewed daily to ensure assessments are processed within the 2-day processing requirement, and weekly to ensure assessment cases are closed timely.	Daily/Weekly
ATFR Transcripts Reports		
Report Title and Description	Purpose	Frequency of Review
Transcript Case Cycle Report Provides a listing of all transcript cases received during a specific time period.	This report is used to view the volume of incoming transcript case receipts by status and/or to ensure transcript cases are worked within the required 43 day time frame.	Weekly on Cycle completion date. Note: if cycle inventory is not completed on completion date, an additional report must be pulled when cycle is completed.

**5.19.14.7 (01-13-2016)
Employee Inventory Reports**

- The following Inventory Reports were developed to monitor and manage individual Form 2749, *Request for Trust Fund Recovery Penalty Assessment(s)*, and ATFR transcript case inventories.

Individual Inventory Reports	
Report Title and Description	Purpose
CC 2749 Activity	This report provides a list of submitted Form 2749 cases and current status of the case within a specific date range.
CC 2749 Inventory report	This report displays your current Form 2749 inventory. The report provides information for every active case in the inventory.
Transcript Activity Report	This report provides the total number of actions found for transcript cases when requested for a specified date range. The report displays only those cases that were closed during that period.
Open Inventory Report	This report displays your current transcript inventory with a Case Status Code requiring action.

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 15. Federal Agency Delinquency (FAD) Program

5.19.15 Federal Agency Delinquency (FAD) Program

- 5.19.15.1 [Purpose of Federal Agency Delinquency \(FAD\) Program](#)
- 5.19.15.2 [General FAD Case Processing](#)
- 5.19.15.3 [Balance Due- Overview](#)
- 5.19.15.4 [Return Delinquency \(TDI\) Overview](#)
- 5.19.15.5 [FSLG Role and Educational Assistance](#)
- 5.19.15.6 [Escalation/ Referral Process Overview](#)
- 5.19.15.7 [Special Handling of Various Agencies](#)
- 5.19.15.8 [General Reference Information for Federal Agencies](#)
- 5.19.15.9 [FAD Reports- Tracking Cause and Case Resolution](#)
- 5.19.15.10 [Closed Case Files](#)
- Exhibit 5.19.15-1 [List of Government Executive Agencies](#)

Manual Transmittal

August 06, 2015

Purpose

(1) This transmits revised IRM 5.19.15, Liability Collection, Federal Agency Delinquency (FAD) Program.

Material Changes

- (1) 05/12/2014; IPU 14U0847- Formatting and editorial changes throughout the document.
- (2) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.7 through 5.19.15.7.4; Sections revised and edited to incorporate and add referral process procedures per the Service Level Agreement signed by all executive parties on March 3, 2014.
- (3) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.7.1 Internal Escalation Process; New tridoc added to address internal process within Campus.
- (4) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.7.3 Field Revenue Officer Referral; New tridoc added to incorporate process.
- (5) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.6.2; FSLG Educational Outreach- was moved to Tridoc 5.19.15.6.2.
- (6) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.5.2; IRC 6020(b) on Credit Balances; Paragraph 6 edited to read 6020(b) IAT tool.
- (7) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.4.1; Resolving Balance Due Issues; Paragraph 8 revised CFO referral reference in regards to imminent CSED issues.
- (8) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.7 Escalation Process Overview- added paragraph 7; Unresolved IRS and Treasury Bureau entities are an exception to the rule and must be forwarded to SBSE HQ Campus director for immediate CFO referral bypassing Field contact.
- (9) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.3.2 ; IRS and Treasury Bureau Delinquent Agencies, Paragraph 3; revised to read- If immediate resolution is not possible, refer the case per IRM *IRM 5.19.15.6.1* , Campus Escalation process for possible CFO referral.
- (10) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.1(11); Federal Agency Delinquency Overview, added general information regarding the escalation process and Campus Revenue Officer.
- (11) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.1.1(1) General FAD Case Processing; Revised time frame for adding inventory into database from 2 to 3 business days.
- (12) 05/12/2014; IPU 14U0847- Various editorial/ grammar corrections completed throughout the IRM
- (13) 05/12/2014; IPU 14U0847- Tridoc 5.19.15.6 added paragraph 7:
- (14) IPU 14U1313 issued 09-04-2014 IRM 5.19.15 Editorial changes throughout the IRM changing reference from FAD database and FAD history to ICS and ICS History. Changes due to transition of inventory to Integrated Collection System (ICS) on July 29, 2014
- (15) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.1 FAD Overview Paragraph 7- Revised to include changes to ICS inventory assignment
- (16) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.1.1 General FAD Case Processing: Paragraph 1- Revised paragraphs to include ICS process and receipt of inventory. Also added clarification of validation of IDRS
- (17) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.1.3 Inventory and documentation; Revised paragraph 2 to read: n open control base and initial analysis must be input and completed and documented within 10 days of assignment, unless employee is absent due to leave or training. Employee will document account and work case upon arrival back to work.
- (18) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.1.4 Changed Tridoc title. Section revised to address ICS assignment to 0100-8300.
- (19) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.3.2 IRS and Treasury Bureau Delinquency- Revised Paragraphs 1 & 2 to address tracking of IRS/ Treasury entities, and requirement of weekly reporting.
- (20) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.4 Balance Due Overview; Edited first paragraph regarding role of FAD employee.
- (21) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.4.1.1 Addressing/ Reconciliation of Combined Annual Wage Reporting (CAWR) Related Issues Editorial Changes only. Added CAWR IRM section addressing FAD.

- (22) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.1.5 Identify and Resolve Voluntary Compliance (VOLC) issues Editorial Changes.
- (23) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.7.1 Campus Internal Escalation Process Section revised process to include ICS system and clarify process
- (24) IPU 14U1313 issued 09-04-2014 IRM 5.19.15.7.2 Campus Revenue Officer (RO) Assistance Referral Section revised process to include ICS system and clarify process Updates below reflect procedural updates completed during annual IRM revision. Editorial changes conducted through out the IRM may not be notated below.
- (25) IRM 5.19.15.1.1; Tridoc revised to: Federal Govt. Entities- General Information. Section updates reflect general information regarding Federal government agencies.
- (26) IRM 5.19.15.2 General FAD Processing; Added paragraphs 6-8.
- (27) IRM 5.19.15.2.1 Streamline Process and Time- Frames; Added paragraph 5 to address to allow additional response from taxpayers on international addresses.
- (28) IRM 5.19.15.2.2 Added New Tridoc- Voluntary Compliance (VOLC) and Taxpayer Request (TPRQ). Section defines criteria and general procedural guidelines.
- (29) IRM 5.19.15.3.1 Resolving Balance Due Issues; Paragraph 2; Added information regarding available payment options for Federal agencies. Paragraph 5- If/Then Box regarding "overstated FTD payments"- sentence added.
- (30) IRM 5.19.15.3.2 Addressing Combined Annual Wage Reporting (CAWR) issues; Revised paragraph 5 to address securing of W-2/W-3 data from SSA and CAWR area (SSA-ORS vs. ERQY systems)
- (31) IRM 5.19.15.5 Tridoc revised to read: FSLG Role and Education Assistance; Added paragraph 7. In addition, removed reference to FSLG *ASKFSLG email. E-mail is no longer available due to funding. However, FSLG website at IRS.gov has valuable information including Q&A for Agencies to refer to.
- (32) IRM 5.19.15.6.2 ; Campus Revenue Officer Guidelines- Tridoc title and section was revised to address general procedural guidance for the Campus RO.
- (33) Tridoc and subsections of IRM 5.19.15.7.3 Special Handling of Various Federal Agencies; was moved to IRM section 5.19.15.7
- (34) IRM 5.19.15.7.3 Federal Reserve Banks; Paragraph 3 clarified to address generally these type of entities are not assigned to FAD inventory due to the employment code assignment of "Q". Programming is established to only assign Employment code "F" entities to FAD.
- (35) IRM 5.19.15.8.1- Reference and Resources for Federal Agencies (New Tridoc).
- (36) IRM 5.19.15.8.2 ; Tridoc title changed to read: Payment options for Federal Agencies. Tridoc addresses EFTPS and IPAC processes and guidelines. Paragraph 4 was added with IPAC guidelines to follow.

Effect on Other Documents

This IRM supersedes IRM 5.19.15 dated January 23, 2014

Audience

Small Business/Self-Employed (SB/SE) employees in Compliance Services Collection Operation

Effective Date

(09-07-2015)

Sam Perdue, Director, SBSE Quality and Technical Support

5.19.15.1 (08-06-2015)

Purpose of Federal Agency Delinquency (FAD) Program

1. The Federal Agency Delinquency Program (FAD) is centralized in SBSE, BSC Campus, Collection Operation, with the intent to resolve delinquent tax issues assessed to Federal agencies in an efficient, timely manner. All inquires, including phone calls and correspondence regarding Federal entities are to be forwarded to the FAD group. Refer to SERP - Who and Where link for additional guidance on forwarding inquires to the FAD team. http://serp.enterprise.irs.gov/databases/who-where.dr/fad_contacts.html
2. Due to the sensitive nature of the program, the CFO office and Federal, State and Local Governments (FSLG) support the program, which is outlined in a Service Level Agreement. The Service Level Agreement defines the roles and responsibilities for applicable areas responsible for the success of the program. Responsible areas include SBSE Campus Compliance Services, Tax Exempt Government Entities (TEGE)- Federal State and Local Government (FSLG), and CFO office.
3. Non- delinquent issues including tax law, clarification/ questions regarding appropriation of funds, or assistance with filing of tax returns should be directed to TEGE- Federal, State and Local Govt. (FSLG). Most inquiries to questions can be found by visiting the IRS.gov website - Federal Government Information:<http://www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/Federal-Agency-Information>. Visit FSLG IRM- IRM 4.90.2.2.1; Customer Assistance Resources, for additional guidance.
4. A majority of the delinquent compliance related issues are a result of filing/ reporting issues such as incomplete accounting, mis-applied payments, and CAWR related issues. As a result, collaboration efforts between the assigned FAD employee and Agency point of contact are necessary for case resolution. Assistance may include, but not limited to: contact with other areas within the Service for clarification or guidance, sending account transcripts, SSA reporting of W-2 transcripts.
5. To improve the overall compliance concerns related to Federal Agencies, FAD employees are required to analyze and research each case assigned and identify and record the cause and resolution on ICS for each individual case. The data is shared with TEGE- Federal, State and Local Govt.(FSLG) and utilized for educational outreaches

5.19.15.1.1 (08-06-2015)

Federal Government Entities- General Information

1. Federal agency entities can be identified by the following assignments coding on IDRS:
 - BOD CODE: TEGE
 - Employment Code: F
 - Form 941 filing requirement: 02 (if applicable to file employment taxes)
2. There is a total of fifteen (15) executive departments assigned under the US Federal Government. Each executive department is responsible for applicable subsidiary entities within their department. Refer to *Exhibit 5.19.15-1* for a listing of executive departments and subsidiaries. Visit the USA.gov website: <https://www.usa.gov/federal-government> for additional information on specific agencies within the executive branches of the government.
3. Tax years for all Federal Agencies are based on a fiscal tax year, beginning on October 1st and ending September 30th of the following year. Budgets are distributed or appropriated to all Federal agencies by the US Treasury on a fiscal year basis. Appropriations are definite (a specific sum of money) or indefinite (an amount for "such sums as may be necessary"). These appropriations provide budget authority to obligate and expend funds from the U.S. Treasury for specific purposes. For additional information regarding appropriation law and disbursement of funds for government agencies, refer to: <http://disbursements.house.gov/glossary.html>

4. Federal agencies are exempt from income tax reporting, but are required to comply with filing the appropriate employment tax returns and follow the same employment tax reporting and filing that are required by private industry. However, Federal agencies pay their financial obligations using the appropriated funds received from US Treasury, which differs from private sector. Generally current year appropriations can not be used to pay prior year tax obligations, which can cause barriers for the Agency if they owe tax debt on prior years.

5. =====
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 =====. In addition, Agencies are generally barred from using current year appropriation funds to pay prior year tax obligations, resulting in limited payment options. =====
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Note:

Refer to IRM 1.2.22; Service wide Policies and Authority; for a complete list of IRS Policy Statements.

**5.19.15.1.2 (08-06-2015)
 FAD Collection Assignment 21008300**

1. FAD inventory is maintained and monitored on the Integrated Collection System (ICS). Inventory is assigned to inventory generally the next month following the posting of an assessment (Baldue) or when a TDI module is created by Masterfile. The Integrated Delivery System (IDS) will identify the FAD inventory by the employment code **F** and systemically assign the cases on ICS to the FAD team, assignment number of 0100-8300.
2. FAD Balance due accounts are generally assigned to ICS within four weeks of an assessment and/ or the initial balance due notice (CP 501). Return Delinquency notices are generally assigned to the ICS FAD team assignment 20 weeks after the CP 259 (1st TDI notice) is issued. Once assigned to ICS assignment of 0100-8300, the modules will have an IDRS assignment of 21008300.
3. There may be situations when an account is not systemically assigned to the FAD team, and may need to manually assigned. Refer to the table below regarding specific situations, and guidelines:

IF	AND	THEN
An account is not in Status 22/ 24/26 (indicating in notice status)	and is received in inventory on the monthly CFO report,	A. Forward the case to team manager or lead requesting then to manually assign the case to ICS. Include EIN, entity information, breakdown of delinquent tax periods and balances owed (address both TDA/TDI). B. Manager/Lead will assign the case to your ICS assignment number.
The account is in Status 26,	The account is assigned to a specific Revenue Officer (RO) team assignment per ICS,	A. Identify the RO assignment and contact the RO by telephone to request the case to be re-assigned to your ICS assignment of 0100-83XX. Note: The assigned RO telephone number can be obtained by accessing the ICS Parameter Table or accessing the case by TIN. B. Prior to having case assigned, inquire if there is any other pertinent information on the account that may be helpful for resolution. C. Document ICS history of actions taken.
The account is in Status 22/ 24 (TDA) or Status 03 (TDI) with collection assignment ending in 7000,	Indicating the account is in the ACS or Queue,	A. Reassign the account to 21008300; via CC BNCHG. B. If the Area office is not 2100, it will be necessary to change the Area office to 2100 prior to assigning to the 8300 group code assignment, via CC BNCHG. C. Forward the case to team manager or lead requesting manual ICS assignment. Include EIN, entity information, breakdown of delinquent tax periods and balances owed (address both TDA/TDI). D. Manager/Lead will assign the case to your ICS assignment number.

Note:

if there is a questionable employment code "F" assignment issue, do not make any changes to the IDRS assignment Only correct the assignment number upon completion of validation.

**5.19.15.2 (08-06-2015)
 General FAD Case Processing**

1. Inventory is maintained and monitored on the Integrated Collection System (ICS) database. All Federal agency identified cases (Employment Code F) are systemically moved to the ICS FAD team assignment when the entity is in Collection Status (Balance Due- Status 26 & TDI -ST 03). Balance due modules generally accelerate to Status 26 within 4 cycles of date of an assessment, which is identified on IDRS with an area assignment of 21008300. TDI modules generally accelerate to ST 03 within 2 weeks of the CP 259 (first TDI notice) issuance.

Note:

Situations may arise which may require FAD employees to manually assign 21008300 assignment. For further guidance, refer to *IRM 5.19.15.1.2* ; FAD Collection Assignment. See **SERP- Who and Where**; Contact Information for FAD referrals, for contact information.

2. Upon initial receipt of case research is required to determine the Agency "Point of Contact (POC)". A list of Agency contacts are maintained in the FAD team by management and updated on a regular basis. If the entity was previously in inventory, primary and secondary contacts are updated to the ICS Entity information for each specific case.
3. If the Agency is a new entity to FAD team, and/ or if there is doubt if the entity is a Federal Agency, forward all information secured to FAD management, which will be forwarded to the FSLG CPM for validation of employment assignment and request for any pertinent information they may have on th the entity. All communication with FSLG CPM analyst will be conducted by the FAD team manager or designated person determined by Campus management, via E-mail to designated FSLG CPM. Update ICS of the request, include research and actions taken.

4. The FSLG CPM analyst will research and respond back with any pertinent information which may assist with the resolution, such as:
 - Agency Point of Contact information, which may include telephone etc.
 - Any on-going issue currently open within FSLG (example-posted/pending Exam audit).
 - History of any prior contact with the Agency which may help with communication and resolution of account (example: outcome of exam audit, or prior educational efforts).
5. It may be necessary to conduct in-depth research to possibly identify the Agency "point of contact" via websites and or contacting other areas within the Agency which may be able to direct you to the appropriate party. A valuable website tool for Federal Agencies can be obtained by visiting -The Leadership Directory website, at <http://www.leadershipdirectories.com>, may be resourceful on obtaining information.

Note:

Although the IRS does not have a contract with The Leadership directory, general information is free to all users.

6. Any e-mail communication with the agency must be general and not contain any SBU data. SBU data may not be sent to parties outside of IRS, including **other government agencies**, taxpayers, or their representatives. Employees can receive E-mail containing SBU data from taxpayers or their representatives. Employees cannot send E-mails containing SBU data outside the IRS network, even if specifically authorized by the taxpayer. Refer to IRM 11.3.1.14.2. Electronic Mail and Secure Messaging.
7. As a reference, the FAD team is responsible to keep an updated log listing of all Federal Agency contacts and phone numbers. The listing is on the Campus share drive and needs to be reviewed and updated monthly.

5.19.15.2.1 (08-06-2015)

Streamline Process and Time-Frames

1. This section provides guidelines to follow when working the FAD inventory. The streamline process was designed to ensure cases are worked in the most efficient and effective manner.
2. Within 5 days from assignment, the FAD employee must conduct an initial case analysis prior to contacting agency . The initial analysis should determine the cause of the delinquency and actions need for resolution. In certain situations, adjustment to account may be appropriate per IDRS research, not requiring Agency contact; (Example- tax adjustment or credit transfer per IDRS research). Update ICS of research, cause of delinquency and actions taken. As an audit trail, select **Initial Analysis Conducted** from the ICS drop down menu from History screen- Type of History.
3. After initial case analysis, within 2 business days two contact attempts must be made and documented. If no callback or telephone contact is not an option, send LT 2718C, or appropriate letter requesting response from the Agency to resolve issue. Notate ICS of specific actions taken with each contact attempt.
4. When corresponding with the Agency in writing, generally allow 30 days for deadline date for them to respond in writing. Set follow up date for an additional 15 days past the deadline. When using the LT 2718C letter, input the date of 29 days from today's date to allow sufficient time for response.
5. For accounts with an international address based on their location, additional time must be allowed for mailing and processing payments, returns and correspondence. Refer to IRM 5.19.19.4.3 International Account Time Frames, for additional information.
 - If sending 2718C or any other letter, allow 60 day follow up to allow extra time for mailing.
 - An additional 10 days beyond the deadline must be given for all callbacks.
 - Based on the location of the taxpayer, allow up to an additional 25 days for mailing and processing.

Note:

Situations may occur whereas additional times outside of the guidelines above may be necessary. Document ICS history to support your decision.

6. Follow the guidelines in the table below for telephone contact guidelines:

If	Then
Telephone contact is successful,	<ul style="list-style-type: none"> • Address the reason for delinquency (cause). • Request required actions necessary for resolution. • Allow up to 10 business days for response. • Encourage the option of faxing supporting documentation to expedite resolution. • Advise the Agency if response not received as agreed upon, the issue may be escalated to the next level of their Agency by a Revenue officer and/or CFO. • Document ICS of information secured, and actions taken. Indicate follow up deadline given for Agency follow up.
Telephone contact attempt not successful- no answer	<ul style="list-style-type: none"> • Leave a message requesting a callback within 24 hours. • Document history of call. Establish a follow- up date for 2 days later. • If contact returns call, refer to above box. • If no response after 2nd telephone call attempt, subsequently issue LT 2718C or appropriate letter (on same day). Address: The option of faxing the supporting documentation to expedite resolution. Advise the Agency if response not received as agreed upon, the issue may be escalated to the next level of their Agency by a Revenue officer and/or CFO. • Set case follow up for 45 days to allow time for response (90 days for international addresses). • Document ICS of all actions taken.

Note:

Time frame guidelines are established to ensure case resolution is completed in an timely manner. However, there may be exceptions when additional time is warranted. Encourage the option for the Agency to fax the information to expedite case resolution. Document ICS to support decision of allowing more time to respond from guidelines listed above.

7. When speaking with the Agency contact, probe for the name of next level contact, and document as secondary contact in ICS entity for future reference.
8. Document ICS history of **all** actions taken; including information requested from Agency, name of contact, and deadline(s) given.
9. If contact attempt is successful, refer to the applicable IRM sections to address the cause of delinquency. See *IRM 5.19.15.3.1*, Resolving Balance Due issues; and *IRM 5.19.15.4.1*; Resolving Return Delinquency Issues.
10. If all contact attempts as stated in previous paragraphs are not successful, and the account cannot be resolved with available information, the next step for resolution needs to be determined. Refer to *IRM 5.19.15.6*; Escalation/ Referral Process Overview, for additional guidance.
11. CFO referral process will be pursued **only** after all Campus contact attempts have been exhausted. See *IRM 5.19.15.6.4* ; CFO Office Referral, for additional guidance regarding CFO referral.

5.19.15.2.2 (08-06-2015)

Voluntary Compliance (VOLC) and Taxpayer Request (TPRQ)

1. Voluntary Compliance (VOLC) defines situations whereas the account is not in FAD inventory but the employee has taken action which needs resolution. The VOLC can be a new entity or an existing agency in inventory with a module not in Collection Status.
 - If the VOLC is a new account, not currently open on ICS, manually add the account to inventory. However this does not apply to receipt of current tax returns due that are not in TDI status.
 - If the VOLC is identified during full compliance on an existing entity in inventory, add the tax period to ICS accordingly.
2. Taxpayer Request (TPRQ) situations occur when the taxpayer calls/ inquires regarding an issue on their account, which is currently not in FAD inventory. The issue can be a new entity or a new tax period which is not currently assigned, request for guidance on submitting an amended return. Additional issues can include, but not limited to, an inquiry on a notice regarding a recent proposed assessment, math error on return, etc. Generally this occurs as a result of a new assessment, or a recent open TDI module. Assist the agency with their concern, and inform them of their options to resolve the issue.
 - If there is a recent assessment posted onto IDRS, which is not open in inventory, manually add the account to ICS.
 - If the taxpayer contact is related to a non collection issue, and the account is not on ICS, notate AMS of inquiry and actions taken.
 - If the inquiry is a request to fax over a current tax return, inform the agency to send the return to Submission Processing. If a faxed return is secured, notate the account, and forward for processing. If the account is not on ICS, input a TC 599 with appropriate closing code. It is not necessary to keep case open to monitor return posting.

5.19.15.3 (08-06-2015)

Balance Due- Overview

1. General balance due guidelines to follow can be located in <http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.1.dr/5.19.1.htm>, IRM 5.19.1 Balance Due. This section was developed to assist with special handling of Federal Agency accounts not addressed in IRM 5.19.1.
2. All necessary actions must be conducted to assist the Federal agency with resolving their balance due issue. h reconciliation and resolution of their delinquency tax issue, in addition to promoting future compliance. To ensure prompt and efficient resolution, research of cause of delinquency must be conducted and documented thoroughly **prior** to contacting the Agency. In many situations prior research will assist with identifying and discussing with the Agency what actions are necessary to resolve the issue. In some situations, an adjustment or mis-applied payment can be completed, resolving the delinquent issue, without agency contact.
3. =====
 =====
 =====
4. For additional information regarding **Statement of Disbursement** and five year rule, refer to <http://disbursements.house.gov/glossary.shtml>

5.19.15.3.1 (08-06-2015)

Resolving Balance Due Issues

1. Generally Federal agencies balance due issues are a result of the following scenarios listed below:
 - Mis-applied payments to an incorrect tax period
 - CAWR related issues (Incorrect reporting of W-2/W-3)
 - IRS errors
 - Math errors on tax returns
2. However, situations may occur whereas the balance due is valid due to underpayment or an Exam assessment. Inform the agency of available payment options.
 - Federal Agencies are not eligible for an Installment agreement. However in certain situations a payment option can be considered, if the total amount is full paid within 120 days.

Note:

This option needs managerial approval. Management must document approval in ICS history.

 - Federal Agencies have the option to make their payments by EFTPS or IPAC- Intergovernmental Payment and Collections. Refer to *IRM 5.19.15.8.2* ; Payment Options for Federal Agencies for additional guidance.
3. In some situations agencies may have a balance due to incorrect reporting, and may be required to file an amended return at the end of each year to properly adjust wages due to employees various work assignments in other governmental agencies. It is common practice for agencies to file amended returns each year since they don't receive the corrected W-2's from another "sister" agency until months after a quarterly Form 941 return is filed.
4. To resolve the balance due issues on an account it may be necessary to obtain copies of prior payments or deposits (for credit verification). In addition, due to the organizational structure of many agencies it is required to thoroughly research all related EIN(S) to ensure there is not a misapplied payment that posted to another account which may have created the balance due or assessment.
5. The chart below illustrates guidelines of necessary actions to be taken to resolve the account, once determination is made as to the cause of the liability.

Note:

The chart is not inclusive of all situations that may arise. Additional research may be warranted.

IF	THEN

<p>You determine the reason for the delinquency is due to an IRS error, i.e., erroneously assessed penalty and interest, misapplied payments, etc.</p>	<ul style="list-style-type: none"> • Conduct the necessary action(s) to resolve the balance due issue, without contacting the Agency. • Update ICS on actions taken to resolve the account.
<p>It has been determined the balance due on the account is not accurate due to errors on the return based on the TC 150 (return) posted,</p>	<ul style="list-style-type: none"> • Inform the Agency to file an amended return. • Send Agency transcript of account to assist with reconciliation, through Transcript Delivery System (TDS), if necessary. • Establish a deadline date of up to 10 work days for Agency to mail the return to the employee. Set a follow up date of an additional 15 days. • Update ICS of all pertinent information including deadline and follow up date.
<p>The Agency disputes the balance due,</p>	<ul style="list-style-type: none"> • Inform the Agency what caused the delinquency and the available options that are necessary to resolve the issue. Offer assistance, when applicable. It may be necessary to send the Agency account transcripts via Transcript Delivery System (TDS), copies of tax returns and SSA information. • Advise the Agency if response not received as agreed upon, the issue may be escalated to the next level of their Agency by a Revenue officer and/or CFO. • If Agency is not cooperative or continues to disagree, consider elevating the case to Campus Revenue Officer. See <i>IRM 5.19.15.6.1</i> ; Campus Internal Escalation Process; for additional guidance. • Refer to <i>IRM 5.19.1.3.3</i>, Determine Correct Tax Liability. • Document ICS of all actions taken.
<p>Upon review of the account, it is determined there may be a discrepancy of what was assessed or filed,</p>	<ul style="list-style-type: none"> • Assist Agency with the reconciliation of the account. Send the Agency any documentation which may be necessary for the issue to be resolved during the reconciliation process. This may include transcripts, SSA data secured, etc. • Allow Agency up to 10 business days to reconcile the account. • Advise the Agency if response not received as agreed upon, the issue may be escalated to the next level of their Agency by a Revenue officer and/or CFO. • Document ICS of all actions taken.
<p>Payment(s) misapplied,</p>	<ul style="list-style-type: none"> • Complete credit transfer • notify Agency of any remaining balance due. • Update ICS of actions taken, including documentation of cause closure.
<p>Balance Due assessment is penalty and interest only,</p>	<ul style="list-style-type: none"> • Abate applicable penalty and interest assessments • Update ICS of actions taken, including documentation of case closure.
<p>Agency responds with necessary documentation to resolve account,</p>	<ul style="list-style-type: none"> • Review documents received for accuracy; validate with IRS records, if applicable. • Take the corrective actions to resolve the account. (Example: input Form 941X or adjust account per W-2/W-3 secured). • Inform Agency of outcome. • Update ICS of actions taken, including documentation of case closure.
<p>Overstated Federal Tax Deposit (FTD) payments on tax return filed,</p>	<p>Review account with Agency, validate information / payments on return.</p> <ul style="list-style-type: none"> • If all payments are accurate and the Agency agrees to balance due, request the payment. • If credit was applied to another account, move the payment accordingly. • If the Agency states their return is not accurate, recommend they submit a corrected return (Form 941X). Give the Agency up to 10 business days for receipt of the Form 941X. If additional time is necessary due to unforeseen circumstances, document ICS history to support decision. • Advise the Agency if response not received as agreed upon, the issue may be escalated to the next level of their Agency by a Revenue officer and/or CFO. • Update ICS with findings and actions taken, including case closure. <p>Refer to <i>IRM 5.19.1</i>, Balance Due for additional guidance.</p>
<p>Research indicates balance due is valid due to:</p> <ul style="list-style-type: none"> • underpayment/ no payment • math error on return • unavailable credit claimed, i.e., prior credit elect offset to a prior balance due module(s) or refund issued instead of being applied to subsequent quarter(s). 	<p>Contact Agency to secure and or verify payment(s) made on account and/or return information:</p> <ul style="list-style-type: none"> • Educate Agency of math error or unavailable credit issue, if applicable. • Set deadline date for payment. Advise the Agency if response not received as agreed upon, the issue may be escalated to the next level of their Agency by a Revenue officer and/or CFO. • Document AMS and ICS of actions taken. • If issue is resolved, payment is secured, update "Cause and Cure" report with findings and actions taken to resolve.
<p>Identified W-2/ W-3 wage discrepancy,</p>	<p>Refer to <i>IRM 5.19.15.3.2</i> ; Addressing CAWR related issues.</p>

<p>Prompt assessment posted to the account,</p>	<ul style="list-style-type: none"> • Secure documents from Files to verify assessment. Once received, review and research account to ensure accurate. • Contact Agency to verify liability and payments made. • If appropriate, take necessary actions to adjust or correct the account. <p>If the balance is accurate, inform Agency of the available options they have to resolve the balance posted to the account.</p> <ul style="list-style-type: none"> • Advise the Agency if response not received as agreed upon, the issue may be escalated to the next level of their Agency by a Revenue officer and/or CFO. • Update ICS of research and actions taken. • Update Cause and Cure report with findings and actions taken to resolve issue.
<p>EFTPS reporting issues.</p>	<p>See IRM 21.2.1.4.7, Electronic Federal Tax Payment System (EFTPS) for additional guidance.</p> <ul style="list-style-type: none"> • Request EFTPS confirmation number and payment date. Conduct necessary research to validate payments, and take corrective actions. • Document findings and actions taken on AMS. • Update Cause and Cure report with findings and actions taken to resolve issue.

6. If there is a concern of a credit offset or refund, input a TC 570, which will generate a -R freeze, restricting the credit from offsetting or refunding to the Agency. In addition, if adjusting the account which will cause a credit balance, use an appropriate "Hold" code to ensure the refund is not issued.
7. Determination of possible escalation referral must be considered if multiple attempts for resolution has expired, with no case resolution. This would include incomplete responses, and/ or consistent efforts to resolve has been exhausted with no resolution.
8. If it is determined the CSED is imminent (within 120 days), immediately bring the case to management attention, which will be forward to HQ for guidance. Once reviewed by HQ, a CFO referral will be pursued for immediate resolution.
9. For general guidance on Balance due issues which is not addressed in this IRM, refer to IRM 5.19.1, Balance Due.

5.19.15.3.2 (08-06-2015)

Addressing Combined Annual Wage Reporting (CAWR) Related Issues

1. Due to various obstacles faced by Federal agencies due to their organizational structure, balance due issues exist when there is a discrepancy between wage and SSA/Medicare information reported to the IRS on Form 941 and Forms W-2/W-3 reported to Social Security Administration. Generally these discrepancies are identified and an assessment is completed under the CAWR (Combined Annual Wage Reporting) Program. Due to the structure within many of the Federal agencies, W-2/W-3 reporting are not balanced timely, resulting in CAWR assessments. Our role in FAD is to assist the Agencies with reconciling the account. This may require IRS contacts with SSA, CAWR, etc to resolve. CAWR assessments can be identified on CC TXMOD, with a TC 290 blocking series 55.
2. If there is a CAWR control base open on the account, contact the CAWR employee to discuss the current status of the account, and inquire if a response was received by the Agency. Request any information secured to assist with resolving the CAWR issue. Request CAWR employee to close their control base as you will handle and resolve the issue. There may be situations whereas it may be in the best interest for CAWR to continue normal processing. Document ICS of reason for determination.

Note:

CAWR employees are instructed to contact FAD employee prior to issuing any type of correspondence. Upon notification the FAD unit will resolve the issue. See <http://serp.enterprise.irs.gov/databases/irm.dr/current/4.dr/4.19.dr/4.19.4.dr/4.19.4.2.15.htm>, Federal Agency Screening

3. If there is no current CAWR assessment on the account, research BMFOLR and BMFOLU, Prior to contacting the taxpayer, view IDRS CC IRPTRI to view the data on line to identify where the discrepancy issue is. You may also order Form W-2/W-2C information using CC IRPTRR with doc code WW. If you can identify the error that caused the discrepancy, input the correct adjustments to the account. See IRM 4.19.4.2.2; Online Retrieval System (ORS) Data Screening, for additional guidance on resolution of these type of cases.
4. If the issue cannot be resolved upon review of the information, contact the Agency contact and discuss the necessary actions which are needed to balance the account. It may be necessary to request the detailed W-2/W-3 information SSA from the Agency in order to assist with reconciling the account. The request can be obtained by accessing CC IRPTR, with a literal of I. See CC IRPTR I job aid for guidance. http://serp.enterprise.irs.gov/databases/irm-sup.dr/job_aid.dr/command-code.dr/irptri21.htm. Complete and submit Form 9937 to Social Security Administration to obtain a copy/ summary of W-2/W-3 information which was submitted from the taxpayer.
5. If actual copies of W-2/s information are needed, they can be requested by contacting the appropriate CAWR area. Documents can be obtained on the SSA-ORS system (SSA On-Line Retrieval System). For tax years prior to 2009, the information needs to be retrieved by the SSA -ERQY system. Currently the FAD team CAWR coordinator has permissions to the SSA -ORS system.
6. Once research is completed and information is shared with the Agency, request the Agency review their records, in addition to any information you sent them. The Agency would need to either submit a Form 941X or additional W-2s/ W-3 or both. Give the Agency a deadline up to 10 days to respond back, establishing the time frame based on the complexity of the reconciliation needed to resolve and balance the account.
7. Upon receipt of the return(s), and/or W-2s:
 - Review for completeness and accuracy. If there is an existing CAWR assessment, take corrective actions to back out prior CAWR assessment, if applicable. If the Agency was previously advised by the CAWR unit to file a return or a returns was filed and the CAWR unit was not notified, contact the applicable CAWR unit and advise of the actions you will be taking to resolve the account.
 - If CAWR discrepancy was identified prior to a CAWR assessment, validate the completeness of information received. Once validated, input the appropriate adjustment to balance the account.
8. Refer to IRM 4.19.4.7.5 Late Reply Case Processing Procedures for additional guidance on abating or partially abating CAWR assessment.
9. After completing the adjustment, inform the Agency of the outcome. If a balance is still owed, give a deadline date of up to 15 days to full pay balance. Inform the Agency of payment options available, if necessary.
10. If the Agency was required to respond to resolve the account, and did not do so, and or the response is incomplete, make one additional contact attempt. If no resolution after required contact attempts, and or follow up, review of account must be made to determine if the Referral process should be considered. *IRM 5.19.15.6*, Escalation Referral Process.
11. In all situations, document ICS of actions taken and resolution. Update Cause and Cure report when issue is resolved.

5.19.15.4 (08-06-2015)

Return Delinquency (TDI) Overview

1. This section was developed to assist with special handling of Federal Agency accounts when general procedures are not applicable due to the collection restrictions on Federal entities. For general Return Delinquency issues, refer to <http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.22.dr/5.19.22.3.htm>, Business Master File (BMF) Return Delinquency Responses.
2. Generally Federal agencies are exempt from FUTA tax, and Income tax returns and thus do not file Form 940, Form 1065, or Form 1120. *

Note:

If there is a Form 940 FR on an account, consider incorrect employment code F assignment.

3. Federal Agencies are not required to sign tax returns, which differ from other BMF taxpayers.
4. Return delinquency issues handled in the FAD program consist of the following:
 - Delinquent modules in TDI Notice Status 02.
 - Taxpayer Delinquent Investigation (TDI) Status 03.
 - Modules closed in Status 06 with a TC 593, 595, 596, 597 or 598.
 - Modules closed in Status 06 with TC 590 cc 19, only suppresses the notices.
 - Modules closed in Status 06 with a TC 590 cc 02, computer generated.
5. If an inquiry is received on a non-filer issue and the module is not in TDI Status 02/03, assist the taxpayer and document actions taken in ICS history. If account is no longer open inventory, update ICS history. It is not necessary to re-open account in ICS to document and or monitor. If account is not on ICS (open or closed), notate AMS history with information or actions taken on case. Request the return to be sent to you directly to be reviewed for accuracy, documented on ICS and forwarded for processing. However, for inquiries on returns not in TDI status, inform the taxpayer to send directly to the applicable processing site.

5.19.15.4.1 (08-06-2015)

Resolving Return Delinquency issues

1. If the Agency is liable to file, determine the period(s) of delinquency and take the appropriate actions per IRM 5.19.22.4.3, BMF Return Delinquency Research. If necessary, provide the required tax forms or request them through SERP. If the taxpayer has Internet access, provide him/her with the IRS website address <http://www.irs.gov/formspubs/index.html?portlet=3>.

Note:

" ELITE" is accessible and available on AMS to directly mail forms to the taxpayer's address on entity, if applicable.

2. Refer to the streamline guidelines for required contact, and follow up time frames. See *IRM 5.19.15.2.1* ; Streamline and Time Frame Guidelines, for detailed process..
3. If contact is not successful, send a Letter 2718C, using the appropriate paragraphs to advise the Agency that failure to file by the specified date, Forms 941 and Form 945 employment tax returns may be prepared and processed under IRC 6020(b) if not filed voluntarily.
4. If contact is successful, inform Agency of obligation to file and the consequences they would face if not filed (i.e; 6020(b) assessment and/or issue may be escalated to the next level of their Agency by a Revenue officer and/or CFO. Set a deadline date for the Agency to file delinquent return(s), up to 10 business days. Solicit for the return to be faxed to you directly, however if return is being mailed. allow additional 30 days for follow up. If returns are being faxed, set follow up for up to 2 days. If no response, follow up with Agency.
5. If the results of the contact reveals the current authorized payroll official or the Chief Financial Officer (CFO) do not have access to the delinquent tax period records, and/or do not have the authority to complete the requested tax return, consider A6020B process. If there is credit on the module, consider FAD 6020B process. Refer to *IRM 5.19.15.4.2*; FAD IRC 6020B Process.
6. If all attempts to resolve the account have been unsuccessful, and there are **no credits** on the account, follow the guidelines below for various scenarios:

IF	AND	THEN
There has been no activity on the account,	The module is over six (6) years from the current tax year,	<ul style="list-style-type: none"> • Input TC 590 cc 77 per Policy Statement P-5-133. • Update ICS of research completed and closure determination.
There has been no activity on the account indicating no employees for period,	You are unable to locate Agency, undeliverable mail, etc.	<ul style="list-style-type: none"> • Input TC 593 with the appropriate closing code. • Update ICS of research completed and closure determination.
If there has been activity on the account indicating the Agency was in business,	The module meets A6020(b) criteria,	<ul style="list-style-type: none"> • Forward documented research to the on-site Campus Revenue Officer for consideration of possible 6020(b) assessment. Refer to <i>IRM 5.19.15.6.2</i> ; Campus Revenue Officer Assistance Guidelines, for additional guidance.

7. If all attempts to resolve the account have been unsuccessful and there **are** credits on the account, and:

IF	AND	THEN
There has been no activity on the account,	The credits have been researched and verified,	Refer to <i>IRM 5.19.15.4.2</i> , FAD IRC 6020(b) Process.
There has been no activity on the account.	The Agency can not confirm payments posted the account was made by the Agency, nor does research identify where the payment was intended.	<ul style="list-style-type: none"> • Input a TC 971 ac 296; indicating credit researched. • Complete Form 8758; forwarding credit to excess collections. • Update ICS of actions taken.

8. Input a TC 570 on an account if there is a concern of a credit offsetting or refunding to Agency where the intent is not to refund or offset. A TC 570 will generate a -R freeze which will restrict the credit from offsetting or refunding to Agency.

**5.19.15.4.2 (08-06-2015)
FAD IRC 6020(b) Process**

1. All attempts for case resolution must be exhausted prior to considering IRC 6020(b) process. Follow the guidelines in the paragraphs below for guidance on determination criteria, and creating a return under IRC 6020(b) guidelines.
2. The following BMF Employment Tax Returns can be prepared under the provisions of IRC 6020(b):

MFT	Tax Return	Return Title
01	Form 941	Employer's Quarterly Federal Tax Return
10	Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return
11	Form 943	Employer's Annual Return for Agricultural Employees

3. Research credit to ensure they do not belong to another EIN/ Tax period. If there is no indication the payment(s) was applied to account in error, consider Manual IRC 6020(b) process to balance the account. Refer to <http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.22.dr/5.19.22.4.6.htm>; BMF Credit Balance Overview; for additional guidance regarding researching credit balances.
4. Upon completion of all required contact and research with no resolution, continue with the following procedures:
 - Complete the tax form per provisions of IRC 6020(b) using the credit balance on the module to determine the liability on the delinquent return. Complete the form utilizing the 6020(b) IAT tool. See IRM 5.18.2 , Business Returns IRC 6020(b) Processing for additional information and guidance on IRC 6020(b) tax formula.
 - Send the Agency Letter 1085(b), along with the "pre-populated" tax return and Publication 5 enclosed.
 - Suspend the account for 45 days awaiting for Agency response (90 days if the Agency is outside the U.S.)
 - Update the ICS history of all actions taken. including research of credit.

Note:

Under no circumstances should interest or penalty be assessed on Federal entities. Refer to Policy Statement P-20-2 (formerly P-2-4, Penalties and interest not asserted against Federal Agencies. IRM 1.2.20.1.2.

5. Process using the following guidelines:

If	And	Then
Agency responds,	states will file the return,	<ul style="list-style-type: none"> • Set a deadline up to 30 days and suspend the account 45 days for follow up. • If no response received, proceed to next step. • If return is secured, review for accuracy and forward to Submission Processing for processing. • Document database with actions taken.
	states does not have the records or the authority to sign return, and agrees to the IRC 6020(b) assessment (oral consent),	<ul style="list-style-type: none"> • Prepare the completed IRC 6020(b) return for processing. • Annotate the bottom of the tax form with the statement: "This return is processed under the Internal Revenue Code 6020(b)." . • Input TC 599 cc 38 using CC FRM49. Input CCC 4 at the bottom of the return. • Forward the IRC 6020(b) return signed by Management, along with a copy of the L1085(b) for processing. • Update the ICS history of all actions taken, including the name and title of the person authorizing the IRC 6020(b) assessment, and all pertinent information secured regarding the reason why the Agency can not complete the return(s).
There is no response to the 1085(b) letter,	Two contact attempts to the Agency to secure the return were completed,	<ul style="list-style-type: none"> • Annotate the IRC A6020(b) return "This return is processed under the Internal Revenue Code 6020(b)." • Prepare the completed IRC 6020(b) return for processing. • Input TC 599 cc 38 using CC FRM49. Input CCC 4 at the bottom of the prepared return. • Forward IRC 6020(b) return, signed by management for processing. • Update ICS of all actions taken, including contact attempts made.
Receive the IRC 6020(b) return signed by the Agency as agreed.		<ul style="list-style-type: none"> • Process as an original return. • Input TC 599 cc 39 for an Agreed Return from the Agency • Update ICS of all actions taken

**5.19.15.5 (08-06-2015)
FSLG Role and Educational Assistance**

1. Federal, State and Local Governments (FSLG) is responsible for ensuring federal tax compliance by federal, quasi-governmental and state agencies, city, county and other units of local government, and American Samoa, Guam, Puerto Rico and the U.S. Virgin Islands. The TEGE specialized area assist governmental entities in determining their employment tax liability and filing requirements for wages, fringe benefits, reimbursements and other payments. In addition, they also assist government entities with information return and backup withholding requirements, excise tax liability, and public retirement systems. FSLG also provides information about questionable or abusive transactions that governments may encounter. Governmental agencies can visit the FSLG web-site, which has a Q&A section addressing most concerns. Visit <http://www.irs.gov/Government-Entities/Federal.-State-&-Local-Governments/Federal-Agency-Information>
2. FSLG also delivers various services to government entities through partnerships with government associations, practitioner associations, and other IRS offices such as Customer Account Services, IRS Counsel, Government Liaison & Disclosure and Employee Plans and Excise Tax.

3. Situations may occur during case processing which FSLG assistance may be necessary to resolve the current compliance issue, request for an educational outreach, or a possible Exam referral. Situations include, but are not limited to:

- Unique filing requirement which the Agency has indicated assistance or clarification for case resolution.
- Consistent trend of cause of delinquency issue with same Agency (more in-depth educational outreach needed, such as math errors, CAWR related issues, etc)
- Clarification of technical law questions which require in depth technical knowledge.
- Possible Exam referral or Exam related questions/ issues which cannot be resolved in FAD.

Note:

The above scenarios for FSLG referral are not inclusive of all situations.

4. FSLG I referrals will be requested utilizing the Specialized Referral System process. Refer to http://msb.irs.gov/hq/fs/InformationResources/srs/FS_referral.asp#SRS, for additional guidance on completing SRS form requesting for FSLG assistance. Upon completion/ submission of SRS request, forward copy of completed submission, along with a copy of ICS history documented of all pertinent information supporting request to appropriate SRS- FAD Coordinator, FAD HQ analyst, and FAD management via E-mail. This will alert HQ and FSLG FAD coordinator of submission.

Note:

Managerial approval is required prior to SRS referral submission.

5. Document SRS with all pertinent information necessary to assist the FSLG specialist with their education outreach. SRS will track the referral and keep a record for future reference purposes. The FSLG coordinator will evaluate the referral and determine if it will be assigned, rejected or transferred. When assigned, a specialist is then notified by E-mail of the assignment and will initiate communication with the requestor (FAD employee). Once request is input on SRS, it will be assigned to an FSLG coordinator. The originator employee will receive a systemic E-mail notification indicating the receipt of request, along with the assigned SRS number. Within a few days the FAD employee will receive an updated E-mail indicating the FSLG analyst assignment.

Note:

Monitor the account on web-site, notify manager if no response from FSLG within 10 business days of assignment to FSLG.

6. Once case is received by an FSLG specialist, they may contact originator employee requesting additional case information to assist with their contact. Contacts made by FSLG will be conducted either by phone, or face to face visit. and is determined by the discretion of the assigned FSLG Specialist. FSLG will forward a detailed E-mail to FAD indicating actions taken, deadline given to the agency, and date of SRS closure.

7. If submission of SRS referral is in regards to agency requesting technical or educational advise, generally continuation of case processing should be pursued. However situations may arise when it is not applicable. In situations where a case needs to be suspended until issue resolved in FSLG, put the case in suspense status for up to 30 days. Notate ICS of reason for suspense and actions taken. Update the control base with the literals: FSLG-REFER.

5.19.15.6 (08-06-2015)

Escalation/ Referral Process Overview

1. Due to restrictions on enforcement options, the escalation referral process was developed in situations when all efforts for resolution have been exhausted. A Service Level Agreement was agreed upon and signed with an effective date of March 1, 2014 by the Commissioner of SBSE, TEGE and the Chief Financial Officer to assist with these type of situations. This section addresses guidelines to follow when all contact attempts have been exhausted with no resolution based on the Streamline process. Refer to *IRM 5.19.15.2.1*; Streamline Process and Time Frames, regarding the Streamline process.
2. When all efforts for resolution have been exhausted at the Campus team level, the next course of action is to escalate the case for resolution to the Campus CSCO Revenue Officer.
3. The Campus Revenue officer will make additional contact attempts with the agency, which may include contact with second level of authority within the Agency. If the case resolution is not successful after Campus RO contact, the case will to be referred to the CSCO Operation Manager.
4. Once received, the CSCO Operation Manager will review and validate all contact attempts have been exhausted, with no resolution. The case will then be forwarded to the Campus director's level via the Chief Planning and Analysis staff. The Campus director will review request, and forward approved completed referral form and request to SBSE Campus Director.
5. SB/SE Director will determine whether a SB/SE Field Collection (FC) Revenue Officer contact would be beneficial for case resolution. The director will collaborate with HQ to determine whether or not the case should be referred to SBSE Field or bypass and forward directly to the IRS CFO office for assistance. Unresolved IRS and Treasury Bureau entities are an exception to the rule. Since IRS CFO office has ownership over these entities, they will bypass Campus and Field RO intervention and forwarded to CFO office. Refer to *IRM 5.19.15.7.1* IRS and Treasury Bureau Agencies, for additional guidance.
6. If contact is successful, the Field RO will act as a liaison between the Campus RO, FAD unit and Agency to ensure the case is resolved in a timely manner.
7. If contact attempt is not successful, and/or cannot be resolved, the Field RO will return the case back to SB/SE HQ Campus. HQ will review and determine next course of action per the escalation process. A determination will be made if issue warrants CFO intervention.
8. Situations may occur which warrant HQ intervention to act as a liaison with an Agency. If research or information indicates the scenario surrounding the case is due to a sensitive nature, or is questionable if it should be handled within the scope of your duties, bring the case immediately to your manager's attention.

5.19.15.6.1 (08-06-2015)

Campus Internal Escalation Process

1. The initial escalation referral process needs to be determined when all research, contact attempts have been exhausted, with no case resolution. Upon determination the case meets criteria for escalation, complete the FAD Referral form. Document form of all actions taken towards resolution. The FAD referral form along with the case file needs to be forwarded to the manager for review/ approval. Once management approves the request, the case will be forwarded to the Campus Revenue Officer for review prior to a contact attempt.
2. ICS history entry must contain a detailed summary to support your recommendation. Below is supporting documentation which needs to be addressed on FAD Referral form and ICS:
 - A detailed cause of delinquency,
 - Prior delinquency issues, if applicable
 - All required attempts to contact have been exhausted,
 - Actions taken on the account by Agency and employee

- Clearly state what actions are being requested by the Campus Revenue Officer
- Summary of information secured from FSLG and ICS history

Note:

The list above is not all inclusive and additional documentation may be necessary.

3. Open an **Other Investigation (OI)** on ICS to the Campus Revenue Officer ICS assignment number. Update the IDRS control base on the account to **M** status with the literal of RO-REF, with a 30 day follow up. The literal RO-REF identifies the case status is Campus RO. Refer to *IRM 5.19.15.6.2* Campus RO Assistance Guidelines.
4. Case will remain open in the employee inventory to monitor while RO is reviewing and OI remains open. Once RO has completed his/her inquiry they will notate ICS history and close OI. In addition the RO history portion on the FAD referral form must be completed, and forward back to the FAD employee via management.
5. If the RO is unable to resolve the issue, the OI will remain open and forwarded to management with RO's recommendation per the escalation process- whether the case should be referred to the field or CFO officer. Refer to *IRM 5.19.15.6* ; Escalation Process Overview.
6. Update the control base to **M** status, using the literals CSCORO-Ref to indicate case is being worked by the Campus RO.

**5.19.15.6.2 (08-06-2015)
Campus Revenue Officer (RO) Guidelines**

1. When all attempts by FAD employee have been exhausted, a determination will be made by Management for the case to be assigned to the Operation Revenue Officer to possible contact the next level of authority within the agency to attempt to resolve the issue. The criteria for possible Campus RO contact is:
 - Agency refuses to pay,
 - Agency states cannot pay
 - Prior history of non compliance and no resolution after numerous contact attempts.
2. The role of the Campus Revenue Officer is to review the referral and determine whether or not all contact attempts have been exhausted. Incomplete or erroneous referrals will be rejected back to the FAD employee with feedback indicating additional actions required. If deemed appropriate, the RO will attempt additional research and contact with the agency to resolve issue. The paragraphs below is general guidance for the RO to follow.
3. Contacts with the next level of authority within the Agency may be required to assist with the case resolution.
4. If contact successful, collaborate and act as a liaison between the FAD Unit and Agency to ensure the case is resolved in a timely manner. Upon case resolution the referral template and ICS will be notated of actions taken. Referral form will be kept in case file for future reference.
5. If issue remains unresolved and/ or RO contact is not successful, the case will be escalated to the CSCO Operation Manager, then proceed to the Campus Director for review and approval of determination of all Campus contact attempts towards resolution has been exhausted.
6. If Campus RO contact is not successful;
 - Update the referral template and ICS of actions taken. The OI will remain open if case needs to be escalated.
 - Update the control to HQ-REF, with a 45 day follow up
 - Recommendation for next steps of the escalation process must be notated, if applicable and forwarded to the Campus Director for review and validating all Campus actions for resolution has been exhausted.
 - Once reviewed and validated by the Campus Director, the referral form with any additional back up documentation will be forwarded to SBSE Campus Director for referral determination per the Service Level Agreement (SLA).

**5.19.15.6.3 (08-06-2015)
Field Revenue Officer (RO) Assistance Referral**

1. After the Campus Director concurs that all attempts for case resolution are unsuccessful, the case will be forwarded to SBSE HQ Director, whom will determine if escalation for Field Revenue Officer contact is warranted for resolution.

Note:

All case documentation and pertinent information must be included to support and assist with escalation process. Supporting documentation includes completed FAD referral form, signed and approved by Campus management, notation of Agency contacts which may assist with Field/ CFO contact.

2. In addition to escalation referral process, other situations may also warrant the need to request Field RO assistance. Situations may include:
 - Face to face visit requested by Agency
 - Collection of payment in certain situations, which will determined by SBSE HQ

**5.19.15.6.4 (08-06-2015)
CFO Office Referral Process**

1. CFO referrals will be considered by SBSE HQ after all contact attempts for resolution has been exhausted. Contact attempts include Campus employee, Revenue Officer intervention (Campus RO and/ or Field RO). Referrals to CFO must be reviewed and approved by SB Campus Director and SBSE HQ. The criteria for referring cases to the CFO office when all contact efforts by SBSE has been exhausted are as follows::
 - IRS or Treasury Bureaus (no balance due criteria is required)
 - Any significant situation whereas an Agency has not responded or provided sufficient information to resolve the compliance issue, or have indicated an unwillingness to take the necessary corrective action that may have a significant tax ramification.
 - Any significant un-applied credits (dollar amount will determined by HQ and CFO office on a case by case basis based on the specific situation)
 - =====
=====
2. The CFO office will attempt to contact the Agency executive office or Agency CFO to discuss the Agency's unresolved delinquent issue. After CFO completion of contact, SBSE HQ will be notified of outcome of contact attempts. The case will then be referred back to FAD team to monitor and or take final actions to resolve based on CFO contact. HQ will act as a liaison between the Campus, and CFO office. Resolution will be tracked and monitored by Campus management utilizing the CFO Tracking report. The update report will be shared with HQ on a weekly basis until case(s) are resolved.

Note:

Follow up time frames will be determined based on each specific case scenario.

3. The CFO office will contact the Agency executives or Agency CFO office directly, and inform them of the outstanding IRS tax issues. Method of contact will be determined at the discretion of the CFO office (letter, phone, e-mail or face to face).
4. CFO office will communicate the results of the contact with SBSE HQ. Upon notification from SBSE HQ, the FAD employee will update the ICS history, and monitor for payment, tax return, or assist with any reconciliation necessary to resolve the delinquency. Update the control base to **A** status, with the literal CFO-FOLLUP. The FAD employee will assist with any necessary reconciliation, and/or monitor the account for payment/ return.
5. If after all contact attempts from the CFO office have been exhausted with no resolution, the case will be escalated by the executives to the IRS Commissioner. The Commissioner of the IRS will then contact the head of the specific agency to achieve resolution. These situations should be rare in occurrence.

5.19.15.7 (08-06-2015)**Special Handling of Various Agencies**

1. Certain Federal agencies need to be worked either as a priority or have responsibilities which differ from other Federal Agencies. Example: Due to the various classifications of some agencies, their filing or reporting of tax may differ and need special handling. In addition, the CFO office has responsibility to ensure IRS and Treasury entities are in tax compliance. Guidance on processing each type of special handling is addressed in sub-sections below.

5.19.15.7.1 (08-06-2015)**IRS and Treasury Bureau Delinquent Agencies**

1. IRS and Treasury entities **must** be treated as priority. The CFO office is accountable for all IRS and Treasury agencies, and **must** be notified within 5 business days upon receipt in the FAD inventory of the cause and status of the account. HQ must be kept updated on the progression of IRS/ Treasury cases on a weekly basis Upon receipt, HQ will review and forward the weekly updates to CFO office until case resolution.
2. A **IRS- Treasury Tracking Report** will be used weekly to monitor and track IRS entities. The report will be completed and forwarded to SBSE HQ. The report must include the cause of the delinquency and pending status.
3. If case cannot be resolved within 90 days, or initial contact was not successful, refer the case to HQ via management directives. Management will forward to Campus director for consideration of CFO referral, bypassing RO referrals. Refer to *IRM 5.19.15.6.4* ; CFO Referral Process, for additional guidance.
4. For identification purposes, agencies under Treasury Bureau are listed below:
 - Alcohol and Tobacco Tax and Trade Bureau
 - Bureau of Engraving and Printing
 - Community Development Financial Institutions Fund
 - Financial Crimes Enforcement Network (FinCEN)
 - Internal Revenue Service
 - Office of the Comptroller of the Currency
 - Bureau of the Fiscal Service (agency formed from the consolidation of Financial Management Services and the Bureau of Public Debt)
 - U.S. Mint

5.19.15.7.2 (08-06-2015)**Federal Agencies assigned to Handle Federal Labor Laws**

1. Certain government agencies have been assigned to collect wages from employers or Federal contractors which were erroneously not paid to their employees. These Federal agencies disburse the unpaid wage amounts to the employees concerned, determined from the results of a judicial court decision. Extensive investigations are performed by the Federal agencies to determine whether or not claims for back wages or unfair labor practices are valid. Agencies allowed to take this action and some of the provisions which allow such action are: Agencies assigned to handle such issues are:
 - Department of Labor (DOL) – Fair Labor Standards Act
 - Government Accountability Office (GAO) – Davis-Bacon Act
 - Housing and Urban Development (HUD) – Davis-Bacon Act
 - National Labor Relations Board (NLRB) – Labor Management Relations Act
2. Research is performed by the appropriate assigned Federal agencies to determine if claims for back wages or unfair labor practices are valid. Therefore, a relatively long period of time may elapse between the time employees become entitled to the wages and the time they actually receive payment from the Agency involved.
3. In addition to Federal income tax withheld, the assigned Federal Agency will report wages on the appropriate lines of Form 941 and compute the full amount of FICA taxes. The employer share of FICA is then deducted on one of the adjustment lines of Form 941 as a negative adjustment.

Note:

Wages may also be reported on Form 943 or Form 944.

4. See IRM 21.7.2.5.7.2, Processing of Forms 941X Filed by Federal Agencies to Report Employer Share of FICA Taxes (Wage Payments Made by Federal Agencies), for additional information.

5.19.15.7.3 (08-06-2015)**Federal Reserve Banks**

1. Federal Reserve banks are classified as Federal agencies, and assigned with an employment code of "Q" . Employment code of "Q" identifies "quasi- governmental" agencies. Since they are not assigned with an employment code of "F", they are not assigned to FAD inventory. However, in rare situations a request may be made by HQ, CFO, or FSLG to assist with a case.
2. These entities are part private in nature and part public by statute, which differs than other Federal agencies. They are liable to file and pay FUTA tax (Form 940) , which is not a general rule for Federal Agencies. Federal Reserve banks are all independent of each other and have their own autonomy and are assigned a separate EIN.
3. There are approximately a total of twelve (12) Federal Reserve Banks. Unlike private commercial banks, Federal Reserve Banks do not provide general banking services such as checking, savings or lending. The Federal Reserve System is a quasi-governmental organization created by Congress that operates in the public interest. After paying its expenses, the FRS turns over its revenue to the U.S. Treasury.

4. However, if a Federal Reserve bank entity is received in inventory due to incorrect employment code assignment, forward the entity information to FSLG (via manager/lead), requesting for them to validate the employment code. If FSLG determines the entity is a quasi government entity, they will update the employment code and change to "Q". Monitor for correction. Once the employment code has updated to an employment code Q, close the account off of ICS.

5.19.15.8 (08-06-2015)

General Reference Information for Federal Agencies

1. Federal agencies may request additional tax information which may not be applicable to the tax period(s) in FAD inventory. Our goal is to assist the taxpayer to prevent future compliance issues. This section will give an overview of information and resources which may be of assistance with inquiries received

5.19.15.8.1 (08-06-2015)

Reference and Resources for Federal Agencies

1. If an inquiry is received from an Agency not currently in FAD inventory regarding a general tax question, assist to the best of your ability. Utilize the chart below for additional reference guidance to refer them to:

Reference	Direct Link
Federal-State Reference Guide provides state and local government employers a comprehensive reference source for social security and Medicare coverage, in addition to assistance on determining worker status, public retirement systems, social security and Medicare coverage and benefits, employment tax laws and other tax issues. This publication also contains contact telephone numbers and an address where customers can write for additional information.	Publication 963
IRS.gov website- "FAQ For Federal Agencies"	http://www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/Federal-Agency-Frequently-Asked-Questions
IRS.gov website- "Information Return Reporting for Federal Agencies"	http://www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/Information-Return-Reporting-for-Federal-Agencies
SSA website for inquires regarding W-2s filed	http://www.ssa.gov/employer/#a0=0
Electronic Filing Payment Tax System (EFPTS)	Federal Agencies can contact EFPTS Customer Service directly at 1-877-333-8292 for assistance or issues related to the EFPTS System, or 1-866-255-0654 for web-site support.

5.19.15.8.2 (08-06-2015)

Payment Options for Federal Agencies

1. Federal Agencies have the option of either utilizing the Electronic Federal Tax Payment System (EFTPS) or Intra-Governmental Payment & Collections (IPS) to transmit payments to the IRS. The following paragraphs provides an overview and general guidance for each payment option.
2. **EFTPS:** Federal Agencies are encouraged to use EFTPS for tax deposit payments, which is operated by Bank of America. The EFTPS system enables taxpayer's to make electronic deposits and payments for federal taxes. EFTPS provides an immediate acknowledgment, which is a benefit for the Agencies. The system also enables taxpayers to search filing history and archives up to 16 months of EFTPS history by form, year, quarter, date, trace number, or payment total. For additional guidance, see IRM 21.2.1.47 Electronic Federal Tax Payment System (EFTPS) for information, or IRS.gov, keyword **EFTPS** for guidance. Inquiries and concerns related to EFTPS can be directed to call 1-800-945-8400 or 877-333-8292. In addition you may consider referring the Agency to IRS Pub 966 , or visit www.eftps.gov, which also has a section specifically for Federal Agencies: <http://serp.enterprise.irs.gov/databases/irm.dr/current/3.dr/3.17.dr/3.17.277.dr/3.17.277.1.4.5.htm>; EFTPS for Federal Agencies
Federal Agency's tax payments are processed through the and are driven by the **Transaction Reporting System** , (TRS) and the Agency location code (ALC). Each payment includes the ALC in the field normally used for the Routing Transit Number. Payments made by federal agencies through EFTPS is identified by the EFT number beginning with **291**.
 - Federal Agencies are encouraged to utilize EFTPS for Federal Agencies to make payments on tax returns listed below:
Form 941, Employer's Quarterly Federal Tax Return
Form 945, Annual Return of Withheld Federal Income Tax
Form CT-1, Employer's Annual Railroad Retirement Tax Return
Form 720, Quarterly Federal Excise Tax Return
Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons
3. IDRS Command Code EFTPS can be utilized to research payments made through EFTPS.

Note:

See IRM 2.3.70, Command Code EFTPS for additional information on CC EFTPS. See IRM 21.5.7.4.7.15 for information on EFTPS payment tracers.

4. **IPAC:** The IPAC process was established to allow governmental agencies to have the ability and convenience of transferring funds from one Federal agency to another. If the agency is requesting to transfer funds to pay an outstanding balance, the following information must be used to process an interagency payments to the IRS:
IRS: COLLBCA 020 F3885011.

Note:

Refer toIRM 5.1.2902; Intragovernmental Payment & Collections (IPAC) Instructions, for additional guidance.

5.19.15.9 (08-06-2015)

FAD Reports- Tracking Cause and Case Resolution

1. ICS database captures and tracks information documented indicating the "Cause and Case Resolution" on each entity in inventory. Specific line entries under ICS Approved Program Names 1 & 2 are specifically for FAD reporting. The Program Names 1 & 2 listing is located under the Entity tab, then Maintain Program Names. Program 1 is to be used to update the initial determination of the "Cause" of the account to be in Collection status, and Program Name 2 is to be used to document the "Case Resolution. " .
2. There will be situations where several issues may have contributed to the delinquent issue. Determine and use the root cause of the delinquency. IF there is both a Baldue and TDI issue on the same case, the Baldue issue should be considered the "root" cause.
3. The cause of the case delinquency issue and case resolutions must be recorded on ICS, which will be used to generate trend reports. Error trends will be shared with FSLG for educational purposes. Reports will be generated by ICS programmers and forwarded to management on during the first week of each month.
4. Upon case closure, select the appropriate issue type on ICS fields-Approved Program Name 1 & 2 to address the **Cause** and **Case Resolution** . Approved Program Name 1 drop down menu will be used to select the Cause of the delinquency issue, while Approved Program Name 2 drop down menu is to be used to select the Case Resolution type. The following paragraphs below displays the specific case type to select from the appropriate drop down menus specified. The data will be used for

reporting/ tracking purposes. The information will be shared with FSLG per the Service Level Agreement.

5. Refer to the table below for drop down menu selection to capture the **Cause** under - **Approved Program name 1**

Issue- Cause	Definition
FAD Return Math Err	Math error on tax return secured
FAD Underpmt of Tax	Total tax due is above payment(s) received.
FAD Exam Assess	Exam assessment
FAD CAWR Assess	CAWR assessment
FAD Cr Discrepancy	Credit discrepancy (i.e; payment applied to incorrect tax period, MFT, or another account.
FAD IRS/Systemic Err	IRS error (ie; incorrect filing requirement opened, amended return not processed correctly)
FAD Non-Filed Return	TDI issue- Open TDI non filed return
FAD Emp Code Error	Possible incorrect employment code "F" assignment. Note: Refer to management.
FAD Education	Agency contacted FAD employee requesting compliance assistance on a non open issue in FAD.
FAD Other	Issue does not match other issues (i.e.; resolved prior to assignment to FAD,)

Note:

Document ICS history of specific reason for delinquency in more detail. Detailed information may be valuable for FSLG planning of upcoming educational outreaches and seminars.

6. Refer to the table below for drop down menu selection to capture **Case Resolution (Cure)** listed under -**Approved Program name 2:**

"Case Resolution"	"Definition"
FAD Adjustment	Adjustment to account resulting in resolution
FAD Cr Offset/Transfer	Credit was offset or transferred to satisfy liability.
FAD Balance Full Paid	Payment received/ Full paid account
FAD W-2/W-3 Recon	Reconciliation of W-2 and or W-3s
FAD Return Secured	TDI- return secured
FAD Not Liable to File	TDI- TC 590 input
FAD No Longer Liable	TDI- TC591 input; EIN no longer being used, no longer have employees, etc.
FAD EIN Merged	EIN was merged with an associated EIN
FAD Emp Cd Issue Res	Employment Code assignment issue resolved
FAD Closing Agreement	*Only use when directed by HQ. Closing agreements are only initiated by CFO office
FAD Prev. Action	Case resolved prior to assignment to FAD inventory by another Campus area.

Note:

Ensure ICS history is also documented of Cause and Case resolution.

**5.19.15.10 (08-06-2015)
Closed Case Files**

1. Closed FAD cases will be retained within the centralized FAD Unit for a period of two years. Write or stamp "Closed" with the closed date on the case file. Upon the two year expiration, the retired files will be forwarded to the Federal Record Center (FRC). Notate AMS history and case history sheet with the FRC location, box number, ascension number, and date. Refer to IRM 1.15.29; Records Control Schedule for Collection, for authorized disposition schedule. Records Control Schedule for Collection, for authorized disposition schedule.
2. Due to the sensitivity of Federal Agencies, it is required to keep all pertinent information and documentation in the case file when sent to IRS Retention Center. The following information must be kept in case file, however is not inclusive of all information needed to retain. Pertinent information will depend on each case situation :
 - Copy of ICS complete account history,
 - Reconciliation spreadsheets, if applicable. Including copies of W-2/ W-3 documentation received from CAWR, SSA or Agency
 - Transcript of accounts, if required to support adjustments taken to account
 - Correspondence from taxpayer
 - E-mails with pertinent information to support actions taken, if applicable
 - Referral form, if applicable

**Exhibit 5.19.15-1
List of Government Executive Agencies**

The Federal government is comprised of three branches; the Judicial, Legislative and the Executive branch.

- A. The Judicial branch includes Federal courts, such as bankruptcy and tax court, as well as the Supreme Court
- B. The Legislative branch includes the Congress and Senate, as well as organizations that support them such as the Congressional Budget Office (CBO), Government Accountability Office (GAO), Government Printing Office (GPO) and Capitol Police.
- C. The Executive branch includes the departments listed below as well as many Independent Agencies, Boards, Committees, Commissions and Quasi-Government Agencies.
 - Department of Agriculture (USDA)
 - Department of Commerce (DOC)
 - Department of Defense (DOD)
 - Department of Education (ED)
 - Department of Energy (DOE)
 - Department of Health and Human Services (HHS)
 - Department of Homeland Security (DHS)
 - Department of Housing & Urban Development (HUD)
 - Department of Justice (DOJ)

Department of Labor (DOL)
Department of State (DOS)
Department of Interior (DOI)
Department of Treasury
Department of Transportation (DOT)
Department of Veteran Affairs (VA)

Refer to <http://www.usa.gov/directory/federal/index.shtml>. Also refer to IRM 21.7.13.7.4.3 and IRM 3.13.12.6.29.4; for further information on Federal entities.

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 16. Compliance Services Collection Operations (CSCO) Clerical Procedures

5.19.16 Compliance Services Collection Operations (CSCO) Clerical Procedures

- 5.19.16.1 [Undelivered \(UD\) Mail, Bad Address and Address Research \(ADR\) Processing](#)
- 5.19.16.2 [Return Delinquency \(RD\) Notice Overview](#)
- 5.19.16.3 [SBSE Fast Scan Procedures Overview](#)
- 5.19.16.4 [Taxpayer Delinquent Account \(TDA\) Overview](#)
- 5.19.16.5 [Determining IRS Received Date](#)
- 5.19.16.6 [Form 3210](#)
- Exhibit 5.19.16-1 [TDA Batch Color Coding](#)
- Exhibit 5.19.16-2 [AMS Create Batch Error Messages](#)
- Exhibit 5.19.16-3 [BMF Forms and MFTs](#)
- Exhibit 5.19.16-4 [IMF TDI Batch Color Coding](#)
- Exhibit 5.19.16-5 [Description of Determining IRS Received Date](#)

Manual Transmittal

September 25, 2015

Purpose

(1) This transmits revised IRM 5.19.16 Liability Collection Compliance Services Collection Operations (CSCO) Clerical Procedures.

Material Changes

- (1) IPU 14U0874 issued 05-16-2014 IRM 5.19.16.1.4 - Clarification to paragraph 2 on 2797 response with forwarding addresses either from UFA or USPS.
- (2) IPU 14U0962 issued 06-04-2014 IRM 5.19.16.1.1 - Clarification on ACS correspondex letter routing. Added link for W&I and SBSE ACSS addresses.
- (3) IPU 14U0962 issued 06-04-2014 IRM 5.19.16.4.1(3) - SBSE exception added for CSCO date batching.
- (4) IPU 14U0962 issued 06-04-2014 IRM 5.19.16.1.4 - Update to unsigned 2797 responses.
- (5) IPU 14U1246 issued 08-13-2014 IRM 5.19.16.6 - Changed 3210 monitoring from 3 years to one year.
- (6) IPU 14U1246 issued 08-13-2014 IRM 5.19.16.3.2(9) - Added link to mail routing guide for clarification.
- (7) IPU 14U1246 issued 08-13-2014 IRM 5.19.16.4.1(6) - Added link to mail routing guide for clarification.
- (8) IPU 14U1705 issued 12-23-2014 IRM 5.19.16.5 - Clarified 3 days to 3 business days.
- (9) IPU 15U0218 issued 01-29-2015 IRM 5.19.16.2.2(7) - Clarification to (7) to address updates to new IRM 5.19.22.
- (10) IPU 15U0649 issued 04-08-2015 IRM 5.19.16.4.1 - Update OFF codes for GII.
- (11) IPU 15U0671 issued 04-10-2015 IRM 5.19.16.3 added paragraph for peak processing.
- (12) Updates made:
 - 5.19.16.2.2 added BMF AMS batching procedures.
 - IRM link updates throughout
 - Editorial changes throughout.

Effect on Other Documents

IRM 5.19.16 dated April 3, 2014 is superseded. The following IRM Procedural Updates (IPU's), issued between May 16, 2014 through April 10, 2015, have been incorporated into this IRM: 14U0874, 14U0962, 14U1246, 14U1705, 15U0218, 15U0649 and 15U0671.

Audience

The target audience is Small Business Self Employed (SB/SE) Compliance campus employees who process Collection work.

Effective Date

(09-25-2015)

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5.19.16.1 (10-25-2011) Undelivered (UD) Mail, Bad Address and Address Research (ADR) Processing

1. Undelivered (UD) mail is any letter, correspondex letter or notice sent to the taxpayer and returned with an indication the taxpayer no longer resides at the address.

2. Bad Address is any letter, correspondex letter or notice sent to the taxpayer and the mail is returned or could not be delivered based on the United States Postal Service (USPS) standards and requirements. These may be returned directly from the Correspondence Production Services (CPS) print sites or returned from the USPS as UD mail.

3. Address Research (ADR) is a system that researches potential addresses on UD mail. If potential address(es) is found by the ADR system, it will send the 2797CG (R-U-There) letter to the taxpayer.

Note:

ADR can send up to 50 R-U-There letters on one account.

**5.19.16.1.1 (06-04-2014)
Undelivered (UD) Mail Batching Procedures**

1. All Undeliverable mail that is received should be sorted and separated per *IRM 5.19.16.1.2, Undelivered (UD) Mail Procedures* under OFP 790-61000 with no count.

Note:

C letters that will be returned to local Teams based on the IDRS number should be worked under OFP 790-61000 and should not contain a count.

Exception:

CP 04 and Letter 2761C should be batched and worked by the combat zone team in KCSC under 790-61007.

2. Undeliverable mail and 2797 responses should be worked in the receiving site and **should not** be transshipped.

3. The following program codes and procedures should be reported under specified program code.

If ...	And ...	Then ...
CP Notice <ul style="list-style-type: none"> • CP 501 ,CP 503 , CP 504, CP 601, CP 603, CP 604 • CP 521, CP 522, CP 523, CP 621, CP 622, CP 623 • CP 59, CP 259, CP 759, CP 959 • CP 515, CP 516, CP 518, CP 615, CP 616, CP 618 	Marked with "Refused" or "Unclaimed"	<ul style="list-style-type: none"> • Destroy as classified waste • report time under 790-61000 no count taken. <p>Note: Submission Processing pulls Refused and Unclaimed UD mail and destroys as classified waste. These instructions are for the few that may get sent in error.</p>
CP Notice <ul style="list-style-type: none"> • CP 501 ,CP 503 , CP 504, CP 601, CP 603, CP 604 • CP 521, CP 522, CP 523, CP 621, CP 622, CP 623 • CP 59, CP 259, CP 759, CP 959 • CP 515, CP 516, CP 518, CP 615, CP 616, CP 618 • CP 63 	USPS yellow label undeliverable sticker or USPS Undelivered stamp	<ul style="list-style-type: none"> • Batch in groups of 50 • Scan through ADR. • Report time and volume under 790-61007
CP Notice <ul style="list-style-type: none"> • CP 501 ,CP 503 , CP 504, CP 601, CP 603, CP 604 • CP 521, CP 522, CP 523, CP 621, CP 622, CP 623 • CP 59, CP 259, CP 759, CP 959 • CP 515, CP 516, CP 518, CP 615, CP 616, CP 618 • CP 63 	Hand written unverified forwarding address Note: These will be hand written addresses on the envelope that do not contain a USPS yellow label sticker.	<ul style="list-style-type: none"> • Batch in groups of 50 • Scan through the UFA/ADR process • If UFA/ADR is not working, take the following steps: <ul style="list-style-type: none"> A. Send a Letter 2788C B. Overlay the address on CC LPAGE with the USPS yellow label address C. Send a Form 8822, <i>Change of Address</i> D. Document action taken on AMS. • Report time and volume under 790-61007
CP Notice <ul style="list-style-type: none"> • CP 501 ,CP 503 , CP 504, CP 601, CP 603, CP 604 • CP 521, CP 522, CP 523, CP 621, CP 622, CP 623 		

<ul style="list-style-type: none"> CP 59, CP 259, CP 759, CP 959 CP 515, CP 516, CP 518, CP 615, CP 616, CP 618 CP 63 All other notices and letters not being returned to originator. 	USPS forwarding address "yellow label" present	<ul style="list-style-type: none"> Batch in groups of 50 Work per <i>IRM 5.19.16.1.2, Undelivered (UD) Mail Procedures</i> Report time and volume under 790-61004
<p>Any undelivered mail.</p> <p>Note: This includes 2797-CG R-U-There letters.</p> <p>Exception: Do not batch letters that will be returned to the originating employee.</p>	<p>Deceased</p> <p>Note: These could be stamped by the USPS as deceased or have a hand written notation indicating deceased.</p>	<p>These cases should not be worked under the UD mail program. They should be batched under , 810 - 61150 (TDA) or 810 - 62230 (TDI) or 810 - 62610 (BMF).</p> <p>Note: Tax Examiners working Deceased UD mail will follow procedures in <i>IRM 5.19.16.1.2, Undelivered (UD) Mail Procedures</i></p>
<p>Any undelivered mail.</p> <p>Note: This includes 2797-CG R-U-There letters.</p> <p>Exception: Do not batch letters that will be returned to the originating employee.</p>	<p>Incarcerated</p> <p>Note: These could be stamped by the USPS as incarcerated or have a hand written notation that the taxpayer is in prison.</p>	<p>These cases should not be worked under the UD mail program. They should be batched under , 810 - 61150 (IMF), 810 -62610 (BMF) or 810 - 62230 (TDI).</p> <p>Note: Tax Examiners working Incarcerated UD mail will follow procedures in <i>IRM 5.19.16.1.2, Undelivered (UD) Mail Procedures</i></p>
2797-CG R-U-There letter	Correspondence attached or notation unrelated to the address	Batch in regular work under appropriate program based on the written request. Do not scan through ADR, the employee working the case will update that address and respond to the Taxpayers request.
2797-CG R-U-There letter	<p>Signed Responses from the taxpayer that the:</p> <ul style="list-style-type: none"> Taxpayer verified address Taxpayer supplied a new address or phone number 	<ul style="list-style-type: none"> Batch in groups of 50 Work through ADR 2797 response process using appropriate drop down box Report time and volume under 790-61005
2797-CG R-U-There letter	Returned undelivered with no new potential address	<ul style="list-style-type: none"> Batch in groups of 50 Work through the UD 2797 ADR process under appropriate drop down box Report time and volume under 790-61007
2797-CG R-U-There letter	Returned with USPS forwarding address "yellow label"	<ul style="list-style-type: none"> Batch in groups of 50 Work through 2797 ADR process under appropriate drop down box Report time and volume under 790-61007
2797-CG R-U-There letter	<p>Returned with Unverified forwarding address.</p> <p>Note: These will be addresses that are written on the envelope and you can't verify their source.</p>	<ul style="list-style-type: none"> Batch in groups of 50 Work through the UFA/ADR process Report time and volume under 790-61007
2797-CG R-U-There letter	<p>Unsigned responses</p> <p>Note: These will be responses that indicate a new address on the 2797 or they checked the boxes indicating the address on the letter is correct, but did not sign the 2797.</p>	<ul style="list-style-type: none"> Batch in groups of 50 Work through AMS/IDRS Send Letter 2788C Overlay the old address on CC LPAGE with the potential new address Send Form 8822, <i>Change of Address, Change of Address</i> Report time and volume under 790-61007 <p>Note: Do Not change the address on IDRS with CC ENREQ or through AMS Address Update. Leave a history on AMS notating the address the leter was sent to and why.</p>

ACS "LT" letters, CP 90 and Letter 3676C	Undelivered	<ul style="list-style-type: none"> Route to appropriate ACS support function Report time and volume under 790-61006
ASFR 30 day (2566/2566R) and/or 90 day (3219N) letters	Undelivered	<ul style="list-style-type: none"> Route to appropriate ASFR clerical team Report time and volume under 790-61006
Any letter or notice that is not a CSCO function	Undelivered	<ul style="list-style-type: none"> Route to appropriate function (Exam, AM, AUR, etc.) Any ACS correspondex letter should be routed to ACSS. For W&I ACSS sites see W&I Compliance Services and for SBSE ACSS sites see SB/SE Compliance Services. Report time and volume under 790-61006
Third party responses	Any CP notice per <i>IRM 5.19.16.1.4, Address Research (ADR) Processing</i>	<ul style="list-style-type: none"> Batch in groups of 50 Work through UFA process per <i>IRM 5.19.16.1.4, Address Research (ADR) Processing</i> Report time and volume under 790-61007

Note:

Return Delinquency and Balance Due CP notices, listed in the above table, **should not** be transhipped from site to site. They will be worked in the site they were received.

**5.19.16.1.2 (04-03-2014)
Undelivered (UD) Mail Procedures**

- This section provides general procedures for processing UD mail for CSCO and ACS letters and notices that are **not processed** through the ADR system. If the procedures below cannot be worked by the ADR employees, then the work is performed in other areas in the CSCO and ACS Support functions. In addition, specific procedures for ACS letters UD mail not processed through ADR should be worked using *IRM 5.19.6.17.1, Non-Scanned UD Mail (ACS Input)*.
- Separate and work all UD mail in groups as follows:

If ...	And ...	Then ...
Correspondex Letters	Intentionally left blank	<p>A. Return to the originator's IDRS assignment number</p> <p>Exception:</p> <p>Any ACS letter should be routed to ACSS.</p> <p>B. Originating employee should work their undelivered correspondex letters using the following list:</p> <ul style="list-style-type: none"> Research IDRS to check the address was recently changed or is in a pending status. If address was updated, re-send the correspondex letter and leave comments on AMS. If no new address or pending address, destroy correspondex letter and update AMS comments. If correspondex letter has a USPS forwarding address label follow the USPS yellow label directions below.
USPS Yellow Label	Indicates Undeliverable as addressed.	<p>A. Follow ADR processing procedures in <i>IRM 5.19.16.1.4, Address Research (ADR) Processing</i></p> <p>B. Does not meet ADR criteria, destroy notice.</p> <p>Exception:</p> <p>If Correspondence or a written response is present, batch in normal case processing for possible disclosure issue.</p>
		<p>A. Verify the name on the forwarding USPS label matches the name on the notice.</p> <p>Note:</p> <p>If name control on the yellow label is different then the name control on ENMOD, follow (7) below.</p> <p>Exception:</p> <p>If a TDA notice or ACS LT letter contains the primary SSN with the secondary taxpayer's name and address information, follow (8) below.</p> <p>B. Compare the current TIF cycle on CC ENMOD or the current cycle of Master File address shown on CC IMFOLE/BMFOLE to the date on the USPS yellow label.</p> <p>C. If the USPS yellow label date is more recent than the cycle on IDRS, update the address on IDRS using AMS address update tool. AMS will update the address and leave an appropriate address change history.</p> <p>Exception:</p> <p>If the USPS yellow label indicates forward time is expired, and the cycle date on ENMOD is one year or more prior to the date on the USPS yellow label date, update the address on IDRS using AMS address update tool</p> <p>D. If AMS is down, input History items and change address on CC ENMOD on IDRS.</p>

USPS Yellow Label	Indicates forwarding address.	<p>E. If USPS is not newer, leave a history on AMS reflecting the forwarding address and why address was not updated. If the USPS address already matches what is on ENMOD, no AMS comments are needed.</p> <p>Exception:</p> <p>If the IDRS cycle date is within one year of the yellow label date on forward time expired UD mail follow (8) below.</p> <p>F. Re-send the letter or notice if possible; otherwise, the next notice issuance will contain the new address. For IMF Return Delinquency (RD) notices, see paragraph 9.</p> <p>G. If the cycle on ENMOD and USPS yellow label are the same, and you are not sure which is more current, do the following:</p> <ul style="list-style-type: none"> • Send a Letter 2788C • Overlay the address on CC LPAGE with the USPS yellow label address • Send a Form 8822, <i>Change of Address</i> • Document action taken on AMS. <p>H. If a TDA notice or ACS LT letter was sent with the secondary taxpayer's name and address, and you are not sure if the FWD address is for the primary or secondary taxpayer</p> <ul style="list-style-type: none"> • Send a Letter 2788C to both the primary and secondary SSN • Overlay the address on CC LPAGE with the USPS yellow label address • Send a Form 8822, <i>Change of Address</i> • Document action taken on AMS under both SSN's <p>Note:</p> <p>If the FWD address is already on the primary SSN, but not the secondary SSN, only send the letter to the secondary taxpayer and document AMS.</p> <p>I. To re-send an IMF RD notice and the USPS cycle is newer than ENMOD:</p> <ul style="list-style-type: none"> • After address is updated, check the RD module Status Code (SC). It must be in SC 02, and • No other modules are in TDI SC 03 or in TDA status, then • Input ASGNIC (Definer C) and enter, then • Enter TIN, name control and Notice Code "R" (R will be in position 29 of the line item), See IRM 2.4.27-5, <i>ASGN/ASGNB Input Display - Single and Batch</i>. After input, the Notice Code "R" will be displayed on CC TDINQ. <p>Note:</p> <p>As of January 2013, CP 59 should be reissued as well. The system will issue a CP 515 when you use Notice Code "R" . It is important that you work this reissuance in a timely manner to ensure a CP 515 is issued before the next notice is generated.</p> <p>Note:</p> <p>The above procedure only applies to IMF CP 59, 516 or 518. These procedures do not apply to BMF RD notices at this time. These procedures do not apply to any IMF module(s) or associated module(s) already in SC 03 (TDI) or TDA status or account with an assignment (TSIGN) number.</p> <p>Note:</p> <p>ACS LT-11's, do not re-send, instead use OL-16 to issue another ACS letter.</p>
ASFR	Intentionally left blank	A. Forward all UD ASFR letters including letters with USPS yellow label, Deceased, Incarcerated, Refused or Unclaimed to the ASFR Clerical function, as stated in IRM 5.18.1.10.2.2, <i>Undeliverable Mail</i> .
Incarcerated	Yellow postal sticker or hand written responses such as, "he or she is in Jail"	A. Batch as regular work B. If working as batched cases, Follow (3) below.
Deceased	Yellow postal sticker, stamped deceased or any written response that indicates "deceased"	A. Batch as regular work. B. If working as batched cases, follow (4) below
Out of Business (OOB)	Intentionally left blank	A. Follow instructions in (5) below.
Power of Attorney (POA)	Intentionally left blank	A. Follow instructions in (6) below.

3. **Incarcerated mail**, these include Return Delinquency and Balance Due notices, process as follows:

Note:

Do not transship Incarcerated Undelivered mail.

If	Then
The amount of the balance due notice is below ≡≡≡≡≡≡≡≡≡≡≡≡≡≡≡≡	Input TC 530 cc 09 to the notice module or year.
The amount of the balance due is above ≡≡≡≡≡≡≡≡≡≡≡≡≡≡≡≡	Accelerate to ACS by using CC STAUP 2200.
The return delinquency is marked PCB (IMF) or LRA (BMF) and the amount is below ≡≡≡≡≡	Input TC 593 cc 82 to the notice module.
The return delinquency notice is not a PCB (IMF) or LRA (BMF) and the amount is above ≡≡≡≡≡ (except for Form 1065).	Accelerate to ACS, see: IRM 5.19.2-7, <i>Accelerate and/or Delay To TDI Status 03</i> . Note: Do not accelerate to ACS if the IMF account is a Sel Code 13, 14, or 17 as these are ASFR potential and will be systemically sent to ASFR.
The amount of the balance due exceeds our authority	Follow procedures in IRM 5.19.1.4.7, <i>Incarcerated Taxpayers</i>

4. For **Deceased** mail, these include Return Delinquency and Balance Due notices, process as follows:

- A. For Balance Due notices, follow procedures in IRM 5.19.1.4.3.1, *Deceased Taxpayer - Balance Due Actions*.
- B. For RD notices, follow procedures in IRM 5.19.2.5.4.6.6, *IMF Response Taxpayer Deceased*, or IRM 5.19.22.4.3.1.2.1, *BMF Response Taxpayer Deceased*.

Note:

Do not transship deceased undelivered mail.

5. Return delinquency notices indicating **OUT OF BUSINESS** (OOB) modules with and without dates will be processed as shown below. After the appropriate action is taken, destroy the UD mail as classified waste (CW).

If	Then
The OOB date is provided	Input TC 591 to the earliest tax period. If there is no open TDI module on IDRS, input TC 591 on the next period. IRM 5.19.2-7, <i>Accelerate and/or Delay To TDI Status 03</i> or IRM 5.19.22.4.3.1.1 <i>BMF Response Taxpayer Not Liable</i>
The OOB date is not provided	Accelerate or Delay to TDI Status 03, see IRM 5.19.2-7, <i>Accelerate and/or Delay To TDI Status 03</i>
For ACS LT. letters and the UD mail is marked OOB	Input any useful information or comments. Change the follow-up date to the following day (OAU01,TPOOB).

6. For **Power of Attorney** process as follows:

If ...	Then ...
USPS forwarding address "yellow label"	<ul style="list-style-type: none"> A. Check CC CFINK to validate the POA's name and address. B. If CFINK address is different from the address shown on the yellow label, route POA UD mail on Form 3210, Document Transmittal, to the appropriate centralized CAF site. C. Indicate on Form 3210, "Research and update POA address, if necessary, based on USPS yellow label per Rev. Proc. 2010–16 Section 4.05 and 4.06." D. Update AMS comments, as appropriate. E. Report time and volume under 790–61004 <p>Note: If there is no data on CC CFINK, destroy UD mail.</p>
USPS no forwarding address "yellow label"	<ul style="list-style-type: none"> A. Destroy B. Do not process POA (CAF indicator) cases through ADR. C. Update AMS comments with which POA/CAF representative was returned undelivered with no forwarding address and the CP notice or letter that was returned. <p>Note: If CFINK already shows the address is UD, you do not have to leave a comment on AMS. Also, if prior comments have already been left on AMS within the last 6 months, it is not necessary to leave another comment. Just destroy the UD mail.</p>

**5.19.16.1.3 (10-25-2011)
Bad Address Processing**

- This section provides procedures for Bad Address processing for those letters or notices that are **not processed** through ADR processing, see IRM 5.19.16.1.4, *Address Research (ADR) Processing*. Bad Address means the address lines are not compliant with the standards of the United States Postal Service (USPS) and may or may not be delivered to the taxpayer. These Bad addresses may contain Service Center's (SC) Campus addresses, for SC unique zip codes, see IRM 3.10.72.2.3, *Unique Campus Zip Codes*, or incomplete or no address lines. The USPS standards are in Publication 28 and can be found on web site: www.usps.com/publications/pubs/welcome.htm
- If the Bad Address mail is received and is not one of the listed letters or notices to be processed through ADR per IRM 5.19.16.1.2, *Undelivered (UD) Mail Procedures*, do the following:

If ...	And ...	Then ...
There is a USPS yellow label	Is not one of the notices or letters to be processed through ADR	Follow the procedures IRM 5.19.16.1.2, <i>Undelivered (UD) Mail Procedures</i> above.
Address line is incomplete	Research on CC ENMOD or CC IMFOLE/BMFOLE shows no new address was updated.	<ul style="list-style-type: none"> A. Research by using the various address research tools for a potential address B. Send Letter 2788C and overlay with the new potential address on LPAGE. C. Destroy UD mail and leave comments on AMS of actions taken. <p>Note:</p>

		Do not change the address on CC ENREQ.
Address line is incomplete	Research on CC ENMOD or CC IMFOLE/BMFOLE shows the address was updated.	<p>A. Re-send the letter or notice.</p> <p>B. If you can not re-send the letter or notice, destroy the UD mail and update AMS comments, as appropriate.</p>

Note:

Never update a Bad Address on IDRS CC ENREQ unless the UD mail has a USPS forwarding address yellow label or you received a response from the taxpayer per Rev. Proc. 2010 - 16 Section 4.05 and 4.06.

**5.19.16.1.4 (06-04-2014)
Address Research (ADR) Processing**

1. This section provides procedures for the employees processing UD mail through ADR processing. UD mail processed through ADR must contain a barcode. After the UD mail is scanned into ADR, the notice or letter can be destroyed. The list of letters and notices, including Spanish versions, scanned through ADR are as follows:

If ...	Then ...
<p>CP notice</p> <ul style="list-style-type: none"> • CP 501 ,CP 503, CP 504, CP 601, CP 603, CP 604 • CP 521, CP 522, CP 523, CP 621, CP 622, CP 623 • CP 59, CP 259, CP 759, CP 959 • CP 515, CP 516, CP 518, CP 615, CP 616, CP 618 • CP 63 	<p>A. Scan through ADR in groups of 50.</p> <p>Note:</p> <p>Allow the system to auto save before continuing with the next group of 50.</p> <p>B. Destroy as classified waste.</p> <p>Exception:</p> <p>If there is correspondence attached to the UD mail, do not destroy. Batch as regular work for tax examiner to address possible disclosure issue.</p> <p>Note:</p> <p>If the bar code will not scan into ADR, follow these procedures.</p> <ul style="list-style-type: none"> • On the UD CP notices, note the number below the barcode. • Manually type in the 12 digit number in your blank Microsoft Word document. • Highlight and copy the numbers on the Word Document. • Click over to ADR so that the cursor is flashing in the barcode field on ADR. • Press Ctrl + V for Paste. The 12 digit number will now be present in the barcode field. • Press Enter <p>Exception:</p> <p>They have started removing the 12 digit number from below the ADR barcode. These directions may not work if the number is missing.</p>
<p>ACS LT letters</p> <p>Note:</p> <p>Exclude LT-11 letters. All UD LT-11's and other ACS letters that cannot be processed through ADR are forwarded to the ACS Support function per IRM 5.19.6.17, Undeliverable Mail.</p>	<p>A. Scan through ADR in groups of 50.</p> <p>Note:</p> <p>Allow the system to auto save before continuing with the next group of 50.</p> <p>B. Destroy once scanning is complete.</p>
<p>Refused or Unclaimed</p>	<p>A. Destroy all notices in the list above.</p> <p>Exception:</p> <p>If there is a USPS forward address yellow label, process per <i>IRM 5.19.16.1.2, Undelivered (UD) Mail Procedures</i>. If there is a frivolous statement on Refused mail, route to appropriate Frivolous Filer unit.</p> <p>Note:</p> <p>Submission processing should be extracting refused and unclaimed prior to sending UD mail to CSCO.</p>
<p>Unverified Forwarding Address (UFA)</p>	<p>A. These will be any of the notices listed above that have a hand written forwarding address that does not contain a USPS stamp.</p> <p>B. Scan into the ADR UFA processing screen in groups of 50.</p> <p>C. Destroy notices once scanning is complete</p> <p>D. If ADR UFA is not working, take the following steps:</p> <ul style="list-style-type: none"> • Send a Letter 2788C

- Overlay the address on CC LPAGE with the UFA address
- Send a Form 8822, *Change of Address*
- Document action taken on AMS

2. Process 2797-CG responses as follows:

If...	Then ...
USPS yellow label indicates undeliverable as addressed	<p>A. Scan through ADR 2797 undeliverable access screen and then destroy.</p> <p>Exception:</p> <p>If there is correspondence attached to the UD mail, do not destroy. Batch as regular work for tax examiner to address possible disclosure issue.</p> <p>Note:</p> <p>If the barcode will not scan into ADR, follow the procedures described earlier in (1) above.</p>
Signed response from the taxpayer	<p>A. If taxpayer has agreed to the address on the 2797, scan into appropriate 2797 response screen on ADR and destroy.</p> <p>B. If taxpayer has provided another address, update the appropriate 2797 response screen and destroy.</p>
No signature provided	<p>A. No confirmation provided, Research CC ENMOD or CC IMFOLE/BMFOLE to see if the address was updated before sending a Letter 2788C. Overlay, on LPAGE, the potential new address on the 2797 . Leave narrative on AMS as to actions taken and destroy 2797.</p> <p>B. If comments are from another person providing an alternate address, scan through 2797 processing screen with appropriate drop down box to send new 2797 to alternate address.</p> <p>C. Destroy 2797.</p>
USPS yellow label forwarding address	Scan through 2797 Response screen and use the appropriate drop down box for forward address. This will generate a new 2797 .

3. ADR will conduct address research of the Corporate Files On-line (CFOL), IRMF, and an outside vendor on IMF and BMF accounts. Once the notice (case) is scanned or input on the ADR system, the time line may be as follows:

- A delay of 7 cycles is systemically initiated on the notices listed above, if scanned timely, and searches are done for potential new address(es) from IRMF and outside vendor.
- If address(es) is found, ADR systemically sends 2797-CG R-U-There letter(s) to those address(es).
- ADR suspends the case for 45 days to allow enough time for the taxpayer's response.
- If no alternate address is found, ADR releases the case on IDRS to continue normal processing.
- After 45 days and no response or no address is found, the case moves out of ADR and resumes normal processing.
- If the taxpayer does respond during any of the processes above, the ADR employees will update the address through ADR and once posted, it moves out of ADR and resumes normal processing.
- The entire maximum time in ADR could be up to 60 days.

4. For ACS LT letters (**excluding LT-11**), when ADR completes research, normally 60 days, the results will systemically be entered onto the comments field of ACS with the source of the new address found. This depends on the number of sources researched, the number of 2797CG letters issued and the receipt of the responses. The comments shown on ACS will appear as follows:

- IDS CB - Trans Union Credit Bureau
- IDS CBRS - Currency and Banking Retrieval System (BMF only)
- IDS CP - ChoicePoint
- IDS UFA - Unverified Forwarding Address
- IDS IRMF - Information Return Master File
- IDS ADR - No Alternative Addresses Found

5.19.16.2 (04-03-2014) Return Delinquency (RD) Notice Overview

1. The objective of the Taxpayer Delinquent Investigation (TDI) Program is to work Return Delinquency notice responses that were generated through Case Creation and issued to taxpayers that are identified as liable to file and have not filed a tax return by the Return Due Date (RDD).

2. RD receipts consist primarily of response to:

- BMF CP 259, CP 518
- Spanish BMF CP 959, and CP 618
- IMF CP 59, CP 515, CP 516, and CP 518
- Spanish IMF CP 759, CP 615, CP 616 and CP 618
- Documents, letters, notices or forms addressing tax return issues
- Correspondence indicating closure of a business
- Form 4442, *Inquiry Referral* requests

5.19.16.2.1 (10-25-2011)

IMF Return Delinquency (RD) Notice Batching Procedures

1. When work is received, take the following action:

A. TDI boxes are delivered or transshipped. They should be logged in and assigned a batch number, CSCO received dated, batched number and volume.

Note:

Use an estimated volume of 400 for full boxes.

B. Sign out each box to be worked with your initials or your employee number, date, and time. Once the box is completed, you must log it back in with the date and time completed.

C. All work in each box should be date stamped with the CSCO date that is on the Batch Assignment sheet. This includes **Returns**, Routes and the work that will be batched as BMF or IMF TDI. All work that isn't BMF or IMF TDI should be pulled out and sent to the appropriate designated site or area.

Note:

Refund returns should be pulled and expedited. If the return is marked "apply to next return" or "credited to estimated tax" , you will follow normal batching procedures.

If ...	Then ...
Letter 2797-CG	Date stamp and route to appropriate ADR unit to be worked per <i>IRM 5.19.16.1.2, Undelivered (UD) Mail Procedures</i>
Form 1040X	Route to Account Management
RD notices, returns, Form 4442 , <i>Inquiry Referral</i> or correspondence addressing return issues Note: Batch BMF issues per <i>IRM 5.19.16.2.2, BMF Return Delinquency Notice (RD) Batching Procedures</i>	A. Divide by "With return" (W/R) and "Without return" (W/R) B. Put documents in the oldest IRS received date order. You can put multiple IRS received dates within a 7 day span of each other. The oldest work should be first on the cart. C. Batch in volumes of 20 or less. The oldest IRS received date should be on the top of each batch. If the batch has less than 20, it should be notated on a post-it. Note: See <i>Exhibit 5.19.16-4IMF TDI Batch Color Coding</i> for an example of batching with colored folders.
Aged Work	A. Batch in volumes of 10 or less by month, unless instructed to do otherwise. The oldest IRS received date should be on the top of each batch. B. Notate "Ages Work" on the batch log. If the batch is less than 10, it should be notated on a post-it.
Combat Zone issues	A. Batch in volumes of 25 with oldest IRS received date on the top of each batch.

Note:

Once batches are ready for case assignment on the Accounts Management System (AMS), see *IRM 5.19.16.4.2, Accounts Managements Services (AMS) Create Batch*.

5.19.16.2.1.1 (04-03-2014)

2D Bar Code Procedures

1. Beginning January 2013, all RD IMF notices will no longer have a visible Individual Taxpayer Identification Number (ITIN) present on the notice.

Note:

Beginning January 2013, all TDA IMF notices will have a 2D barcode present that will be fully functional. Only the notices mentioned above will have the actual TIN extracted on the notice.

2. These notices will have a 2D bar code with the TIN imbedded within it.

3. Scanners will need to be used to extract this information..

4. Employees will need to have CC TPIIP in their IDRS profile.

If ...	Then ...
All notices that contain a 2D barcode and there is no TIN present on attached correspondence or no return attached to notice. Note: Notices with 2D barcodes can be used during AMS create a batch even if the TIN is still present on the notice.	A. During AMS create a batch (Enter TINs) you will need to use the scanners to retrieve the TIN B. Scan 2D barcode Note: You will need to make sure your scanners have been set prior to scanning the notices. Each employee should have the required barcodes to set the scanner for the 2D bar code. You will need to scan the second required barcode in order to use the scanners for ADR UD mail. C. TIN, Name Control, MFT and Tax period will pull up in the required fields of AMS create a batch (Enter TINs) process. Note: If the Name Control only contains three characters, sometimes the barcode will add an extra alpha code. Make sure to correct the name control to match what is on the notice before you proceed. Note: 2D barcodes will not recognize Invalid TINs, so the employee will need to put the "***" when needed.

	D. Since the TIN on the notice still contains the last 4 digits, the tax examiner will be able to match the case in the folder with the correct case on AMS.
CP 04 and there is no TIN present on attached correspondence.	<p>A. During AMS create a batch (Enter TINs) you will need to use the scanners to retrieve the TIN</p> <p>B. Scan 2D barcode</p> <p>Note:</p> <p>You will need to make sure your scanners have been set prior to scanning the notices. Each employee should have the required barcodes to set the scanner for the 2D bar code. You will need to scan the second required barcode in order to use the scanners for ADR UD mail.</p> <p>C. TIN, Name Control, MFT and Tax period will pull up in the required fields of AMS create a batch (Enter TINs) process.</p> <p>Note:</p> <p>2D barcodes will not recognize Invalid TINs, so the employee will need to put the "***" when needed.</p> <p>D. Since the TIN on the notice still contains the last 4 digits, the tax examiner will be able to match the case in the folder with the correct case on AMS.</p>

Caution:

If the 2D barcode can not be read by the scanner, the employee will need to research for the TIN with CC TPIIP on IDRS.

5.19.16.2.2 (09-25-2015)

BMF Return Delinquency Notice (RD) Batching Procedures

1. When work is received, take the following action:

- A. TDI boxes are delivered or transshipped. They should be logged in and assigned a batch number, CSCO received dated, batched number and volume.
- B. Sign out each box to be worked with your initials or your employee number, date, and time. Once the box is completed, you must log it back in with the date and time completed.

2. Sort the mail in separate piles prior to batching. The seven separate piles are:

- BMF Notices
- BMF Correspondence
- BMF Returns

Note:

If **refund** returns are secured they should be pulled and expedited. If the return is marked "apply to next return" or "credited to estimated tax", you will follow normal batching procedures.

- All Foreign Mail
- Individual units Profile Mail (10 digit IDRS employee number)
- Work that does not pertain to TDI
- IMF TDI

3. Date Stamp all work, **including returns**, with the current CSCO date.

Note:

If there are multiple notices pertaining to different tax periods, stamp each notice. If there are multiple tax returns, stamp the front page of each return. Stamp all correspondence.

4. When appropriate, follow the Fast Scan process per *IRM 5.19.16.3.2, Fast Scan Screening*, prior to batching.

5. Batching: Employees are to take a count for **each module**. For CP 259 notices and returns, take a count for each received. For CP 518 and correspondence, take a count for each module on the notice.

Note:

The employees will adjust the count for correspondence.

If ...	Then ...
<p>BMF Returns</p> <p>Note:</p> <p>For a list of BMF notices and MFT's, see <i>Exhibit 5.19.16-3</i></p>	<p>A. If a return has a notice or correspondence attached, it will be batched as a return.</p> <p>Note:</p> <p>If refund returns are secured they should be pulled and expedited. If the return is marked "apply to next return" or "credited to estimated tax", you will follow normal batching procedures.</p> <p>Exception:</p> <p>Back up Withholding (BWH) notices will not be batched as BMF returns. See <i>IRM 5.19.3, Backup Withholding Program</i> for more information on BWH program.</p> <p>B. All work must have a CSCO date stamp on it.</p> <p>Note:</p>

	<p>Do not stamp over any information provided by the taxpayer.</p> <p>C. Batch in groups of 25</p> <p>D. Batch as 62611</p> <p>Note:</p> <p>Form 966 should only be batched in groups of 20</p>
BMF Notices	<p>A. Place in IRS receive date order with the earliest date on top.</p> <p>B. Batch in groups of 25</p> <p>C. Batch as 62610</p>
<p>BMF Correspondence (white mail) pertains to:</p> <ul style="list-style-type: none"> Any letter not attached to a notice Post it notes Scrap of paper the taxpayer has written information Questions Requests to the IRS regarding tax filing requirements Refund issues New Addresses New telephone numbers Filing status Other <p>Note:</p> <p>Many of the issues can be resolved if they are first worked in Fast Scan per <i>IRM 5.19.16.3.2, Fast Scan Screening</i></p>	<p>A. Place in IRS receive date order with the earliest date on top.</p> <p>B. Batch in groups of 25</p> <p>C. Batch as 62610</p>
<p>Foreign Mail</p> <p>A TIN that begins with 66 identifies:</p> <ul style="list-style-type: none"> Puerto Rico (PR) American Samoa (AS) Virgin Islands (VI) <p>A TIN that begins with 98 identifies:</p> <ul style="list-style-type: none"> England Japan Cuba 	<p>A. All foreign cases are routed to the Philadelphia Assistant Commissioner International (ACI) unit.</p>
Non-BMF TDI issues	<p>A. Place Non-BMF TDI issues, such as installment agreements, money owed to IRS or BWH in appropriate place for TDA batching. For Non-CSCO work, route as appropriate.</p>
IMF returns and correspondence	<p>A. IMF TDI should be batched per <i>IRM 5.19.16.2.1, IMF Return Delinquency (RD) Notice Batching Procedures</i></p> <p>Note:</p> <p>SBSE CSCO does not process IMF TDI cases. They need to be routed to Austin Service Center. See <i>IRM 5.19.22-3, CSCO Non-Filer Campus Addresses</i> for the correct address.</p>
Aged Work	<p>A. Batch in volumes of 10 or less by month, unless instructed to do otherwise. The oldest IRS received date should be on the top of each batch.</p> <p>B. Notate "Aged Work" on the batch log. If the batch is less than 10, it should be notated on a post-it.</p> <p>C. Count each Employer Identification Number (EIN) and/or returns without a notice.</p>
Form 2797	<p>Date stamp and route to appropriate ADR unit to be worked per <i>IRM 5.19.16.1.2, Undelivered (UD) Mail Procedures</i></p>

6. Missing EIN/TIN cases should be researched to locate the information on IDRS or appropriate tool prior to batching.

7. BMF RD cases received in CSCO and ACS Support Operations must be controlled within 30 days from the IRS received date, with a cycle delay of up to 12 cycles.

8. Cases must be batched and entered into AMS within 3 business days of receipt in the operation.

Note:

Cases must be controlled and delayed earlier if taxpayer is potentially harmed by receiving subsequent notice and/or acceleration of entity to TDI Status 03 while the case is in campus possession.

Note:

IAT Control and Delay tool can be utilized.

**5.19.16.3 (04-10-2015)
SBSE Fast Scan Procedures Overview**

1. Fast Scan screenings greatly reduce the burden of taxpayer correspondence reviewed by the tax examiners. In turn, IRS correspondence and taxpayer account resolution is expedited, reducing interest and penalties to the taxpayer and allows for quick closures and preventing/reducing aged cases.
2. Situations may arise when it may not be appropriate to follow SBSE Fast Scan processing and all work will need to be batched directly for tax examiners to work. These situations may vary based on peak processing and must be approved by Headquarters.
3. The following are examples of some, but not all, of the cases that can be considered quick closures:
 - Previous Actions
 - Here is my payment or Did you receive my payment
 - Address and phone number input or changes
 - Mis-routed cases (Case belonging to Exam, Accounts Management, etc.)
 - Status 72, 22, 71 and 26
 - Open control base
 - Over \$100,000

Note:

No count should be taken for payment only correspondence, change of address already input and any other types of work which doesn't directly impact case closure. In addition, do not take a count when routing correspondence to other offices, functions or TEs within CSCO. Clerks should not batch this type of work and if it makes it to a batch, the TE should delete it from their assigned batch volume.

4. Cases that can not be closed in the fast scan process, will be batched based on batching criteria discussed in *IRM 5.19.16.3.2, Fast Scan Screening*.

Note:

Cases you close during the fast scan process that have a balance due over ≡ ≡ ≡ ≡ require you input any valid levy sources provided. **All** telephone numbers should be input if present regardless of balance owed.

**5.19.16.3.1 (10-25-2011)
SBSE Research and Activity Tools**

1. As a scanner, you will review incoming correspondence. You may need to research and/or input information using the Mail route Guide, IDRS or AMS to identify:
 - Taxpayer's Social Security Number (SSN)
 - Previous actions taken
 - Verify the cases Status
 - Verify if payments were made or received
 - Appropriate Operation Function Program (OFP) required for batching
2. The following is a list and description of tools that can be used to assist in the fast scan process:

Tool	Description
IDRS Toolbar	The IDRS Toolbar provides access to research tools such as IMF/BMF IDRS Command Codes (CC), AMS, Research Window and STAUP.
Account Management Services (AMS)	AMS is generally accessed to review and enter case history actions. It can be used to update new addresses and add or change telephone numbers.
Mail Route Guide	The Mail Route Guide provides mail stops and routing information that can be researched by an assortment of categories; such as an alphabetical list of subjects or departments, the form number or type of letter which needs to be routed, etc.
Integrated Automation Technologies (IAT)	IAT supplies automated tools to IRS employees that simplify research, reduce keystrokes, and increase the accuracy of regular work processes.
Program Locator Guide	Provides the appropriate site to send W&I or SB/SE work.
CSCO e-Guide	Provides quick access to IRM references and step by step guidance to resolving CSCO issues.

**5.19.16.3.2 (08-13-2014)
SBSE Fast Scan Screening**

1. **Address changes** are input when the change is part of normal case processing or an address change is annotated on a Collection notice.
 - A. General requirements for making address changes require clear and concise written notification such as a statement signed by the taxpayer informing the Service that he/she wishes the address of record be changed. The notification should include these items:

If...	Then ...
The following information is present: <ul style="list-style-type: none"> • The new address • The taxpayers name • The taxpayers signature • The old address • The Social Security or Employer identification Number 	<ol style="list-style-type: none"> A. Update the address through AMS. If AMS is down, use IDRS CC ENREQ. B. Leave history of action taken on AMS. C. Destroy and take count.

Note: Taxpayer's signature must be present or you can not change the address.	
No signature is present	A. Send Letter 2788C with a Form 8822, <i>Change of Address</i> B. Leave appropriate comments on AMS notating address the letter was sent.
Obvious error is shown	A. Make appropriate change B. Leave history on AMS why action was taken. C. Continue processing request
Z - or - Z freeze present: For more information refer to Document 6209	A. Do not change the address. B. Indicate the new address on an Form 4442, <i>Inquiry Referral</i> and route to the appropriate Criminal Investigation Function.
Undelivered refund check present. (TC 740 or S -freeze on account) For more information on TC 740 or S- freeze see: Document 6209	A. Do not change the address. B. Route to the appropriate Refund Inquiry/FTD unit

2. **Appeals** cases should be pulled prior to being batched, but if an Appeals case was batched in as a 61150, take the following actions:

- Route to designated area or local Collection Appeal (CAP) coordinator.
- Leave history on AMS
- If routing out to another site, send appropriate Letter 86C

3. If the taxpayers request is dealing with a **Balance Due** issue, Batch as 61150.

4. **Bankruptcy**

If ...	And ...	Then ...
TC 520 CC 60, 61, 62, 63, 64, 65, 66, 67, 81, 83, 84, 85, 86, 87 ,88 or 89	Taxpayer is inquiring about the Bankruptcy proceedings	A. Complete Form 4442, <i>Inquiry Referral</i> B. Fax to (855) 235-6787 or C. Route to appropriate Centralized Insolvency Operation (CIO) D. Send Letter 86C E. Leave history on AMS F. Destroy correspondence as classified waste
TC 520 CC 60, 61, 62, 63, 64, 65, 66, 67, 81, 83, 84, 85, 86, 87 ,88 or 89	The taxpayer is requesting a full pay or an installment agreement	A. Input a TC 971 AC 043 if it meets criteria in IRM 5.19.1.5.4.7(3), <i>Pending IA Criteria</i> B. Input STAUP 22/09 on all notice status accounts C. Route case to appropriate Centralized Insolvency Operation (CIO) D. Send Letter 86C E. Leave appropriate history on AMS
TC 520 CC 76 or 77	Collection Due Process issue (CDP)	A. Pull up SERP, WHO/WHERE tab/ACS-CDP coordinators B. Notate State & BOD - CDP Coordinators C. Route to appropriate CDP coordinator D. Leave history on AMS E. Send Letter 86C
TC 520 CC 70, 71, 72, 73, 74, 75, 78, 79, 80 or 82	Intentionally left blank	A. Route to appropriate Advisory unit found on Serp Who/Where B. Leave history on AMS
Will file or has filed	There is no TC 520 or ST 72	Batch as 61150

Note:

All bankruptcy codes can be located in the 6209.

5. Taxpayer states they **cannot pay** full amount, unemployed, on welfare, etc., batch as 61150.

6. **Death Certificate** is attached to a notice or the taxpayer has a balance due, batch as 61150

7. Issue is dealing with **Direct Deposit** issues, batch as 61125.

8. If the case is dealing with an IRS employee:

- Notate "**Employee**" on the correspondence
- Complete Form 11377, *Taxpayer Data Access* and submit to your manager
- If you know the employee, give the case to your Manager or Lead to be reassigned.

9. **Forms:**

If ...	Then ...
Form 433–FForm 433–AForm 433–B	A. ST 12, 22, 26 and ST 60 need to be reviewed for previous action and/or route outs. B. Batch as 61190
Form 1040X	Route per the mail routing guide or IRM 3.10.72–1, <i>Routing Guide/Local Maildex</i>
Innocent Spouse claims	Route per mail routing guide
Form 2159, Form 9465, Form 433–D	Batch as 61120 Note: If Form 433–D has a "Voided" check attached or has the routing and account information complete, batch as 61125.
Court Documents	Case by Case basis. Research for prior actions. If case was already routed, destroy as classified waste, but if case was not worked, follow (4) above.
All other Forms	Use the mail routing guide
Letters	Use the mail routing guide to determine if it should be routed out or worked also see IRM 3.10.72–2, <i>Correspondex" C" Letters - Routing Guide</i>

10. **Hardship/Disaster** requests should be batched as 61150.

11. **Identity Theft/Stolen Identity** cases should be batched as 61062.

12. If response indicates **Innocent Spouse** or has a Form 8857 attached, then take the following action:

- Date Stamp with received date and immediately complete Form 13538 to CSC: Attention Stop 840M.
- If no form is attached, batch as 61150

13. **Interest and Penalty** abatement requests:

If ...	Then ...
Correspondence has a collection issue	Follow correspondence batching procedures in <i>IRM 5.19.16.4.1, Taxpayer Delinquent Account (TDA) Batching Procedures</i>
If penalty abatement is the only issue	Route to Image Control Team (ICT) per mail routing guide.

14. Name Change requests should be done through AMS or CC ENREQ.

Note:

Last name change requests "**only**" should be routed to Entity. If the last name is only a spelling error and doesn't affect the Name Control, you can correct it using AMS or CC ENREQ.

15. **Offer In Compromise (OIC)** cases:

If ...	And ...	Then ...
Status 71	Unreversed TC 480 only	<ul style="list-style-type: none"> • Route to the appropriate Centralized Offer In Compromise (COIC) office found on Serp Who/Where tab. • Send Letter 86C
Status 71	Unreversed TC 480 and TC 780	<ul style="list-style-type: none"> • Route to the appropriate Monitoring Offer In Compromise (MOIC) office found on Serp Who/Where tab. • Send Letter 86C
Not in Status 71	Intentionally left blank	Batch as 61150

16. When an **open control** base is present:

- Belongs to CSCO employee in your area, route to the TE to associate with their case
- Does not belong to CSCO employee, use CC FIEMP to locate employee information and call or send an E-mail asking if the employee needs the information you have or if you can continue processing.
- If the employee wants the case, route to them, leave AMS comments and input appropriate STAUP if needed.
- Unable to identify the employee control base, batch in appropriate program code

17. **Payment** issues:

If ...	And ...	Then ...
Assessed balance	Indicates payment only or green payment notation only	Close to "payment only" on AMS and destroy as classified waste.
Assessed balance	New information provided and green payment notation or payment only notated	Update the account with the new address and/or telephone, close as payment only and destroy as classified waste.
Taxpayer is requesting to change their current payment arrangement	CC IADIS does not reflect the change	Batch as 61120
Taxpayer indicates they made a payment	Can not locate the payment using CC	Batch as 61150

	IMFOLP/BMFOLP	
Payment is late	In Status 64	Batch as 61120
Payment is late	In Status 60	Close as payment only and destroy as classified waste

Example:

If the taxpayer states "I did not receive my payment coupon, so here is my payment for the month of ", a reply is not needed.

Example:

If the taxpayer states "I am not receiving my reminder notices in time to send my payment in timely", a letter is required to advise the taxpayer that the CP 521 is a courtesy and if it is not received timely, they should still mail in their payment without the notice.

Note:

Make sure you read the correspondence carefully. If there is an issue requiring a reply, batch as 61150.

18. **Power of Attorney (POA)** issues:

If ...	Then ...
Form 2848 only	<ul style="list-style-type: none"> • Check CC CFINK • POA is not on CC CFINK • Route to appropriate POA Unit based on the Consolidated State Mapping for Centralized Authorization File (CAF) located in the Program Locator Guide • Document on AMS that POA was routed and notate the POA ID number and full name • If POA is already on CC CFINK, destroy the POA as a copy.
Correspondence from the POA to remove them from the taxpayers account	<ul style="list-style-type: none"> • Route to appropriate POA unit based on the Consolidated State Mapping for Centralized Authorization File (CAF) located in the Program Locator Guide • Document on AMS POA request routed.
Attached to CSCO issues	Batch in appropriate program

19. **Frivolous** responses follow IRM 21.5.3.4.16.7, *Identifying Frivolous Returns/Correspondence and Responding to Frivolous Arguments* .

20. **Spanish Correspondence** should be worked according to local procedures.

21. **No SSN/EIN**, use available tools to try and locate missing information.

Note:

Use CC NAMES/NAMEE to research for missing SSN. If no results, research using Accurant.

If ...	Then ...
SSN/EIN was located	Work accordingly
SSN/EIN was not located and there is no name, address, telephone or alternate way to contact the taxpayer for the information	Destroy as classified waste. "No SSN/EIN found"
SSN/EIN not located, but there is an alternative way to contact the taxpayer for the information	Batch in the correct program and write in the top right corner "No SSN/EIN" .

22. **Status 22** accounts:

Note:

DDIA requests should be worked by the receiving site and not routed to ACSS.

If ...	And ...	Then ...
In status 22 before the CSCO received date	Does not meet pending Installment agreement per IRM 5.19.1.5.4.7(3), <i>Pending IA Criteria</i>	<ul style="list-style-type: none"> • Route to appropriate ACS site • Input Staup 22/09 on all other balance due status accounts • Send Letter 86C <p>Note:</p> <p>Use available tools to assist in routing to the appropriate ACS site and sending the Letter 86C</p>
In status 22 before the CSCO received date	meets pending Installment agreement per IRM 5.19.1.5.4.7(3), <i>Pending IA Criteria</i>	<ul style="list-style-type: none"> • Route to appropriate ACS site • Input TC 971 AC 043 • Input Staup 22/09 on all other balance due status accounts • Send Letter 86C
Moved to status 22 after the CSCO received date	Intentionally left blank	Work as CSCO work and do not route to ACS site

23. **Will pay** statement, completed Form 9465 or a statement requesting a monthly payment request, Batch as 61120.

24. **Won't pay** statements batch as 61150.

5.19.16.4 (10-10-2012)

Taxpayer Delinquent Account (TDA) Overview

1. A balance due account occurs when the taxpayer has an outstanding liability for taxes, penalties and/or interest.
2. Balance due accounts are automatically monitored through computer analysis and placed in a specific status based on age and/or activities.
3. As a result of computer analysis, several notices are generated to the taxpayer informing them of the balance due outstanding liability.
4. When a taxpayer balance due inquiry is received, it is important you are aware of the Master File and Collection Status Codes and Definitions to determine whether you should work the account; for detailed information: see IRM 5.19.1-1, **Collection Status Codes and Definitions**.
5. TDA work consists of notices, letters and correspondence from the taxpayer that concerns the Balance Due on his/her account. To meet collection criteria, the response should consist of "can't pay", "won't pay" or "will pay later".
6. When work is received take the following action, or follow local procedures:
 - A. Each box is logged in and assigned a batch number.
 - B. A batch assignment sheet is placed on the top of each box with the CSCO date, Batch number, and Estimated Volume.
 - C. Sign out each box with your initials or your employee number, the date and time. Once complete, notate the log with the date and time completed.
 - D. Everything in the box should be date stamped with the exception of returns.
 - E. Acknowledge all Form 3210. Place Part 1 in the 3210 file and mail Part 3 to the originator. This should be done daily or at least by the end of the week.
 - F. Search for any live check(s) in your work. If found, give the check(s) along with the stamped case to your Lead.

Note:

The Lead will return the original case to you after research is completed.

5.19.16.4.1 (04-08-2015)

Taxpayer Delinquent Account (TDA) Batching Procedures

1. Sort one box of work at a time.

Note:

Work the oldest CSCO date first.

2. All inventories worked through AMS will be batched and entered within 3 business days of receipt in the operation.
3. Cases should be batched:

- IRS received date within a 7 day span allowed in each batch, with the earliest date as the batch date. For more information on determining the IRS received date see *IRM 5.19.16.5, Determining IRS Received Date*.
- Same CSCO received date in a batch

Exception:

SBSE campuses may batch CSCO received dates within a 5 day span, with the earliest date as the batch date.

- Maximum of 25 cases per batch unless otherwise stated

Note:

No count should be taken for payment only correspondence, change of address already input and any other types of work which doesn't directly impact case closure. In addition, do not take a count when routing correspondence to other offices, functions or TEs within CSCO; Clerks should not batch this type of work.

4. Batch cases in colored folders or Batch slips depending on local procedures. For an example of color folder batching, see *Exhibit 5.19.16-1, TDA Batch Color Coding*
5. Take the following action for **Identity Theft** (IDT) cases and Return Preparer Misconduct cases.

- Identity Theft (IDT) correspondence should be routed to Fresno ACSS.

Note:

Return Preparer Misconduct will be identified as a Form 14157, *Complaint: Tax Return Preparer* and Form 14157-A, *Tax Return Preparer Fraud or Misconduct Affidavit*.

Note:

If correspondence comes in and an IDT indicator is on the account and the taxpayer is sending correspondence to resolve an account without reference to the IDT, then the case should remain in CSCO to be worked.

- Case work can be faxed to ACSS twice a day or at the end of the day as long as it is faxed on the day of receipt.
- Case work should be faxed using the IDT cover sheet (This cover sheet was provided by HQ). If there is more than one taxpayer account to be faxed, attach a front copy of a Form 3210 with the TINS listed and number of pages associated with the TIN.

Example:

000-00-1234, 5 pages.

- The ACSS liaison should email the sender an acknowledgment of receipt and all documents received are legible.
- Once acknowledgement has been received, the correspondence can be destroyed.

6. Take the following action in sorting **Forms** for batch creation on AMS:

If ...	And ...	Then ...
CP 521 or CP 523	Taxpayer correspondence attached or notated on the notice	IMF batch as 61150 BMF batch as 61320
Form 433–FForm 433–AForm 433–B	Intentionally left blank	IMF batch as 61190 Note: Batch up to 5 per batch maximum. BMF batch as 61320 Exception: If OIC Form 656 is attached, then route to the appropriate OIC area per Centralized Offer in Compromise Campuses (COIC) for Initial Offer-in-Compromise Submissions
Form 433–FForm 433–AForm 433–B	Form 433–D with Banking information provided or attached Voided check Note: This includes cases that have a Form 433–FForm 433–AForm 433–B	Batch as 61190 IMF BMF batch as 61320
Form 433–D	No bank information or no Voided check attached	Batch IMF assessed 61120 and Pre-assessed 61120 Batch as 61320 BMF Note: Follow appropriate batching procedures during peak
Form 433–D	Bank information or voided check attached.	Batch IMF assessed 61125 and Pre-assessed 61125 Batch as 61320 BMF Note: Follow appropriate batching procedures during peak.
Form 1040V	Request for a payment plan written on the form	Batch as 61120 During peak 61120
Form 1040V	Comments indicating payment made	Batch as 61150
Form 1040V	Comments unrelated to payments, no comments or Attached Form W-2	Route per Mail routing guide
Form 2159	Intentionally left blank	Batch on AMS as 61120 Doc type 2159 BMF batch on AMS as 61320 Doc type 2159
Form 4442, <i>Inquiry Referral</i>	Case concerning Direct Debit Installment Agreement (DDIA) issue	Follow local DDIA processing procedures. Should be batched as 61124 Note: 10 cases per batch maximum
Form 4442, <i>Inquiry Referral</i>	Any issue not dealing with a DDIA request, but meets collection criteria	Batch per the collection issue on the 4442. Follow (4) below. Note: Payroll Deduction Installment Agreement (PDIA) will batched as 61120 Doc type Correspondence for IMF cases and 61320 for BMF cases.
Form 4844	Reinstatement IA requests only	BMF batch as 61320
Form 9465 Note: This can apply to the Form 433–D as well.	Attached to CP 2000 with an original signature	Make a copy of original document to attach to Form 9465 Batch as 61120 for IMF, Doc type Form 9465. 61320 for BMF
Form 9465 Note: This can apply to the Form 433–D as well.	Attached to Form 4549 with original signature	Make a copy of original document to attach to Form 9465 Batch as 61120 for IMF, Doc type Form 9465. 61320 for BMF
Form 9465	Form contains complete information, there are no written comments or attachments and does not contain bank information	Batch as GII ready 61121 Exception: If the Form is missing an SSN/EIN and/or balance owed, it should not be batched for GII Note: This is only done during peak. Follow normal batching procedures during non-peak.
	Form contains complete information and the routing and bank	Batch as GII ready 61122

Form 9465	account information is complete and there are no written comments or attachments Note: Live signature must be present or Form indicates Electronic signature	Exception: If the Form is missing an SSN/EIN and/or balance owed, it should not be batched for GII Note: This is only done during peak. Follow normal batching procedures during non-peak.
Form 9465	Could not be processed through GII	IMF Batch on AMS as 61120 Doc type 9465 BMF batch as 61320
Form 9465	Could not be processed through GII and contains bank information	IMF batch on AMS as 61125 Doc type 9465 DDIA BMF batch as 61320
Form 9465	Case stamped or marked "Transhipped for filing in DDIA files" or "To be maintained in Files"	Follow local procedures for DDIA filing data base
Form 9465	Balance owed is under 25K and regular IA request	IMF batch on AMS as 61120
Form 9465	Balance owed is over 25K and DDIA request	IMF batch on AMS as 61125
Form 9465	Balance owed is under 25K and regular IA pre-assessed	IMF batch on AMS as 61120
Form 9465	Balance owed is over 25K and DDIA request pre-assessed	IMF batch on AMS as 61145
Form 9465	Balance owed is 25K - 50K CIS	IMF batch on AMS as 61190
Form 9465	Balance owed is 25K - 50K telephone out calls	IMF worked under 700-61190
All Other Forms	Not listed above	Research the Service center Mail Routing Guide and route using appropriate routing Forms and procedures. See IRM 3.10.72-1, <i>Routing Guide/Local Maildex</i> .

Note:

61150 and 61120 programs can be worked per IRM 5.19.1.3.5.1, *Collection First Read Process - CFRP* and time and volume is reported under 61110.

7. Take the following action for batching **Correspondence**.

Note:

Scan the correspondence for key words to determine the program code the case will be batched.

Note:

No count should be taken for payment only correspondence, change of address already input and any other types of work which doesn't directly impact case closure. In addition, do not take a count when routing correspondence to other offices, functions or TEs within CSCO; Clerks should not batch this type of work.

If ...	Then ...
Contain these key words: <ul style="list-style-type: none"> • Will pay the balance in full • Request to set up payments • Extension of time to pay • Will pay by a specific date • Will pay specific amount by a specific date • Add another year to existing payment plan • Want to pay/I can't pay • Want to increase/decrease/skip or reinstate payment plan 	IMF Batch on AMS as 61120 Doc type IMF Correspondence BMF batch on AMS as 61320
Contain these key words: <ul style="list-style-type: none"> • Taxpayer cites numerous issues including a request to make payments • Does not request an installment agreement • Bankruptcy • Deceased • Incarcerated • Will send what I can • Letters from third party or vendor • Request is for penalty and interest abatement • Credit counseling service letters 	Batch on AMS as 61150 Doc type IMF TDA Correspondence
Contains these key words: <ul style="list-style-type: none"> • Military deferment • States they have or will be deployed to a combat zone 	Batch as 61160 Doc type Combat Zone
Contains bank account information or voided checks	Batch as 61125 Note: Follow appropriate batching procedures during peak.

Written in a foreign language or the taxpayer is using the Spanish version of a collection Form	Batch as 62810 Note: Form 433-F , Form 433-B , and Form 433-A should still be batched as 61190.
Contains an EIN or Business Form and you are not an SB/SE site	Route to appropriate SB/SE site
State Tax Forms	Mail to Appropriate State Department of Revenue Under SERP Who/Where
Addressed to ACS Support	Return to appropriate ACS support function if the case is still in ST 22; otherwise process.
Routing slips indicated another area of operation (Exam, AUR,, AM, etc.)	Put stop number on routing slip, if missing, and send to appropriate function
Routing slips indicates employee assigned	Route to appropriate team

8. With Pencil, notate on the upper right hand side of the color coded folders the earliest IRS received date, the CSCO received date, the number of cases in the folder and the document type. This will assist the employee who will create batch on AMS.

Note:

If batch sheets are being used instead of color coded folders, you will document the batch sheet with the required information.

9. **Correspondence can be screened** per IRM 5.19.1.3.5.1, *Collection First Read Process - CFRP* prior to batching or during AMS create batch. Report time and volume under 61110.

Note:

Time will be reported under 61110 and count taken per TIN.

10. Once cases have been batched and they are ready for AMS create batch, put on the cart in oldest IRS received date order.

5.19.16.4.2 (06-28-2012)

Accounts Management Services (AMS) Create Batch

1. Accounts Management Services (AMS) is used to assign batches of work to the appropriate employees. AMS can automatically determine how the employee will receive work based on their AMS profile.
2. You must sign on IDRS first before accessing AMS.
3. Take the following action to create a batch on AMS.
 - A. From the AMS Home page select "Inventory" in the "Case Management" section.
 - B. Select "CSCO" tab.
 - C. Select "Create batches" in the "Inventory Summary " section.
 - D. Create Batch screen will be displayed. Input the following information: OFP code, Document type, Batch volume, IRS and CSCO received date.
 - E. Select "Enter Tin" to proceed.

Note:

Based on local procedures during peak, you have the option to choose "Submit" . This will allow you to create a batch of work without inputting the TIN's.

- F. You are required to input: Tin, Name Ctrl, MFT, TXPD. The IRS received date will reflect the date you input on the create batch screen, you will need to change this to reflect the correct IRS received date on the case. Use the Tab key to navigate.
- G. After the information is entered, select "Add Case" . The case will be compared to data on IDRS. If the information matches IDRS, the case will be reflected in the "New Batch " section. If the Name Control and TIN do not match, an error message will appear. See *Exhibit 5.19.16-2, AMS Create Batch Error Messages* for more information to resolve this type of error.
- H. Once all TIN's are entered, select Submit

Note:

There may be times the system will do this automatically. It will depend on the volume of the batch.

- I. This will take you to the "Validate Batch" screen. Select Accept if the information is correct. If you made an error, you can "Edit Batch" or "Edit Tin" before you Accept.

Note:

If you entered more or less cases than the amount you originally indicated, you will be directed to a comment screen prior to the "Validate Batch " screen. Choose "yes" and leave a note indicating why the batch volume was smaller. Choose "No" to continue inputting more TIN's if the amount is greater.

- J. The Batch Sheet will appear with an "Employee" assignment or assigned to the "Queue" . Select "Print" . Attach the print to the folder and begin a new batch.

Note:

After the batch slip is printed, select "Done" to begin creating a new batch.

4. Place Completed batch(es) in designated area for distribution.

5.19.16.5 (12-23-2014)

Determining IRS Received Date

1. Maintaining the integrity of the IRS received date is a Service wide requirement. It is paramount to ensure fair and equitable tax administration.
2. You must establish an IRS received date if the document does not contain a valid IRS received date stamp or does not contain a hand-written IRS received date entry. Determine a date in the priority below:
 - A. U.S. Postal Service Postmark Date/Foreign Postmark. Designated Private Delivery Service.
 - B. SCAMPS (service center automatic mail processing system) digital date.

C. Revenue Officer's Signature Date/TAC office signature date or date taxpayer signed the Form coming from a TAC office or Revenue Officer.

D. Signature Date only within current year.

E. Julian Date

F. CSCO or oldest service center or field office stamp minus 3 business days.

Note:

Business days do no include Holidays or weekends.

Note:

IRS Received date can also be a date that was written on the document that indicates detached. These are dates that are hand written on the side of the document and are the IRS received date from the document that was detached to be sent to another department for processing.

3. For more information see IRM 3.11.3.5.2, *Determining the Received Date* or *Exhibit 5.19.16-5, Description of Determining IRS Received Date*.

4. IRS Received dates for faxes.

- **Faxes from Taxpayers:** When a fax is received directly from the taxpayer, the fax date that prints on the document will be used as the IRS received date.
- **Internal IRS Faxes:** Find the IRS received date either stamped or written. If neither of them exist follow the procedures above.

5. **Form 3870, Request for Adjustment** attached return is missing the Revenue Officers (RO) handwritten received date, then reject back to the RO for missing received date.

**5.19.16.6 (08-13-2014)
Form 3210**

1. Form 3210, *Document Transmittal* is a 4-part general purpose transmittal form used by all IRS functions.

2. Preparation of a Form 3210, *Document Transmittal* is the responsibility of the office originating the document and making the determination that security handling is required.

3. The following instructions should provide **general** direction on monitoring and maintaining Form 3210

If ...	Then ...
We completed Form 3210 and are requesting acknowledgment	<p>A. Place Originator copy of Form 3210 in a review file and check once a week to verify the document has been received.</p> <p>Note: When items are determined to be lost in transit, notify management. They will determine the appropriate procedures to follow. For additional information refer to: Data Protection and Inadvertent Disclosures.</p> <p>B. Once acknowledgment has been received, maintain the document in a new suspense file for one year.</p> <p>C. Receiving areas have seven (7) calendar days to acknowledge Form 3210. If acknowledgment has not been received within 7 days, allow 10 more days before contacting the receiving area for verification that the documents were received.</p> <p>Note: If documents were not received, follow the procedures found in Data Protection and Inadvertent Disclosures above.</p> <p>D. Receiving site confirms documents were received and form was returned, make a notation on the 3210 in the suspense file of the conversation and place in the suspense file to be maintained for three years.</p>
Incoming Form 3210 needing to be returned to originator	<p>A. Sign and date any Form 3210 containing Personally Identifiable Information (PII) or requesting acknowledgement from receiving unit.</p> <p>B. Acknowledgement copy should be signed, dated and returned within 7 days of receipt.</p> <p>C. Place recipients copy with the same signature and date in a suspense file to be maintained for one year from the date of acknowledgment.</p> <p>Note: These should be maintained in case there are any inquiries from the sender that the acknowledgment copy was not received and they are requesting verification.</p>
Non essential Form 3210	<p>A. Many Form 3210 documents are used as a routing form from one department to another and do not require acknowledgement.</p> <p>Example: Bulk boxes of undelivered mail being sent to the unit from Submission Processing or the mail room.</p> <p>B. If the form does not contain any PII information or does not indicate that acknowledgement is required on the form, then disregard the form.</p> <p>C. Do not maintain these documents in any suspense file.</p>

Note:

When shipping unprocessed returns from campus to campus, you are required to acknowledge the 3210.

**Exhibit 5.19.16-1
TDA Batch Color Coding**

Folder Color	Load TIN	Program	Document Types

Pink	Yes	61120	<ul style="list-style-type: none"> • IMF TDA 9465 • IMF TDA Form 2159 • IMF Correspondence • Form 4442 (Non-DDIA) • Combo BMF/IMF IA • Non DDIA Form 433D • Spanish
Burgundy	Yes	61190	Financial Analysis Monitoring
Yellow	Yes	61140	<ul style="list-style-type: none"> • Pre-IA's Form 9465 ELF • Pre-IA's Correspondence • Pre-IA's CP 2000 • Pre-IA's Form 9465
Orange	Yes	61150	<ul style="list-style-type: none"> • Address Change • Killed in Terrorist Action (KITA) • Disaster • IMF TDA Form 3870/4159 • IMF TDA Notice responses • Military Deferment • Combat Zone • IMF TDA Correspondence • IMF TDA Form 4442 (Non-IA) • Spanish
Purple	Yes	61145	<ul style="list-style-type: none"> • Pre-IA's 9465 DDIA • Pre-IA's Form 9465 ELF DDIA
Manila	Yes	61125	IMF DDIA
Red	Yes	61124	4442 DDIA issues only
Green	Yes	62180	MLI Bal Due Notice Corr
Gray	Yes	61610	TC130/CP44/188 Transcript
Blue	Yes	61512	<ul style="list-style-type: none"> • EFT 10 • EFT 20 • EFT 14 • EFT 18 • EFT Listings • EFT 12
Note: Colored folders can be revised per local procedures. Exception:	Note: During Peak, TIN's are not required to be loaded. Follow local procedures during peak.	Intentionally left blank	Intentionally left blank

If folders are not used or are unavailable and would cause issues with expense, batch sheets may be used in place of folders.

**Exhibit 5.19.16-2
AMS Create Batch Error Messages**

If ...	Then ...
The IRS Receive Date cannot be after the CSCO Received Date	Verify the dates for the CSCO and IRS received date are correct.
The Maximum Batch Volume that can be entered when using the enter Tin(s) function is 25. Do you want to set the batch Volume to 25 and continue?	Select "Cancel" and change the batch volume to 25 or less, or select "OK" and the batch will be set at 25.
The name control entered does not match the TIN.	Research IDRS without exiting AMS. A. No data on ENMOD B. Review CC INOLE. If the Name control matched, use CC MFREQ on ENMOD only to pull down the Name control C. Return to AMS screen and select "Add Case" . Caution: If the name control is a two digit Alpha code that was created, you should follow the same procedure in (2) above. Do not use the two digit alpha code as the name control on AMS unless it is truly the taxpayers last name. The two digit check code creates an issue with AMS and issuing the required Letter 2645C
A Name control was not found for the TIN entered. If the TIN is incorrect, please correct the mistake. Otherwise, if you do not change the TIN and press "Add Case", the Case will be added to the Batch without being validated against the name control again.	If the TIN is for a first time filer, there may be no data available on IDRS for AMS to check against. Verify that the TIN is correct. If it is, select "Add Case" .
The TIN/MFT/Tax Period 000-00-1234/30/200812 is already in this batch. You cannot add it again.	Find the matching case in the batch and attach them.
TIN is invalid	If the TIN is input in the wrong format (not enough numbers), make the appropriate corrections.
Name control is required	This will occur if the "Name Ctrl " box is left blank.
You can only add a maximum of 25 cases	If 25 TIN's were already loaded and an attempt to add more is done, you will receive this error message. If there are more than 25 cases in a batch, you will need to remove the excess and create a new batch or add them to a smaller batch of the same work.
You will lose all TIN(s) that have been entered. Do you want to continue?	If the Cancel button is selected, this error message will be displayed. If you choose "OK" , all of the TIN's you have loaded will be removed and you will need to start again. Choose "Cancel " if you selected this button in error and you will be returned and the TIN's will not be removed.

**Exhibit 5.19.16-3
BMF Forms and MFTs**

Forms	MFT
706 (SSN with V or W)	52
709 (SSN with V or W)	51
720	03
730 (Monthly)	64
940, 940EZ	10
941 (Quarterly)	01
943	11
944	14
945	16
990	67
990C	33
990PF	44
990T	34
1041	05
1041A	36
1042	12
1065	06
1066	07
1120	02
2290	60
5227	37
11C	63
8804	08
8752	15
CT1	09
966	N/A

**Exhibit 5.19.16-4
IMF TDI Batch Color Coding**

Folder Color	Load TIN	Program	Document Types
Gray	Yes	62220	All IMF returns regardless of attachments
Orange	Yes	62230	All correspondence with out returns
Red	Yes	62230	Any TDI Correspondence without a return that has an IRS received date 23 days or older.
Pink	Yes	62820	All IMF TDI Spanish returns and TDI Spanish notice responses (MLI)

Exhibit 5.19.16-5**Description of Determining IRS Received Date**

Type	Description
U.S. Postal Service Postmark Date/Foreign Postmark./Designated Private Delivery Service	See IRM 3.11.3.5.2, <i>Determining the Received Date</i> (See Figure 3.11.3-6a)
SCAMPS (service center automatic mail processing system) digital date	The SCAMPS date is located on the front center of the envelope, and is the day the document is received in the mailroom
Revenue Officer's Signature Date	Some forms are completed by Revenue Officers and they sign and date the bottom portion of that form. You should use this date as the IRS received date.
Julian Date	Some forms are removed from an original return and there is a three digit code written in red on the top-front of the detached form. This date is known as the Julian date. For more information on determining what the actual date is see IRM 3.11.10-4, <i>Julian Date Calendar, Perpetual and Leap Year</i>
Current CSCO received date minus 3 days	CSCO received dates can also be oldest service center or field dates. These are more common on transhipped work or work being routed in from other departments.
Hand written dates	Many documents have a hand written date that indicate detached. These are the IRS received date of the document that was routed to another area for processing. If there is no indication that the hand written date is detached or indicates IRS received date with it, then follow the appropriate steps to determine IRS received date.

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 17. Campus Procedures for Currently Not Collectible and Offers in Compromise

5.19.17 Campus Procedures for Currently Not Collectible and Offers in Compromise

- 5.19.17.1 [CNC and OIC](#)
- Exhibit 5.19.17-1 [IDRS Input of CNCs, CC REQ77/FRM77](#)

Manual Transmittal

December 07, 2015

Purpose

(1) This transmits a revision to IRM 5.19.17, *Liability Collection, Campus Procedures for Currently Not Collectible and Offers In Compromise*.

Background

This revision of IRM 5.19.17 incorporates procedural changes based on ACA Provision 1501 and incorporates previously issued IPU's.

Material Changes

(1) Revised text for editorial changes throughout the IRM (further identified below), and updated all links for consistency.

(2) IPU 15U0005 issued 01-02-2015:

- A. IRM 5.19.17.1.1 CNC Policy and Overview, added reminder under paragraph (3).
- B. IRM 5.19.17.1.1.3 CNC Unable to Pay – Hardship, added reminder under table in paragraph (9).
- C. IRM 5.19.17.1.1.9 CNC Managerial Approval, added reminder under paragraph (1).
- D. IRM 5.19.17.1.1.11 Requesting Approval and Input of Accounts to be CNCd, added note to first two rows under paragraph (2).
- E. IRM 5.19.17.1.1.12 Recessed Individual SRP Modules, insert new section.
- F. IRM 5.19.17.1.1.12.1 ACS Processing and Individual SRP Modules, insert new section.

(3) IPU 15U1330 issued 08-20-2015:

- A. IRM 5.19.17.1.1.2(3) CNC Exception Processing, updated literal time frames from 5 days to twelve (12) when STAUP 2200 input.
- B. IRM 5.19.17.1.1.5(5) Cases Reported CNC Based on Prior CNC, added TC 530 CC 39 to exceptions
- C. IRM 5.19.17.1.1.11 Requesting Approval and Input of Accounts to be CNCd, updated literal time frames in "If/Then" chart from 5 (5) days to twelve (12) days when STAUP 2200 is input.
- D. IRM 5.19.17.1.2(4) (a) OIC, clarified lump-sum OIC payment time frame.
- E. IRM 5.19.17.1.2(4) (b) OIC, added clarifying statement regarding periodic payment time frame.
- F. IRM 5.19.17.1.2(4) (d) OIC, added clarification of time frame for OIC payment options.
- G. IRM 5.19.17.1.2(5) OIC, included criteria that a liability previously referred to Department of Justice will not be accepted for OIC processing.
- H. IRM 5.19.17.1.2(7) OIC, updated "Caution" to address Offer Specialist and Offer Examiner authority to recommend acceptance or rejection of an OIC.
- I. IRM 5.19.17.1.2(8) OIC, revised instructions associated with providing forms with Letter 278C, Offer in Compromise: Forms Requested.
- J. IRM 5.19.17.1.2(10) OIC, added TC 480 Indicators and definitions.
- K. IRM 5.19.17.2.1 Taxpayer Claims OIC Submitted, insert new section.

(4) This IRM has been updated for the Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) (IRC §5000A).

- A. IRM 5.19.17.1.1.7.1, Back End Mirror Assessments Process for CNC Closures, added new content, caution, clarifying notes, and updated MFT's as appropriate.
- B. IRM 5.19.17.1.1.12, Recessed Individual SRP Modules, added clarifying note regarding mirroring of SRP modules.
- C. IRM 5.19.17.1.1.12.1, ACS Processing and Individual SRP Modules, updated MFT's as appropriate.
- D. Editorial changes were made throughout this IRM to update website addresses, legal references, and IRM references.

Effect on Other Documents

IRM 5.19.17, dated 11-25-2014, is superseded.

Audience

Effective Date

(01-01-2016)

Kristen E. Bailey
Director, Collection Policy
Small Business/Self Employed Division

5.19.17.1 (11-25-2014) CNC and OIC

1. Taxpayers unable to pay their balance due may qualify:

- To be treated as Currently Not Collectible (CNC): *IRM 5.19.17.1.1, CNC Policy and Overview.*
- Considered as separate for joint liabilities 5.19.1.5.4.12.1, *Front End Mirror Assessments Process for IA and CNC Closures.*
- To submit an Offer In Compromise (OIC): *IRM 5.19.17.1.2, OIC.*

2. See IRM 5.19.1.1.6(9), *Case Processing Authority Levels* for authority levels.

3. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to IAT tools are required to complete the action using the IAT tool. See IRM 5.19.1.1.7, *Mandated IAT Tools*, for a list of mandated IAT tools.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>.

5.19.17.1.1 (01-02-2015) CNC Policy and Overview

1. Policy Statement P-5-71 provides the authority for reporting accounts CNC. Refer to IRM 1.2, *Service-wide Policies and Authorities.*

2. For CNC account balance determination, refer to IRM 5.19.1.1.6, *Case Processing Authority Levels.*

3. Accounts can be removed from active inventory after taking the necessary steps in the collection process. Accounts may be reported CNC for a variety of reasons using transaction code (TC) 530. It is a requirement that TC 530 be defined by the appropriate CC. Input TC 530 with this CC to all affected (balance due) modules on the account.

Reminder:

If Individual SRPs are included with other MFT 30 or MFT 31 modules on an account that meets CNC criteria, close them consistently with the other modules.

4. The investigation required to establish a CNC condition varies with the dollar amount, type of case and may require third party contact.

5. A NFTL determinations must be made on accounts being reported CNC when the AAB, including accounts previously reported CNC equals or exceeds \$10,000 (CC SUMRY total). See IRM 5.19.4.5.2, *Lien Filing Determinations*, and IRM 5.19.4.6.1, *How to File a Lien*. If the taxpayer objects to the NFTL filing, see IRM 5.19.8.4.16, *Collection Appeals Program (CAP) Procedures*, for CAP information.

6. A compliance check must be conducted; see IRM 5.19.1.3.4.1, *Full Compliance Check*. All open filing requirements or Delinquent Returns modules must be resolved and closed appropriately when reporting an account CNC.

Exception:

For hardship cases, see *IRM 5.19.17.1.1.3, CNC Unable to Pay – Hardship.*

7. Follow CNC Managerial Approval procedures see *IRM 5.19.17.1.1.9, CNC Managerial Approval.*

8. If the determination is made that account will be closed CNC (unable to pay), it is required that the taxpayer/POA be informed of the CNC terms and that the CNC was approved by issuing Letter 4624C, *Case Closed -- Currently Not Collectible; Lien filing notification on Currently Not Collectible (9/2010)*, to the taxpayer/POA.

9. Accounts that cannot be closed CNC by Compliance (ACS, ACSS & CSCO) and AM:

- BMF In-Business taxpayers.
- Accounts with an OIC indicator on IDRS.
- If the taxpayer/POA refuses to pay or file.
- If the taxpayer has been assessed a Frivolous Return Penalty or claims Frivolous Tax Arguments, refer to paragraph (10).

10. If the taxpayer has been assessed a Frivolous Return Penalty or claims Frivolous Tax Arguments – used for the purpose of expressing dissatisfaction with the substance, form, or administration of the tax laws by attempting to illegally avoid or reduce tax liabilities, and they meet CNC criteria, follow these procedures:

- If the AAB (CC SUMRY) due on the taxpayer's accounts is **less than** \$40,000, CNC all modules. See *IRM 5.19.17.1.1.3, CNC Unable to Pay - Hardship.*
- If the AAB (CC SUMRY) due on the taxpayer's account is **between** \$40,000 and \$100,000, and the penalty module is for a taxable year **greater than 2 years old AND** the taxpayer has been in compliance the past 2 taxable years, CNC all modules See *IRM 5.19.17.1.1.3, CNC Unable to Pay - Hardship.*

Example:

It is August 2012, the taxpayer owes \$60,000 and a frivolous penalty was assessed on a balance due module for 30-200912. The taxpayer filed valid returns for 30-201012 and 201112, and cannot full pay. All modules can be reported CNC.

- If the AAB (CC SUMRY) due on the taxpayer's account is **between** \$40,000 and \$100,000, and the penalty module is for a taxable year **2 years old or less OR** the taxpayer has **NOT** been in compliance the past 2 taxable years, CC ASGNI all modules to the queue for subsequent assignment to Field Collection.

- o Notice Status Accounts only - Input CC STAUP 2200.
- o CC ASGNI account on IDRS to 7000.
- o ACS - move account "TOC0,21,TFQU" .
ACSS - move account "TOS0,21,TFQU" .

Example:

It is December 2012, the taxpayer owes \$60,000 and a frivolous penalty was assessed on a balance due module for 30-201012 **OR** the frivolous penalty was assessed for 30-200912 and taxpayer has **NOT** filed and paid 30-201012 or 201112. Send all modules to the queue.

- If the AAB (CC SUMRY) due on the taxpayer's accounts is **greater than** \$100,000, input CC ASGNI to all modules to assign to Field Collection.

- o Notice Status Accounts only - Input CC STAUP 2200.
- o CC ASGNI account on IDRS to 6541.
- o ACS - move account "TOC0,21,TFRO" .
ACSS - move account "TOS0,21,TFRO" .

Note:

Follow IRM 5.19.4, *Enforcement Action*, for levy release guidance in hardship cases. **Do not** CNC any of the modules.

Note:

See IRM 5.19.1.1.6(13), *Case Processing Authority Levels*.

**5.19.17.1.1.1 (11-25-2014)
CNC Processing**

1. Accounts are closed CNC using TC 530, the appropriate cc and the Responsibility Unit Code (RUC) or Jurisdiction codes. See IRM 5.19.1.1.6(10), *Case Processing Authority Levels*.

Note:

Decedent procedures **only** apply to IMF, BMF sole proprietorship and BMF partnership accounts (only if all liable partners are deceased).

2. See IRM 5.19.1.1.6(10), *Case Processing Authority Levels*, for managerial approval requirements for CNC determinations.
 - A. If managerial approval is required, follow instructions in *IRM 5.19.17.1.1.9, CNC Managerial Approval*, and *IRM 5.19.17.1.1.11, Requesting Approval and Input of Accounts to be CNCd*.
 - B. If managerial approval is **not** required, see *Exhibit 5.19.17-1, IDRS Input of CNCs, CC REQ77/FRM77*.

- Document AMS, showing the modules to be included and the reason that account will be CNCd.
- ACS: Input "TOC0,21,NCXX"
ACSS: Input "TOS0,21,NCXX"
- XX = CNC Closing Code

**5.19.17.1.1.2 (08-20-2015)
CNC Exception Processing**

1. Under certain conditions, securing financial information is not required before reporting an account CNC. CNC Exception cases have an AAB (CC SUMRY) including any prior CNCs, less than ≡ ≡ ≡ ≡ ≡ and one or more of the following conditions exist:
 - Taxpayer has a terminal illness or excessive medical bills.
 - Taxpayer is incarcerated.
 - Taxpayer's only source of income is Social Security, welfare, or unemployment.
 - Taxpayer is unemployed with no source of income (excluding the seasonal unemployed which fall under normal CNC consideration and processing).

Note:

These accounts require managerial approval. NFTL Determinations must be conducted for accounts over \$10,000.

See IRM 5.19.1.1.6(11), *Case Processing Authority Levels*.

2. Employees should confirm the taxpayer's circumstances to the extent possible prior to declaring the account uncollectible. Document all case actions and research on AMS.
3. To close a case CNC using Exception Criteria, follow the steps below based on your function and account status:

If ...	And ...	Then ...
ACS, ACSS and FA,	All modules in ST 22,	<ul style="list-style-type: none"> • CR must input "TOC0,05,CNCEXC" (ACS & FA). • "TOS0,05,CNCEXC" (ACSS). • If approved manager <i>will</i> input "NC24,,53APP" .
		<ul style="list-style-type: none"> • Input CC STAUP 2200 to bring non-ST 22 accounts to ACS, then:

ACS, ACSS and FA,	At least one module in ST 22 & other(s) in non-ST 22,	<ul style="list-style-type: none"> Input "TOC0,12,CNCEXC" (ACS & FA). "T0S0,12,CNCEXC" (ACSS). If approved the manager <i>will</i> input "NC24,,53APP" .
ACS, ACSS and FA,	All non— ST 22 modules,	<ul style="list-style-type: none"> Document AMS CNCEXC and provide IDRS print to the manager If approved input to IDRS: CC REQ77/CC FRM77 TC 530 cc 24. In the remarks area, enter "CNCEXC" .
CSCO and AM,	Regardless of status,	<ul style="list-style-type: none"> Input history on AMS CNCEXC for manager approval. If approved input 53 APP on AMS. CC REQ77/CC FRM77 TC 530 cc 24 on IDRS. In the remarks area, input "CNCEXC" .

Reminder:

When inputting CNC closures on IDRS ensure that the appropriate RUC is used.

- Once a closure is approved under Exception Criteria, you must inform the taxpayer/POA of the CNC terms and that the CNC was approved by issuing Letter 4624C, *Case Closed -- Currently Not Collectible; Lien filing notification on Currently Not Collectible (9/2010)*, to the taxpayer/POA.

5.19.17.1.1.3 (01-02-2015)

CNC Unable to Pay – Hardship

- A hardship occurs when an individual taxpayer is unable to meet their basic living expenses. The standard amounts for basic living expenses will be established by the IRS, and will vary according to the unique circumstances of the individual taxpayer.
- Hardship closures only apply to individual or joint IMF assessments, sole proprietorships, general partnerships (not LTDs), and LLCs, where an individual owner is identified as the liable taxpayer.
- See IRM 5.19.1.1.6(8), *Case Processing Authority Levels*, for financial analysis requirements, including verification and substantiation. Follow the procedures in IRM 5.19.13, *Campus Procedures for Securing Financial Information* to determine resolution of the case. If it is determined that the taxpayer meets criteria for CNC Hardship and the taxpayer has unfiled returns follow the below procedures.
- If the taxpayer calls and is claiming that a levy on salary or wages is creating a hardship, follow the procedures in IRM 5.19.4.4.10, *Levy Release: General Information*. If the hardship is verified, the levy must be released. If the taxpayer has unfiled return(s) the CR should inform the taxpayer that he/she has unfiled returns and provide adequate time for the preparation of the returns.

Note:

There is no requirement that taxpayers experiencing economic hardship be in filing or payment compliance before a levy is released. See *Vinatieri v. Commissioner*, 133 T.C. 392 (2009).

Follow the below procedures:

Balance Due Account Only:

- If it is determined that the account meets CNC hardship criteria, CNC the balance due modules and release all levies on wages or salary immediately. Release any other levies if they are causing an economic hardship for the taxpayer. See examples below.

Combo Cases:

- If it is determined that the account meets CNC hardship criteria, CNC the balance due modules and release all levies on wages or salary immediately. Release any other levies if they are causing an economic hardship for the taxpayer. See examples below.
- If it is a balance due notice account and there is a related TDI in Notice, ACS, or the queue follow the below.
- There are instances where the TDI can be closed without securing the return(s);

If ...	Then ...
TDI meets P-5-133 criteria	Close the TDI little or no tax due. See IRM 5.19.2.5.4.6.3.2, <i>IMF Little or No Tax Due</i> .
Income is below filing requirements	Close the TDI not liable for the period(s) in question. See IRM 5.19.2.5.4.6.1, <i>IMF Response Taxpayer Not Liable (Income Below Filing Requirements)</i> .
IMF Refund Due	Close TDI refund due. See IRM 5.19.2.5.4.6.2, <i>IMF Refund Due</i> .

- The taxpayer must be given a reasonable deadline (not to exceed 30 days & 60 days for international) to complete the return(s) and mail them in unless the taxpayer is stating they want to fax the return(s).
- If the return(s) are not received close the stand alone TDI per IRM 5.19.2.5.4.6.4(5), *IMF Taxpayer Liable*.
- ACS and ACSS: After inputting TC 530 cc XX (XX = 24-32) for the TDA's, input TC 598 cc 032 or cc 082 to shelve the RD module while the balance due account is in CNC (ST 53).
- Document the AMS history. CSCO and ACSS close your correspondence/control.

Caution:

Once it is determined that the taxpayer has a hardship the balance due accounts must be closed CNC.

Example:

Taxpayer A has submitted a financial statement that shows he can pay all allowable living expenses, but has nothing available to pay IRS at this time. We must release wage and salary levies. If the taxpayer is expecting a payment from an insurance settlement we can levy on that. That particular levy will not create an economic hardship see IRM 5.19.4.4.10, *Levy Release: General Information*.

Taxpayer B has submitted a financial statement that shows he does not have enough monthly income to pay his house payment monthly and is 3 months behind on his mortgage. This would be considered an economic hardship. In this case the levy on the insurance settlement could create an economic hardship (foreclosure). The IRS would release the levy.

Taxpayer C has submitted a financial statement that shows he does not have enough monthly income to pay his house payment monthly because he took a cut in pay. He is 2 months behind on his mortgage (\$1,000), but starts getting paid more next week. In this case the levy on the insurance settlement (\$3,000) could create an economic hardship (foreclosure) so we would release at least a portion of that levy (\$1,000). We could still attach to the amount above and beyond what the taxpayer needs to catch up with his payments.

Taxpayer D the taxpayer has an unexpected emergency which is preventing the taxpayer from providing for their basic necessities. It may be a one time issue and can be supported by the taxpayer's documentation. In this situation partially release the levy.

5. If the account being reported CNC is a BMF out of business account, ensure all filing requirements are closed.
6. If the taxpayer is unable to pay and the liability is a result of under withholding continue with the CNC process (financial, etc.) and CNC if necessary.
7. If the determination is made that account will be closed CNC (unable to pay) it is required that the taxpayer/POA be informed of the CNC terms and that the CNC was approved by issuing Letter 4624C, *Case Closed -- Currently Not Collectible; Lien Filing Notification on Currently Not Collectible*.
8. At times, the taxpayer, who meets hardship criteria, requests an IA rather than a CNC. In this scenario, establish the IA or PPIA with a back-up 53. Refer to IRM Exhibit 5.19.1-11, *ALNs*.
9. Values for unable-to-pay codes are:

Value	Closing Code	Monthly Expenses
\$20,000	24	\$00 - \$1,388
\$28,000	25	\$1,389 - \$1,944
\$36,000	26	\$1,945 - \$2,500
\$44,000	27	\$2,501 - \$3,055
\$52,000	28	\$3,056 - \$3,611
\$60,000	29	\$3,612 - \$4,166
\$68,000	30	\$4,167 - \$4,722
\$76,000	31	\$4,723 - \$5,277
\$84,000	32	\$5,278 – or more

Example:

The taxpayer's monthly allowable expenses are \$1,000. Multiply $\$1,000 \times 12 = \$12,000 \times 120\% = \$14,400$. Closing Code 24 is the next highest cc to the taxpayer's allowable expense of \$14,400.

- A. Multiply the total allowable monthly expenses times 12, times 120%.
- B. Use the hardship cc most closely corresponding to the Taxpayer's allowable expenses.

Do not select a code below the taxpayer's allowable expenses.

Caution:

All outstanding levies on salary or wages must be released when a case is closed under hardship provisions.

Reminder:

If Individual SRPs are included with other MFT 30 or MFT 31 modules on an account that meets CNC criteria, close them consistently with the other modules.

10. Ensure that when using CC REQ77/CC FRM77 to input the CNC, the correct Responsibility Unit Code (RUC) is used. See *Exhibit 5.19.17-1, IDRS Input of CNCs, CC REQ77/FRM77*.
11. The systemic process for reactivating hardship CNC accounts relies on an increase in taxpayer TPI above a predetermined amount, based on the hardship cc when the case is closed as CNC:
 - The TPI is reviewed annually when a taxpayer files an income tax return.
 - For BMF: accounts on sole proprietorships, partnerships and LLCs (where the owner is identified as the liable taxpayer), TPI are determined by the annual income of the individual, general partner or member of the LLC.
 - The SSN of the individual, general partner or member of an LLC (where the owner is identified as the liable taxpayer) must be cross-referenced on IDRS.
 - When BMF accounts on sole proprietorships, partnerships or LLCs are closed as hardship, follow instructions in See IRM Exhibit 5.19.1-15, *BMF TC 130 Procedures*.

5.19.17.1.1.4 (11-25-2014)

Defunct Corporations, Exempt Organizations, Limited Partnerships, and Limited Liability Companies CC10

1. Defunct corporation applies to:
 - Any corporation or exempt organization that is no longer operating and from which all assets have been dispersed.
 - Corporations dissolved under state receivership proceedings or other state dissolution proceedings
 - Limited partnership cases when the partnership agreement limits the liability of the partners under local law, when the business is no longer operating and from which all assets have been dispersed.
 - LLC cases (where the LLC is identified as the liable taxpayer), when the business is no longer operating and from which all assets have been dispersed.
2. If the AAB (CC SUMRY) is less than $\equiv \equiv \equiv \equiv \equiv$, and a person legally authorized to act for the business (partner, officer, etc.) states the company is defunct and all assets were dispersed, close the account after exhausting all levy sources if in ST 22.
3. If the conditions in paragraph (2) are met, follow the steps below based on your function and the account status:

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If ...	And ...	Then ...
ACS and FA	All ST 22	CR must input "TOC0,,NC10" If approved manager will input history code: "NC10,,53APP"
ACS and FA	Non-ST 22	Document AMS with NC10 request and provide IDRS print to the Manager. If approved input TC 530 cc 10 to IDRS via CC REQ77/CC FRM77
ACSS	All ST 22	CR must input "TOS0,,NC10" . If approved manager will input history code: "NC10,,53APP"
ACSS	Non-ST 22	Document AMS with NC10 request and provide IDRS print to the Manager. If approved input TC 530 cc 10 to IDRS via CC REQ77/CC FRM77
CSCO and AM	Non-ST 22	Document AMS with NC10 request and provide IDRS print to the Manager. If approved input TC 530 cc 10 to IDRS via CC REQ77/CC FRM77

4. If the AAB (CC SUMRY) is $\equiv \equiv \equiv$ or more, and a person legally authorized to act for the business (partner, officer, etc) states the company is defunct and all assets were dispersed, take the following actions:

- Attempt to secure information on the identification of corporate officers and principals including names, SSN, and addresses. Document AMS with results.
- Exhaust all levy sources if in ST 22.

5. If the conditions in paragraph (4) are met, follow the steps below based on your function and the account status:

If ...	And ...	Then ...
ACS, ACSS and FA	All ST 22	CR must input "TOI7,,TFQU" I7 would then input action history "TFQU,,AOTO7000"
ACS and FA	Non-ST 22	Document AMS with TFQU request and provide IDRS print to the Manager. If approved input CC STAUP 2400 and CC ASGNB AOTO7000
ACSS	All ST 22	CR must input "TOI7,,TFQU" I7 would then input action history "TFQU,,AOTO7000"
ACSS	Non-ST 22	Document AMS with TFQU request and provide IDRS print to the Manager. If approved input CC STAUP 2400 and CC ASGNB AOTO7000
CSCO and AM	Non-ST 22	Input history on AMS of TFQU request and send for manager approval. Manager will document approval on AMS. If approved input CC STAUP 2400 and CC ASGNB AOTO7000

Note:

File a NFTL if the AAB due (CC SUMRY) is \$10,000 or more.

5.19.17.1.1.5 (08-20-2015)

Cases Reported CNC Based on Prior CNC

1. If the prior CNC determination is no more than twelve months old, the new account *may* generally be reported CNC without further investigation. See IRM 5.19.1.1.6(12), *Case Processing Authority Levels*.
2. When prior accounts were closed as unable to pay more than twelve months ago, financial analysis/verification is required. Prior CNC modules must be updated with the new Unable to Pay cc.
3. When closing BMF modules CNC cc 07 or cc 10 and earlier modules were previously closed with cc 13, update the earlier modules with cc 07 or cc 10.
4. Ensure all filing requirements are closed when BMF entities are closed with cc 07 or cc 10.
5. Exceptions are:
 - Unable to locate cases (cc 03), where the current TDA address was not investigated, telephone number not verified and/or a new Levy source not exhausted.
 - Unable to contact cases (cc 12), where the current TDA address was not investigated, telephone number not verified and/or new Levy source not exhausted.
 - Corporate trust fund taxes, requiring a TFRP determination or accruing after the date of the prior CNC closure.
 - Prior bankruptcy (cc 07) dispositions.
 - Cases reported CNC under exception processing, where the total liability owed, including prior CNC modules, now exceeds established criteria; *IRM 5.19.17.1.1.2, CNC Exception Processing*.
 - When a case was closed TC 530 cc 39 (shelved).

5.19.17.1.1.6 (11-25-2014)

CNC of Multiple Accounts

1. There are occasions when a taxpayer has multiple accounts potentially qualifying for CNC; this includes accounts on different MFs.

Example:

IMF and BMF.

2. When recommendation for CNC is made, you must ensure a Full Compliance Check is complete making certain multiple accounts are addressed; document comments in AMS.
3. ACS/ACSS inputs most CNC closures via ACS. If non-ST 22 modules are present on an ACS account, bring them into ST 22. If ST 23 accounts are involved on an ACS account, bring them to the TIF using CC MFREQC, and input an AMS history or CC ENMOD, such as "CNCEXE" , to include the module expedited into ST 22 for inclusion in CNC closure.
4. When you cannot reassign a module to ST 22 (such as expiring CSED or ST 21 account):
 - A. Obtain managerial approval first per *IRM 5.19.17.1.1.9, CNC Managerial Approval*, for all modules (ST 22 and Non-ST 22).
 - B. Input TC 530 on IDRS.
 - C. Document AMS (include each module closed on IDRS).
5. If warranted, managerial approval of all modules must be documented in AMS history.

5.19.17.1.1.7 (11-25-2014)

CNC Assessments Against Two or More Taxpayers

1. In order to request a CNC hardship cc on a joint IMF liability, both taxpayers must meet CNC criteria.

2. Both taxpayers would need to be uncollectible. If one spouse is uncollectible and the other spouse is collectible, follow the procedures in *IRM 5.19.17.1.1.7.1, Back End Mirror Assessments Process for CNC Closures*.

5.19.17.1.1.7.1 (01-01-2016)

Back End Mirror Assessments Process for CNC Closures

1. The following procedures are follow-up actions for the request for an account to be "mirrored". This process is performed by CSCO at the Philadelphia Campus. PSC CSCO verifies the validity of the CNC cases to be "mirrored" upon receipt. Requests for "mirrored" CNC cases can be sent to PSC CSCO in the following ways:

- Campus — Form 3210, *Document Transmittal*, with an attached Form 4442, *Inquiry Referral*.
- Field — Form 3210, *Document Transmittal*, with an attached Form 53, *Report of Currently Not Collectible Taxes*.

Note:

Field Collection does not use Form 4442, *Inquiry Referral*. All requests for "mirroring" action from Field Collection, will be on Form 3210, *Document Transmittal*, with an attached Form 433–D, *Installment Agreement*, for "mirrored" IA requests, or with attached Form 53, *Report of Currently Not Collectible Taxes*, for "mirrored" CNC requests. These requests may be accompanied by Form 12636, *Request for Filing or Refilling Notice of Federal Tax Lien*.

Note:

Field Only – If one or more of the required actions were not taken or documentation is missing attempt to contact the originating Revenue Officer. Document the attempt on AMS to obtain the required information. Allow 5 days for resolution from initial contact. If the issue is not resolved within 5 days, return the package to the originating Revenue Officer.

Note:

These requests may be accompanied by Form 12636, *Request for Filing or Refilling Notice of Federal Tax Lien*.

SeeIRM 5.19.1.5.4.12.1, *Front End Mirror Assessments Process for IA and CNC Closures*, for front-end "mirroring" procedures.

SeeIRM 5.19.1.5.4.12.1.1, *Back End Mirror Assessments Process for IA Closures*, for back-end "mirroring" procedures for IAs.

2. Check Form 3210, *Document Transmittal*, to verify:

- A. The case count on the Form 3210, *Document Transmittal*.
- B. The SSN and tax years to be "mirrored".
- C. The joint MFT 30/35 account filing status per tax year.
- D. Supporting documentation is attached.
- E. Case is in Notice or Collection status.
- F. Name and TIN of taxpayer making the request.
- G. All telephone numbers for taxpayer.
- H. Managerial approval is documented (when required).

3. All actions and information per IRM 5.19.1.5.4.12.1, *Front End Mirror Assessments Process for IA and CNC Closures*, were taken by the originator.

4. Recordation of the mailed letter and terms of the agreement are available to employees on CC ENMOD. Review Form 4442, *Inquiry Referral*, Form 53, *Report of Currently Not Collectible Taxes*, or AMS for terms of CNC.

5. If one or more of the required actions were not taken or missing information is preventing the processing of the request, view AMS history. If the information needed to process the request is not located on AMS return the package to ACSS for follow-up. Document AMS history with the exact reason for rejection the request. This information will enable ACSS to correct the issue and re-submit the package.

6. Document Form 4442, *Inquiry Referral*, or Form 53, *Report of Currently Not Collectible Taxes*, with specific reason for rejection (See IRM 5.19.1.5.4.12.1(3)-(5), *Front End Mirror Assessments Process for IA and CNC Closures*).

7. If any of the following conditions exist on a joint MFT 30 account, the account cannot be "mirrored":

- A. Requesting taxpayer is not compliant.
- B. A credit balance is on the module to be "mirrored".
- C. NC is different on CC INOLES on primary account (the IMF NC must match SSA's NC).
- D. Either SSN begins with a nine (9) (Temporary SSN).
- E. Bankruptcy.
- F. International Entities.
- G. Invalid Secondary SSN or TIN (TIN with an *).
- H. Either spouse is deceased.
 - I. Innocent Spouse.
- J. CSED imminent modules (CSED has 12 months or less remaining on the statute).
- K. Status 71 (-Y Freeze).
- L. One or more individual SRP modules (MFT 35) prior to January 1, 2016.

Note:

After January 1, 2016, Individual SRP modules may be mirrored. The mirror module will be MFT 65. Once this capability is available, it can be applied to earlier tax years (such as 2014).

Note:

After January 1, 2016, the process for mirroring MFT 35 is the same as MFT 30.

Caution:

Employees should not automatically assume that assessments made against both a husband and wife for the same period are duplicates simply because they are for the same tax period. Before assessments are treated as duplicates, employees should verify that the Individual SRP assessments are for the same underlying liability (jointly filed Form 1040), and are **not** for separately filed Forms 1040.

8. When all preliminary actions and validations have been completed, the joint liability periods are ready to be "mirrored". Take the following actions:

- A. Control the case on IDRS using "MFT31/CNC" as the activity code and "COLL" as the category code.
- B. Use CC REQ77/CC FRM77 on MFT 30/35 of the Primary TIN. Input TC 971 AC 109, with the secondary spouse in the X-Ref field.
- C. Use CC REQ77/CC FRM77 on MFT 30/35 of the Primary TIN. Input TC 971 AC 109, with the primary spouse in the X-Ref field.
- D. Use CC REQ77/CC FRM77 to input TC 971 AC 145 on the MFT 30/35 with a PDC of 1.
- E. Document actions taken on the primary and secondary accounts on AMS.
- F. Add follow up date to activity on IDRS control.

Note:

Use the same date (original date of input) for all TC 971 transactions.

9. Three cycles after input of the three transactions, TC 971 AC 109s and TC 971 AC 145, "mirror" modules on MFT 31/65 will generate under both the primary and secondary SSNs.

10. After two cycles the TC 971 AC 145 will appear with "RXXX" re-sequence code due to PDC 1 used. (Input of TC 971 AC 145 on the MFT 30/35 module generates a TC 400 and creates both MFT 31/65 modules). MFT 31/65 modules will post in the next cycle. IMF will "mirror" all transactions from MFT 30/35 to MFT 31/65, including the TC 400. TC 400 will zero out the account balance on MFT 30/35.

Note:

Once the "mirror" modules are created and the TC 400 posts, the MFT 30/35 and the MFT 31/65 modules will have an M- freeze code and will be in Status 29.

11. Monitor MFT 31/65 modules and posting of TC 971 AC 145 and TC 400 on MFT 30/35. Verify that three modules are present:

- One joint MFT 30/35 module.
- One MFT 31/65 for the primary.
- One MFT 31/65 for the secondary.

12. After both MFT 31/65 modules are established and TC 971 AC 145 and TC 400 have posted to the MFT 30/35 and MFT 31/65 modules:

- Input TC 972 AC 145 on MFT 30/35.
- Input TC 972 AC 145 on MFT 31/65 Primary SSN.
- Input TC 972 AC 145 on MFT 31/65 Secondary SSN.

Note:

A TC 972 AC 145 generates a TC 402 to bring the module balance on all MFT 31/65 accounts and removes the M- freeze. Update the activity code on the control base to reflect a follow-up date.

Note:

"MFT 31/MMDD" . MMDD = Three weeks from the date of TC 972 input.

Note:

"MFT 65/MMDD" . MMDD = Three weeks from the date of TC 972 input.

13. A TC 971 AC 132 will systemically generate on the MFT 30/35 module after the TC 402 posts. A TC 971 will generate a TC 604 credit to close out the balance due on the MFT 30/35. The MFT 31/65 "mirrored" modules will be exact copies of the MFT 30/35 module. The MFT 30/35 module will be in Status 12. The balance due will remain on both the MFT 31/65 modules. The MFT 31/65 modules will generally reflect the Collection Status of the module immediately prior to the MFT 30/35 module going into Status 29.

Note:

The debt has not been satisfied because the MFT 30/35 module has a zero balance. The balance due now exists for both parties on the MFT 31/65 modules created.

14. Monitor for the posting of all the TCs on MFT 30/35 and both MFT 31/65 modules. Once the "mirroring" assessment is complete:

- A. Input TC 972 AC 061 on the MFT 31/65 module on the non-requesting spouse, if a TC 971 AC 061 is present on the account.
- B. Input the CNC on the requesting taxpayer balance due accounts. Indicate TC 530 cc (24-32). The cc will be notated on Form 4442, *Inquiry Referral*.

- C. Send Letter 4624C, *Case Closed -- Currently Not Collectible; Lien filing notification on Currently Not Collectible (9/2010)*, to the requesting taxpayer approved for CNC. Include NFTL paragraph when applicable.
- D. A computer generated TC 971 AC 110 will generate on each of the MFT 31/65 accounts. This TC will allow payments made to either account to cross reference. Research both taxpayer accounts for payments. If payments are found posted to the MFT 30/35 of either taxpayers account, input a credit transfer to apply them to the MFT 31/65 account as originally intended.
- E. Document actions taken on the primary and secondary accounts on AMS.
- F. If NFTL is required, hold for 30 days from the date of the letter prior to forwarding to the Lien unit. Forward the Notice of Federal Tax Lien request to appropriate location from the list <http://serp.enterprise.irs.gov/databases/who-where.dr/als.dr/case-processing-lien-units-state.htm>.

5.19.17.1.1.8 (11-25-2014)
CNC Mandatory Follow-Up

1. Systemic reactivation on accounts CNC is limited to:
 - Hardship
 - Unable to Locate
 - Unable to Contact closures
2. A mandatory follow-up action is only requested to ensure protection of the revenue potential of the case when there is strong likelihood the revenue can be collected by taking the requested action. Rarely is a mandatory follow-up requested on accounts subject to systemic follow-up.
3. Request mandatory follow-up when there is evidence the taxpayer's ability to pay will improve and either computer-generated reactivation is not available or the improvement will happen significantly sooner than systemic reactivation can occur; circumstances include:
 - BMF accounts for which the principal filed as the secondary SSN on a joint income tax return.

Example:

If a couple files jointly under the wife's SSN, and the husband owes on a sole proprietorship that is reported uncollectible, the BMF case would have the husband's SSN as the cross reference. Since reactivation is determined by an annual review of TPI on the cross reference SSN and the husband is filing under the wife's SSN, this case would not reactivate.

- The account is reported CNC using cc 12 and there is a definite indication contact should be made in the future
- The taxpayer is reported CNC as a defunct corporation, but there is a definite indication it will resume operations in the future
- The taxpayer is a seasonal worker and the tax could be collectible before the case would be systemically reactivated
- The taxpayer is a BMF sole proprietor currently in a combat zone

Note:

ACS rarely closes accounts CNC that would require a mandatory follow – up. If the taxpayers meets the criteria for a CNC Mandatory Follow-up prepare Form 2209, *Courtesy Investigation*, and submit to:
 IRS—CCP—GCP
 M/S 5—E104.114
 2970 Market St.
 Philadelphia, PA 19104—5002

DO NOT INPUT THE CNC

5.19.17.1.1.9 (01-02-2015)
CNC Managerial Approval

1. The decision to place an account in CNC status requires the approval of a manager. The approval should normally be that of the recommending employee's immediate manager. Acting managers may be given authority to approve CNCs. See IRM 5.19.1.1.6(10), *Case Processing Authority Levels*, for dollar criteria.

Reminder:

NC35 closures for Standalone Individual SRP balances require managerial approval.

2. The manager's review must address the thoroughness of the investigation to ensure that a hardship condition exists before approving an account uncollectible. If a mandatory follow-up is required, the manager must verify it meets the criteria in IRM 5.19.1.1.6(12), *Case Processing Authority Levels*.
3. If the manager does not agree to grant the CNC status the case will be returned to the originating employee for follow-up. The manager should document the reason the CNC status was not approved in AMS comments. For ACS/ACSS managers rejecting the CNC request, input "OADT,05,CNCREJ".
4. If additional actions are needed to CNC an account, the manager should indicate what additional steps need to be taken before the CNC can be approved such as consideration of an IA, or an OIC and or address assets and equity on the AMS financial screen.
5. Ensure that the appropriate CNC cc is used per the AMS financial screen.
6. Once the CNC is approved it is mandated that the Letter 4624C, *Case Closed -- Currently Not Collectible; Lien Filing Notification on Currently Not Collectible*, be sent.

Note:

It will be left to the Campus Management to determine who will be issuing the letter; however, the letter must be issued once the manager approves the closure.

Exception:

ACS Managers must document AMS History when approving a "Mirrored" Account, IRM 5.19.1.5.4.12.1, *Front End Mirror Assessments Process for IA and CNC Closures*, input of ACS History Code is not required.

5.19.17.1.1.10 (11-25-2014)
Reversal of CNC Status

1. If the taxpayer contact reveals taxpayer now has an ability to pay, manually input TC 531.
2. If the original input of the TC 530 was in error, reverse by inputting TC 532.

3. Some accounts reported CNC systemically reactivate; see below table:

CNC Closing Code	Definition	Reason for Reactivation
03	Cases that the IRS has been unable to locate	A. New return posts to MF B. New address post to MF C. New FERDI indicator D. New Levy source (IRMF) (The account returns to previous status)
12	Cases that the IRS has been unable to contact the taxpayer	A. A Return is filed with TPI at 14,000 or more and it has been more than 66 cycles since the TC 530 cc 12 was input. B. New levy source (Module returns to the previous status when reactivated)
39	Cases that are shelved due to lack of resources. These cases are primarily identified by IDS based on dollar amounts and collectibility	A. Any new module (TDA/TDI) will cause reactivation if it increases the risk level B. New FERDI indicator (Federal Employee) C. New Levy source (IRMF) (Module returns to the previous status when reactivated.)
24-32	Hardship	When the income on the latest filed return exceeds the amount of the unable-to-pay value

5.19.17.1.1.11 (08-20-2015)

Requesting Approval and Input of Accounts to be CNCd

1. Ensure all necessary actions (financial review, locator sources, etc) are taken before the account is sent to the manager for approval.
2. Ensure AMS is properly documented and when account is ready for approval follow the guidelines shown below. Take the following actions based upon your function:

If ...	And ...	Then ...
ACS, ACSS and FA	All Modules in ST 22	<ul style="list-style-type: none"> • CR must Input "TOC0,05,NCXX" (ACS & FA) "TOS0,05,NCXX" (ACSS) <p>Note: This includes Individual SRP (MFT 35) modules.</p> <ul style="list-style-type: none"> • If approved the manager <i>will</i> input "NCXX,,53APP" .
ACS, ACSS and FA	At least one module in ST 22 & other(s) in non-ST 22 modules	<ul style="list-style-type: none"> • Input CC STAUP 2200 to bring non ST 22 accounts to ACS, then: • Input "TOC0,12,NCXX" (ACS & FA) "TOS0,12,NCXX" (ACSS) <p>Note: This includes Individual SRP (MFT 35) modules.</p> <ul style="list-style-type: none"> • If approved the manager <i>will</i> input "NCXX,,53APP" .
ACS, ACSS and FA	All non- ST 22 modules	<ul style="list-style-type: none"> • Document AMS with the CNC decision and provide IDRS print to the manager. • If approved manager must document AMS that the CNC was approved by inputting "53 APP" . • If approved input to IDRS: CC REQ77/CC FRM77 TC 530 cc XX • In Remarks enter "CNC" .
CSCO and AM	Regardless of status	<ul style="list-style-type: none"> • Document AMS with the CNC decision and provide IDRS print to the manager. • If approved manager must document AMS that the CNC was approved by inputting "53 APP" . • Input CC REQ77/CC FRM77 TC 530 cc XX on IDRS. • In the remarks area input "CNC" .

Note:

XX = the appropriate CNC cc

5.19.17.1.1.12 (01-01-2016)

Recessed Individual SRP Modules

1. Standalone SRP modules will be subject to a recess. This means that routine collection activities will temporarily halt.

A. Five cycles after the third notice (CP 503H) has been issued, a systemic TC 530 cc 35 will recess a standalone SRP.

Exception:

If the taxpayer is FERDI, MFT 35 (SRP) standalone processing will be bypassed.

B. SRP modules that are **not** standalone will continue past the third notice and follow normal processes to be issued to ACS, Field Collection, and the Queue.

2. SRP modules can be recessed manually with managerial approval following guidance provided by the applicable functional area.

Note:

After January 1, 2016, IMF modules may be mirrored. Mirrored modules will be processed as MFT 65.

5.19.17.1.1.12.1 (01-01-2016)

ACS Processing and Individual SRP Modules

1. Standalone MFT 35/65 modules will be closed NC35 (Recessed). NC35 will not be valid for batch actions. Since the closing code can only be used on standalone MFT 35/65 (no other modules in ST 22, 24, 26 or 03, does not consider notice modules balance due or TDI in ST 02), manual research needs to be completed prior to closing. See IRM 5.19.1.4.16.1, *Standalone SRP*.

Exception:

NC35 **cannot** be used if there is an open TDI.

2. **Only** managers are profiled to input NC35 on the ACS System.

Note:

Programming may be updated at a future date to allow ACS employees to input NC35.

3. When an account with both MFT 35/65 modules and related TDA/TDI modules in the F inventories becomes standalone (all related TDA/TDI modules are resolved), input "TOF8,01,SRP ONLY" .

4. The ACS system will block accounts with only MFT 35/65 open modules from being transferred into certain inventories:

- R5
- R7 (lien inv)
- I8
- I6

Note:

The above ACS inventories are valid through January 3, 2015.

- E3
- E4 (levy inv)
- E2 (new receipts – manual LT11 inv)
- E5 (levy follow-up inv)
- E9 (liens)

Note:

The above ACS inventories are valid beginning January 3, 2015.

5.19.17.1.2 (08-20-2015)

OIC

1. The Service, like any business, encounters situations when an account receivable cannot be collected in full or there is a dispute regarding what is owed. It is an accepted business practice to resolve collection and liability issues through compromise.

2. An offer in compromise (OIC) is an agreement between a taxpayer and the government that settles a tax liability for payment of less than the full amount owed:

- Doubt as to Collectability – Doubt exists that the taxpayer could ever pay the full amount of the tax liability owed within the remainder of the statutory period for collection. This type of OIC is requested using Form 656, *Offer in Compromise*.
- Doubt as to Liability – There is legitimate doubt that the assessed liability is correct. This type of OIC is requested using Form [656-L](#), *Offer in Compromise (Doubt as to Liability)*.
- Effective Tax Administration – There is no doubt that the tax is correct and there is potential to collect the full amount of the tax owed, but exceptional circumstances exist that would allow the IRS to consider an OIC. This type of OIC is requested using Form 656, *Offer in Compromise*.

Note:

Taxpayers **cannot** submit offers in compromise at the same time claiming *both* that they do not believe the liability is correct (Doubt as to Liability) *and* that they are unable to pay it (Doubt as to Collectability).

3. Conduct a tiered interview to determine the taxpayer's ability to:

- Full pay today.
- Partial pay (VLSP).
- Full Pay up to 120 days.

- Pay by IA.

Note:

See IRM 5.19.1.5, *Methods of Payment*.

4. On May 17, 2006, Congress passed into law the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), making major changes to the OIC program, including narrowing the scope of rules for lump-sum and periodic-payment offers; these changes were effective for all offers received by the IRS starting July 16, 2006.

- A. Under the new law, taxpayers submitting requests for lump-sum OICs must include a payment equal to 20% of the amount offered with Form 656; a lump-sum OIC means any offer of payments made in five or fewer installments within five or fewer months from offer acceptance .

Note:

A lump sum offer received with a payment that is less than the 20 percent payment will be deemed processable, but the taxpayer will be asked to pay the remaining balance within a specified time frame in order to avoid the immediate return of the offer. Failure to submit the remaining balance within that extended period will cause the IRS to return the offer, retain any non-refundable initial payment, and the \$186 application fee that was submitted with the offer.

Note:

Prior to December 31, 2013, the OIC application fee was \$150.

- B. Taxpayers submitting requests for periodic-payment OICs must include the first proposed installment payment with Form 656, *Offer in Compromise*; a periodic payment OIC is any offer of payments in six or more installments paid within six to 24 months. The total payments cannot exceed 24 months.

Note:

The taxpayer is required to make the proposed monthly periodic payments until a determination is made on their offer. All installment payments are non-refundable, even if the offer is deemed non-processable, later returned, withdrawn, terminated or rejected.

- C. Taxpayers qualifying for low income waiver, based on current criteria, r, do not have to submit the application fee or meet the partial payment requirements of TIPRA.

Note:

Taxpayers filing doubt-as-to-liability (DATL) offers are also exempt from the application fee and payment requirements.

- D. Form 656, *Offer in Compromise*, provides detailed instructions for completing and submitting the offer and includes all necessary financial forms. There are two types of payment terms to which the Service and the taxpayer may agree:

- **Payment Option 1:** Must be paid in five or fewer installments within five or fewer months from offer acceptance.
- **Payment Option 2:** Must be paid in more than five months and in monthly installments paid within six and must not exceed 24 months with no right to appeal. The taxpayer must continue to make monthly payments while the IRS is considering their offer. Failure to make regular monthly payments will cause the offer to be returned.

5. The IRS will **NOT** accept an OIC for processing when the following criteria are present:

- The taxpayer is in bankruptcy.
- The taxpayer did not include the \$186 application fee when the offer is submitted.
- The taxpayer did not submit the required initial payment with the offer.
- The liability was previously referred to the Department of Justice (DOJ).
- Unassessed liabilities
- Offer submitted solely for tax period(s) with expired CSED(s)

Exception:

The requirements for the taxpayer to pay both the \$186 application fee and the down payment with the offer are waived if the taxpayer meets the requirements for Low-Income certification.

6. If the taxpayer asks for an OIC, and the account is assigned to a RO, ST 26, advise the taxpayer to contact the RO.

7. If you are speaking to the taxpayer, **they request** an OIC and the account is in:

- Notice Status.
- ST 22.
- ST 24.

Take the following actions:

Note:

If you are working correspondence, follow procedures in paragraph (8) below.

- A. Secure financial information, if necessary to, analyze the taxpayer's ability to full pay:

- If the liability can be paid in full or the taxpayer qualifies for an IA, the taxpayer does not qualify for an OIC unless it is an OIC concerning doubt as to liability or there is evidence that paying the liability in full would cause economic hardship, ETA.
- Encourage a taxpayer qualifying for a PPIA to enter into one; however, they may choose to submit an OIC instead.
- Follow procedures in paragraph (8) below if the taxpayer chooses to submit an offer.

B. If financial analysis shows the taxpayer has the ability to pay, advise them that while they may submit an offer, the financial information they provided shows they have the ability to pay their liability. As a result, it is unlikely the offer will be accepted. Provide the alternative method to resolve the liability, such as full pay or an IA.

Note:

If the financial information indicates the taxpayer is unable to pay, (negative net income), consider a CNC: *IRM 5.19.17.1.1, CNC Policy and Overview*.

C. Follow procedures in paragraph (8) below if:

- The taxpayer does not agree with the proposed method of resolution and wants to proceed with the offer; or
- You are working correspondence.

Caution:

While speaking to the taxpayer, you must advise them of the requirements for the OIC to be accepted for processing, and to consider payment alternatives to submitting an offer. Only an OIC Specialist or COIC Offer Examiner can accept or reject an offer.

8. If the taxpayer requests an offer, and you are working correspondence; or during phone contact the taxpayer does not agree with the proposed method of resolution and wants to proceed with the offer, or the Service has determined through financial statement processing the taxpayer has a potential for an offer, take the following actions:

A. Send Letter 278C, *Offer in Compromise; Forms Requested*. Provide the required tax forms or advise the taxpayer how to obtain them. If the taxpayer has internet access, you can provide him/her with the IRS web-site address www.irs.gov. You can also provide the Toll-Free number 1-800-TAX-FORM (1-800-829-3676) to order forms. You can also enclose the forms in the letter or use **ELITE** (on AMS) to directly mail forms to the taxpayer's address.

- Form 656–B, *Offer in Compromise (Booklet)*. This booklet includes instructions and removable forms: Form 433-A (OIC), *Collection Information Statement for Wage Earners*, Form 433-B (OIC), *Collection Information Statement for Business*, and Form 656, *Offer in Compromise*.
- Form 656-L, *Offer in Compromise (Doubt as to Liability)*.

Caution:

Taxpayers cannot have both types of offers open at the same time. If you are speaking with the taxpayer, ask them whether they disagree with the liability. If they disagree with the liability, then they should file their OIC using Form 656-L, *Offer in Compromise (Doubt as to Liability)*. If the taxpayer agrees with the liability, then they should file their OIC using Form 656–B, *Offer in Compromise (Booklet)*.

B. Instruct the taxpayer they must submit all applicable forms within 30 days.

C. For Notice Status accounts, input CC STAUP 2209.

D. Update AMS history.

E. If enforcement action was previously taken, do not release the levy solely based on the taxpayer's request for an OIC; follow related guidelines. See IRM 5.19.4.4.10, *Levy Release: General Information*.

F. Cover normal case processing, including:

- Full Compliance Check (FCC).
 - Cause and Cure (C&C).
- Reminder:**
If in ST 22, Warn of Enforcement Action (WOEA).

G. Forward the correspondence to the assigned RO if the account is in ST 26.

9. ACS uses one of the following history codes based on the account information on ACS:

If ...	And ...	Then ...
A levy source is available	The "FNL NOT" date is shown on at least one balance due module	Enter "TOE3,60,OIC"
A levy source is available	No "FNL NOT" date is shown on any balance due module	Enter "TOE2,60,OIC"
No levy source is available	Intentionally left blank	Enter "TOI4,60,OIC"

10. If TC 480 previously posted to the ST 22 account, and the CC STAUP 71 did not post to the account in the next cycle, prepare a Form 4442, *Inquiry Referral*. Provide the taxpayer's name, phone number, SSN and document the periods that require ST 71 input. Fax this information on Form 4442, *Inquiry Referral*, to the appropriate COIC site.

Caution:

CC STAUP 71 is not always input on joint liabilities when only one of the taxpayers submits an offer. To determine which spouse is included on the offer, look for one of the following TC 480 indicators; B = Both, P = Primary and S = Secondary. Normal case processing may continue against the non-offer spouse in these instances.

11. For additional information regarding OICs, see IRM 5.8.1 , *Offers In Compromise*.

5.19.17.1.2.1 (08-20-2015)

Taxpayer Claims OIC Submitted (No TC 480 or ST 71 Present)

1. If a taxpayer states they filed an offer and there is no TC 480 or ST 71 present, ask the taxpayer or authorized representative:

- When did you file the offer in compromise?
- Where did you file the offer in compromise?
- Did you send a payment with the offer and has it been cashed?
- Did you receive a letter regarding the offer in compromise?

- Were the tax periods on the offer filed jointly?

Note:

STAUP 71 is not input on joint liabilities when only one of the taxpayers files an offer.

Note:

Normal case processing may continue against the spouse that did not submit an offer.

2. Posting of TC 480 might be impacted by where the offer was submitted. All offers are loaded by Memphis or Brookhaven COIC therefore it will take longer for TC 480 to post on offers received in other locations. Determine if taxpayer or POA:

- Submitted OIC to COIC (Memphis or Brookhaven)
- Gave to Revenue Officer, or to
- Appeals or other business unit

3. If an OIC payment was submitted, check IDRS TXMOD for a:

- TC 670, DPC 33 (OIC application fee)
- TC 670, DPC 34 (OIC 20 percent lump sum/initial periodic payment)

Exception:

If the taxpayer checked the Low Income Certification box on Form 656 or filed Form 656-L for Doubt as to Liability (DATL) there will not be an application fee or TIPRA payment

- 4. If the taxpayer has received correspondence from the service regarding their offer application, advise them to follow the instructions contained in the correspondence.
- 5. If the offer does not apply to only one spouse or the return was not jointly filed and the OIC was mailed 45 days or more and the taxpayer has not received correspondence from COIC, take the following actions:

"IF"	"THEN"
More than 45 days has lapsed from the date the taxpayer claims an OIC was filed.	<ul style="list-style-type: none"> • Document the taxpayer's name, number and tax periods covered by OIC. • Determine which COIC unit processes OIC's for the taxpayer's location and fax the Form 4442 to the appropriate COIC unit. • For ACS cases input literal "TOR4,60,OIC" " • For Non-ACS Cases, input CC STAUP 2209.
Less than 45 days has lapsed from the date the taxpayer states an OIC was filed	<ul style="list-style-type: none"> • Document the taxpayer's name, number and tax periods covered by OIC • For ACS cases input literal ""TOR4,60,OIC" " • For Non-ACS Cases, input CC STAUP 2209.

**Exhibit 5.19.17-1
IDRS Input of CNCs, CC REQ77/FRM77**

When inputting a CNC on an account on IDRS, CC REQ77 defaults to CC FRM77. Use the template and instructions below for correct input of CNCs, or refer to Exhibit 2.4.19–5, *Command CodeFRM77 Input*.

```
FRM77 XXX-XX-XXXXMFT>XXTXPD>XXXXXXPLN-NUM>XXXNM-CTRL>XXXX
1_TC>TRANS-REGISTER-IND>PSTNG-DLAY-CD>FLC>
EXTENSION-DT>TC93X-EMP-CD>2_TRANS-DT>
3_CLOSING-CD>4_RESP-UNIT/JURISDICTION-CD>TC148-CD>BANKRUPT-CD>
DLN-CD>BL-LOC-CD>LAST-RET-AMT-CD>TC480-SC-CD>
CYCLE>APP-OFF-CD>CSED-CD>BOD-CD>BOD-CLIENT-CD>
SEQ-NUM>REVERSAL-DLN>SECONDARY-DT>
CAF-CD>TC971/151-CD>TC550-DEFINER-CD>FEMA-NUM>
ULC>FREEZE-RELEASE-AMT>ABA-NUM>
TC46X-GRP-CD>TC583-DEFINER-CD>TDI-SELECT-CD>
XREF-TIN>XREF-NM-CTRL>
```

```
XREF-TX-PRD>XREF-PLN-NUM>XREF-MFT>MISC>
CORR-DT-IND>REFILE-LIEN-IND>2013-IND>
5_V-----V
```

Note:

ACS/ACSS inputs most CNC closures via ACS. ACS/ACSS employees should bring all Non-ST 22 modules into ST 22. These instructions should only be followed by ACS/ACSS employees if the CNC cannot be brought into ST 22 and must be input directly to IDRS. ST 23 modules must be brought to the TIF using CC MFREQ before accelerating to ACS. See IRM 5.19.17.1.1.6, *CNC of Multiple Accounts*.

1. **TC:** Transaction Code. Input 530.
2. **TRANS-DT:** Transaction Date. Identifies the date the transaction posted to MF. Current date generates if no date is input.
3. **CLOSING-CD:** Closing Code. Indicates the reason the account was declared CNC. Input the appropriate cc. See IRM 5.19.1.1.6(9), *Case Processing Authority Levels and IRM 5.19.17.1.1.3, CNC Unable to Pay - Hardship*.
4. **RESP-UNIT/JURSDICTION-CD:** Responsible Unit/Jurisdiction Code. Indicates the function that closed the account CNC. Values are shown in the following table:

Value	Functional Area
1	Field Office
2	Revenue Officer

3	Campus Collection Operations (CSCO)
4	ACS and ACSS
5	Inventory Delivery System (IDS)
6	Examination
7	Appeals
8	TAS
9	Other (AM and TAC Offices)

5. Remarks. Provide a brief description of the action being taken on the account. Enter remarks per IRM 21.1.3.20.1, *Oral Statement Documentation Requirements*.

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 18. Federal Employee/Retiree Delinquency Initiative (FERDI)

5.19.18 Federal Employee/Retiree Delinquency Initiative (FERDI)

- 5.19.18.1 [FERDI Overview](#)
- 5.19.18.2 [Identifying FERDI Cases](#)
- 5.19.18.3 [IRS Employee FERDI Cases](#)
- 5.19.18.4 [FERDI General Case Processing Overview](#)
- 5.19.18.5 [FERDI Inventory Processing](#)

Manual Transmittal

December 16, 2014

Purpose

(1) This transmits a topic based revision to IRM 5.19.18, Liability Collection, Federal Employee/Retiree Delinquency Initiative (FERDI) to incorporate procedural changes based on Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) (IRC §5000A).

Material Changes

(1) This IRM has only been updated for the Affordable Care Act (ACA) Provision 1501: Requirement to Maintain Minimum Essential Coverage (Individual Shared Responsibility) (IRC §5000A) as identified below. Content unrelated to the ACA provisions was not reviewed for currency or accuracy.

(2) IRM 5.19.18.4(4) FERDI General Case Processing Overview- Added MFT 35 to FERDI case types.

(3) IRM 5.19.18.4.6 Affordable Care Act - Inserted new section.

(4) IRM 5.19.18.5(4) FERDI Inventory Processing - Added note that MFT 35 are excluded from FPLP.

(5) IRM 5.19.18.5(5) FERDI Inventory Processing - Updated F8 inventory designation to "TDI or SRP Only" .

(6) 5.19.18.5.4.1 FPLP Payments Will Not Full Pay Account Within CSED- Added reminder that the individual MFT 35 amount is not subject to levy or the filing of a Notice of Federal Tax Lien.

(7) 5.19.18.5.4.2 FPLP Payments Stopped - Added reminder that the individual MFT 35 amount is not subject to levy or the filing of a Notice of Federal Tax Lien.

(8) 5.19.18.5.4.3 New Levy Source- Added reminder that the individual MFT 35 amount is not subject to levy or the filing of a Notice of Federal Tax Lien.

(9) 5.19.18.5.5.2 Issue Levy- Added reminder that the individual MFT 35 modules are excluded from CDP notice requirements.

(10) 5.19.18.5.7 Issue Levy- Added note to include MFT 35 module(s) when a currently not collectible determination is made on related balance due modules.

(11) IRM 5.19.18.5.8.1 Stand-alone SRP Processing - Inserted new section.

(12) IRM 5.19.18.5.10.1 Installment Agreements - Added citation to IRM 5.19.1.5.4.26 for guidance on including individual SRP modules in installment agreements.

(13) IRM 5.19.18.5.10.2 - Currently Not Collectible (CNC) - Hardship - Added instruction to include MFT 35 module(s) when a currently not collectible determination is made on related balance due modules.

(14) Editorial changes were made throughout this IRM to update website addresses, legal references, IRM references, and numbering.

Effect on Other Documents

IRM 5.19.18, Federal Employee/Retiree Delinquency Initiative (FERDI), published July 8, 2013, is superseded. SERP IPU 14U0910, FERDI Updates, and IPU 14U1007, FERDI Incoming Calls Handled by ACS Back-up Sites, remain in effect and should be followed in conjunction with this revised IRM.

Audience

Wage and Investment (W&I) and Small Business/Self-Employed (SB/SE) employees in Compliance and Customer Account Services (CAS)

Effective Date

(01-01-2015)

Rennae Ward
Director, Collection Analytics, Automation, Inventory Selection and Delivery
Enterprise Collection Strategy
Small Business/Self-Employed Division

5.19.18.1 (11-27-2009)

FERDI Overview

1. The Federal Employee/Retiree Delinquency Initiative (FERDI) program was developed in 1993 to promote federal tax compliance among current and retired federal employees. The program incorporates the purpose and intent of Office of Government Ethics regulation 5 C.F.R.2635.809, which addresses the responsibility of federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed

by law". The following sections contain instructions for handling federal employee and retiree delinquencies.

2. Procedures in these sections apply to all taxpayers currently receiving a salary or annuity pension from the federal government. They do not apply to survivors of retirees. Federal employees or retirees include the following:

- Civilian employees, including U.S. Postal Service
- Civil Service or Federal Employee Retirement System retirees
- Active duty military
- Military retirees
- National Guard/Reservists

5.19.18.2 (01-03-2012) Identifying FERDI Cases

1. FERDI taxpayers are identified by matching the primary Social Security Number (SSN) and secondary SSN (if joint liability) of Individual Master File (IMF) balance due and/or return delinquency accounts against:

- U.S. Office of Personnel Management (OPM) Central Personnel Data File (CPDF)
- Department of Defense military and civilian personnel records maintained by Defense Manpower Data Center (DMDC)
- U.S. Postal Service (USPS) employment file
- Selected internal Form W-2 records

2. Systemic Master File processing of the matched records generates a transaction code (TC) 016 with Document Locator Number (DLN) 38263-996-00100-y, (where "y" is the last year digit of the year the DLN was assigned). This transaction will cause a FERDI indicator to be set on the IMF. The FERDI indicator may also be manually set by input of TC 971 AC 51.

Note:

The FERDI indicator is an entity indicator. On joint accounts, the FERDI indicator posts to the primary SSN, regardless of whether the primary, the secondary, or both taxpayers are federal employees or retirees.

3. Our computer systems identify accounts with FERDI indicators with the following codes:

- Integrated Data Retrieval System (IDRS) Command Code (CC) ENMOD screen: "FED-EMP>F"
- Corporate Files On Line (CFOL) CC IMFOLE screen: FED EMPLOY/RETIREE
- Integrated Collection System (ICS) entity screen: "FED"
- IDRS CC TDINQ: SELECTION CODE "12"
- IDRS CC LEVYS:

Code	IDRS CC LEVYS Definition
"FR"	Federal retiree
"FE"	Federal employee
"DM"	Current military/reserve/national guard
"PS"	United States Postal Service (USPS)

- Accounts Management System (AMS) Account Summary screen: "Federal Employee" in "Alerts" section
- Automated Collection System (ACS) Case Overview screen: "FE" and status message "139 FERDI ACCOUNT"
- ACS levy screens:

Code	ACS Levy Screens Definition
"FR"	Federal retiree
"FE"	Federal employee
"USPS"	United States Postal Service (USPS)
"DMDC"	Department of Defense civilian and military

- ACS Taxpayer Delinquency Investigation (TDI) screen: SELECTION CODE "12"
- CFOL CC IRPTR and CC SUPOL: Federal agency name (payer)

Note:

CC SUPOL also indicates SELECTION CODE "12."

- TDI: SELECTION CODE "12"
- Computer Paragraph (CP) 515 through CP 518, after the notice number: "F"
- W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.: Federal agency payer

Note:

For tax years 2001 through 2003, FERDI Delinquency Return (FERDI Del Ret) cases were identified by SELECTION CODE "12" where the Business Operating Division (BOD) was Wage and Investment (W&I) and SELECTION CODE "93" where the BOD was Small Business/Self Employed (SB/SE). Beginning in tax year 2004, both W&I and SB/SE use SELECTION CODE "12" to identify FERDI Del Ret cases.

5.19.18.2.1 (07-08-2013) Adding the FERDI Indicator

2. The following grade authority level applies to LG\$ accounts:
 - Collection Representatives in grade 6/7/8 are authorized full case processing (phones, inventory, and correspondence).
 - Collection Representatives in grade 5 are only authorized inventory case processing and out calls to third parties.
3. All FERDI correspondence, including LG\$, Collection Due Process (CDP) cases, and Taxpayer Advocate Service (TAS) cases will be worked by ACS Support (ACSS) sites.
4. FERDI cases are MFT 30, 31, 35 or 55, only.
5. ACS employees handling incoming calls on FERDI accounts will use telephone transfer number 92082 to transfer the call to the Jacksonville ACS call site. See *IRM 5.19.18.2* for instructions on how to identify a FERDI case. If translation is needed for Spanish speaking FERDI taxpayers, Jacksonville ACS employees will use Over-the-Phone Interpreter Service (OPI).

Note:

Accounts Management (AM) employees will use telephone transfer number 92080 (or 92082, if system allows it) to transfer incoming calls on FERDI accounts with one or more modules in IDRS Status 22 or 24 to ACS. AM will handle all other FERDI calls.

6. The procedures in these sections apply to ACS and ACS Support (ACSS).
7. The following balance due module dispositions are blocked by Master File:
 - Unable to Locate, TC 530 closing code (CC) 03
 - Unable to Contact, TC 530 CC 12 (if the current status is other than 26)
 - TC 530 CC 39 (if the 23C date is more than six months from the latest Collection Statute Expiration Date (CSED) or the total module balance is greater than \$25.

Note:

In addition to the above types of disposition, ACS blocks TSIGN to 7000 (Queue).

8. The following delinquent return module dispositions are blocked by Master File:
 - Unable to Locate, TC 593
 - Surveyed, TC 597
 - Shelved, TC 598
9. =====
10. You **MUST** determine the cause for the delinquency and take corrective actions to prevent future delinquencies. Refer the taxpayer to the Withholding Compliance Program for lock-in letter issuance if the taxpayer meets the criteria in *IRM 5.19.11.6.1*. Document the AMS history with the determination and referral actions.
11. When speaking to the taxpayer consider sending Publication 4190, Tax Guide for the Retiree, to federal retirees to help them understand their tax obligations.
12. For notice status accounts, accelerate the case to ACS if you are unable to resolve the case. Input STAUP 2200 with TSIGN 0120 if pending installment agreement requirements met, or TSIGN 0000 for all others, using CC ASGNI. See *IRM 2.4.27* for input procedures.
13. Document each action taken on the case in the AMS history. History entries should contain enough information so any person subsequently reading the history can easily determine what additional actions are required to resolve the case.

**5.19.18.4.1 (08-08-2011)
Taxpayer Advocate Service (TAS) and Identity Protection Specialized Unit (IPSU) Procedures**

1. Form 12412, Operations Assistance Request (OAR), for FERDI taxpayers will be assigned to S7 and worked by ACS Support (ACSS).
2. ACSS employees will follow procedures in *IRM 5.19.6.21.8*.
3. When OAR processing is completed, assign the case to F1.
4. If TAS requests a hold on the account move the case to S7 pending receipt of the OAR.

Caution:

Do not release levies or block the FPLP without an OAR.

**5.19.18.4.1.1 (07-08-2013)
Referrals to TAS**

1. Refer taxpayers to TAS when the contact meets TAS criteria and you can't resolve the taxpayer's issue the same day. For additional information see *IRM 13.1.16.9.7*, Criteria 5-7 Identity Theft Cases Eligible for Referral to Identity Protection Specialized Unit (IPSU). The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to *IRM 13.1.7.4*, Same-Day Resolution by Operations.
2. When appropriate, prepare Form 911, Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), and forward to TAS.
3. Move case TOS7,45,ATAO.

**5.19.18.4.1.2 (07-08-2013)
Referrals to IPSU**

1. As part of the Identity Theft Program, the Accounts Management (AM) IPSU Team will begin assisting taxpayers whose situations meet TAS criteria 5 -7 **AND** involve identity theft. Applicable cases will now be considered IPSU criteria. For additional information see *IRM 13.1.16.9.7*, Criteria 5-7 Identity Theft Cases Eligible for Referral to Identity Protection Specialized Unit (IPSU)
2. If a case meets IPSU criteria, refer the case to AM IPSU using Form 4442, Referral. The referral can be sent via secure e-mail to ===== when available, or by fax to the ID Theft fax line ===== by close of business on the day the criteria was identified. The referral **MUST** contain all taxpayer's correspondence with any attachments/documentation received with the case. A Letter 86C or other applicable letter to the taxpayer is required.

**5.19.18.4.2 (07-08-2013)
Identity Theft**

1. When working cases with identity theft issues, follow procedures in IRM 5.19.1.9.
2. Identity theft cases in the M5 (W&I) and K5 (SBSE) inventories are worked by ACSS. When ACSS processing is complete, cases will be moved back to the originating F inventory.

**5.19.18.4.3 (08-08-2011)
Collection Due Process (CDP)**

1. Assign Form 12153, Request for Collection Due Process or Equivalent Hearing, or any written request for CDP or equivalent hearing received from FERDI taxpayers to S8.
2. When CDP processing is completed, move the case to F1.

**5.19.18.4.4 (01-18-2012)
Correspondence**

1. FERDI correspondence cases are assigned to the F9 inventory and worked by ACS Support (ACSS).

Note:

After processing LG\$ correspondence, ACSS will reassign those cases requiring credit bureau research TOF7,00,CRBUR for resolution.

2. FERDI cases can be identified by the literal "FE" on the ACS entity screen and/or "Federal Employee" in the Alerts section of the AMS summary screen. See *IRM 5.19.18.2* for additional ways to identify FERDI cases.
3. When screening incoming mail, follow procedures in IRM 5.19.6.12.1. Substitute F9 for any reference to S4.
4. Follow procedures in IRM 5.19.6.18 when processing F9 inventory. Substitute F9 for any reference to S4.

Reminder:

Do not remove FERDI cases from the F inventory unless specifically directed.

**5.19.18.4.5 (05-31-2012)
International Case Processing**

1. The intent is to find a physical address and/or phone number and contact the taxpayer, or to locate the taxpayer's assets and secure any unfiled return(s). If a levy source is found, proceed with collection.
2. If the taxpayer is in the military and there is no Combat Zone freeze on the account, then issue a levy. Make sure the levy is sent to the correct address based on the taxpayer's status and branch of service. For taxpayers with an APO (Army Post Office) or FPO (Fleet Post Office) address, if necessary, check the following Department of Defense website to determine if the taxpayer is currently in the military on active duty and their branch of service: <https://www.dmdc.osd.mil/appj/scra/>.
3. If there are no levy sources, research CFOL, TRDBV and ACCURINT for a new address, phone number and assets.
4. Issue OL 16 or OL 26 to the most recent potential new address.

Note:

Allow 60 days follow up on all LT/OL or LP letters issued to the taxpayer(s) or third parties if the account has an International address.

5. Make a Notice of Federal Tax Lien filing determination. Do not file a Notice of Federal Tax Lien unless a physical address of assets within the United States has been identified. See IRM 5.19.4.6.2 for Notice of Federal Tax Lien filing procedures.
6. If no address, phone number or levy source is found proceed with normal closure actions.

**5.19.18.4.6 (01-01-2015)
Affordable Care Act**

1. Under the Affordable Care Act (ACA), the Federal government, state governments, insurers, employers and individuals are given shared responsibility to reform and improve the availability, quality and affordability of health insurance coverage in the United States.
2. Starting in 2014, the individual shared responsibility provision calls for each individual to have minimum essential health coverage (known as minimum essential coverage (MEC)) for each month, qualify for a coverage exemption, or make a shared responsibility payment (SRP) when filing their Federal income tax return.
3. The amount of any payment owed takes into account the number of months in a given year an individual is without minimum essential coverage or a coverage exemption from the responsibility to maintain MEC.
4. MFT 35 Tax Class 2 File Source 1 is the IMF (Individual Master File) MFT for the Individual Shared Responsibility Payment.
5. FERDI SRP modules with related TDA and/or TDI modules are assigned to normal F inventories.
6. FERDI stand-alone SRP modules are systemically assigned to F8. If an account becomes a stand-alone SRP account, ACS will systemically generate TOF8,01,SRP ONLY. See *IRM 5.19.18.5.8.1* for the definition of stand-alone SRP.
7. The individual SRP amount owed is **not** subject to penalties, levies or the filing of a Notice of Federal Tax Lien. However, interest will continue to accrue until the total SRP is paid. The Service may offset federal tax refunds to the SRP amount until it is paid in full.
8. Individual SRP (MFT 35) modules are excluded from the Federal Payment Levy Program (FPLP).

**5.19.18.5 (01-01-2015)
FERDI Inventory Processing**

1. As federal employees or retirees, FERDI taxpayers receive federal payments which are subject to a 15% continuous levy through the Federal Payment Levy Program (FPLP). See IRM 5.19.9.3 for information about FPLP and FPLP processing.

Exception:

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2. Where applicable, ACS processing will use FPLP as the primary tool in resolving FERDI balance due cases. Cases receiving FPLP payments will be systemically monitored. FERDI cases that will be paid in full by each module's CSED will receive no additional treatment unless the conditions specified in *IRM 5.19.18.5.2* apply. FERDI cases that will not be paid in full by the CSED and those with no FPLP payments will be subject to additional actions to resolve the case.

3. The "F" function has been designated for FERDI cases at the Jacksonville call site. Unless otherwise specified, do not remove the case from the "F" inventory. Move cases assigned in error to other ACS inventories back to the appropriate "F" function inventory.
4. FERDI cases entering ACS will be unblocked for FPLP processing and assigned to one of the "F" inventories, with the exception of the following cases:
 - Pending installment agreements are assigned to R6
 - Cases manually returned from the queue are assigned to R9
 - Disaster cases are assigned to R1
 - Collection Due Process (CDP) cases are assigned to S8

Note:

MFT 35 modules are excluded from FPLP.

5. There are ten inventories - F0 through F9:
 - F0 - Managerial inventory for cases requiring approval
 - F1 - Initial processing
 - F2 - Systemic monitoring of cases where the FPLP will full pay the account within the CSED period
 - F3 - Systemic monitoring of cases where the FPLP will **not** full pay the account within the CSED period
 - F4 - Manual processing
 - F5 - New assessment and/or other actions
 - F6 - Levy follow-up
 - F7 - Locator/Pre-closure research
 - F8 - TDI or SRP only
 - F9 - Correspondence and ACS Support cases
6. Cases are systemically processed in the F1, F2 and F3 inventories based on ACS programming unique to FERDI accounts. ACS history codes will not impact the systemic movement of cases between inventories. While the input of history codes is not necessary, it is highly recommended for consistency and informational purposes.
7. At any point, the case will be moved out of the F function and into the appropriate ACS inventory if the FERDI indicator is removed.
8. When you encounter issues that are not addressed in the IRM, move the case to F7 so that it can be researched by a Lead. The Lead will take the appropriate actions. Bring the issue to Headquarters via the SERP Feedback application. See IRM 5.19.1.1 for guidance on submitting SERP Feedbacks.
9. For LG\$ cases, make a Notice of Federal Tax Lien filing determination during the initial case review. If the FTL will not be filed on initial review, document actions taken on the account on Account Management System (AMS) and get managerial approval.

5.19.18.5.1 (09-01-2010)

F1 - Initial Processing

1. All FERDI cases, except those specified in *IRM 5.19.18.5(4)* above, are assigned to F1 for initial FPLP processing. See IRM 5.19.9.3.3 for an explanation of the FPLP process.
2. Cases where a FPLP match occurred (TC 971 AC 062) and two FPLP payments have posted (TC 670 with DPC codes 18 or 19) to the account will be reassigned to F2 for systemic monitoring.

Exception:

Cases with missing (all zeros) CSEDs will be reassigned to F4 for correction of the CSED prior to systemic monitoring. See *IRM 5.19.18.5.4.5*.

3. Cases where no FPLP match occurred, or a FPLP match occurred but no payments were received, will be systemically blocked from FPLP and reassigned to F5 for manual levy issuance. Before assignment to F5, account modules will be analyzed for Collection Due Process (CDP) notice requirements and the LT11 issued as necessary.

5.19.18.5.2 (08-08-2011)

F2 - Systemic Monitoring (Full Pay within CSED)

1. This inventory contains those cases in continuous FPLP levy status that will be full paid within the CSED.
2. Weekly ACS processing will analyze accounts for the conditions shown below. Any of these conditions will result in systemic reassignment of the case to F4 for manual review and appropriate actions:
 - A. FPLP payments stop
 - B. Additional assessment
 - C. FPLP payments will no longer full pay the account within the CSED
 - D. Pending CSED expiration
 - E. Missing CSED (all zeros)
3. The follow-up date is set each week to the earliest CSED date on any open module.

5.19.18.5.3 (09-01-2010)

F3 - Systemic Monitoring (Will Not Full Pay within CSED)

1. This inventory contains those cases in continuous FPLP levy status that will not be full paid within the CSED after all non-FPLP levy sources have been exhausted.
2. The conditions shown in *IRM 5.19.18.5.2(2)* above will result in systemic reassignment of the case to F4. In addition, cases in F3 are systemically reassigned to F4 with history code TOF4 01,NW SRC when a new levy source becomes available.

5.19.18.5.4 (09-01-2010)

F4 - Manual Processing Procedures

1. This section provides procedures for working cases systemically moved to F4 from F2 and F3.

5.19.18.5.4.1 (01-01-2015)

FPLP Payments Will Not Full Pay Account Within CSED

1. Cases are systemically reassigned from F2 with history code TOF4 01,NOT FP when FPLP payments are being received but will not full pay the account within the CSED.
2. If there are any restricted interest/penalty modules on the account, do not issue any levies. Move the case TOF7,30,RESTINT.
3. Evaluate all non-FPLP levy sources.

Reminder:

The individual SRP amount (MFT 35) owed is **not** subject to levies or the filing of a Notice of Federal Tax Lien.

4. Leave FPLP levy in place and issue levies on **all** non-FPLP non-wage sources such as bank accounts. If the only non-FPLP source is a wage source, issue levy at this time.

Exception:

On joint liabilities, non-FPLP wage levies can not be issued on both spouses at the same time unless you are certain that the taxpayers on a joint assessment are no longer married or are living apart. You may have both a FPLP and one wage levy in place at the same time.

5. Reassign TOF2. Cases will remain in F2 for 90 days to allow levy payments to post. Once 90 days has elapsed, if the account will still not be full paid within the CSED, it will be systemically assigned to F4 again to evaluate levy sources.
6. On subsequent reassignments to F4, continue FPLP, follow up on previously served levies, and issue levies on remaining non-FPLP sources until all levy sources are exhausted. Once all levy sources have been exhausted, reassign TOF3.

Example:

The taxpayer works for the US Postal Service and FPLP payments are received from that source. Your research shows that the taxpayer has a second job and three bank accounts. Issue levies to all three bank accounts and move the case to F2. After 90 days, if the account still will not full pay within the CSED, it will be systemically reassigned to F4 again. Issue a levy to the second job and move the case to F2. After an additional ninety days, if the account will still not be full paid within the CSED, it will be moved to F4 for the third time. If all levy sources have been exhausted, move to F3.

7. If FPLP is the only levy source and you determine that the Form 668W paper levy will be more productive, take the following actions:
 - A. Input TC 971 AC 061 on IDRS to block the tax module(s) from FPLP. See IRM 5.19.9.3.5.1.
 - B. Reassign TOF5,30 for paper levy issuance.
8. If FPLP is the only levy source and you determine that the FPLP levy will be more productive than the Form 668W paper levy, reassign the case to F3.

5.19.18.5.4.2 (01-01-2015)

FPLP Payments Stopped

1. Cases are systemically reassigned from F2 or F3 with history code TOF4 01,NO PYMT when two FPLP payments have **not** been received within the last 74 days. The following conditions will cause payments to stop:
 - FPLP was erroneously blocked.
 - Taxpayer is no longer employed, deceased, on Leave Without Pay (LWOP).
 - FPLP exclusion criteria cause the account to systemically reverse out of FPLP. See IRM Exhibit 5.19.9-3 for a list of entity and module transaction and freeze codes that are excluded from FPLP.
2. If the FPLP was erroneously blocked, input a TC 972 AC 061 on each module to unblock and reassign TOF1. Otherwise, reassign TOF5.
3. If payments stopped as a result of an additional TC 240 (MFT 55 only), TC 290, or TC 300 assessment, issue an LT11 and reassign TOF1.
4. If exclusion criteria apply, determine if the reason prevents manual levy issuance.
 - A. If exclusion criteria does not prevent manual levy issuance, issue levy on a non-FPLP wage source and all non-wage sources. Reassign TOF6.

Reminder:

The individual SRP amount (MFT 35) owed is **not** subject to levies or the filing of a Notice of Federal Tax Lien.

- B. If exclusion criteria prevent manual levy issuance, leave the case in F4. Follow procedures pertaining to the exclusion issue and initiate Form 4442, if necessary. Enter history code OADT,XX where XX is the appropriate follow-up date. When the follow-up date expires reassign TOF2 if FPLP payments have resumed. Otherwise, take appropriate actions to resolve the exclusion issue.

5.19.18.5.4.3 (01-01-2015)

New Levy Source

1. Cases are systemically reassigned from F3 with history code TOF4 01,NW SRC when FPLP payments are being received and a new levy source, other than the FPLP source, posts to IDRS.
2. Issue a levy on the new source and reassign TOF2. The aim is to reduce the account balance to an amount that can be full paid within the CSED by FPLP.

Reminder:

The individual SRP amount (MFT 35) owed is **not** subject to levies or the filing of a Notice of Federal Tax Lien.

5.19.18.5.4.4 (09-01-2010)

Pending CSED Expiration

1. Cases are systemically reassigned from F2 and F3 with history code TOF4 01,COLSED when the CSED on one or more modules will expire within 45 days.
2. Take the following actions:

- A. Document the AMS history with the module(s) that will expire.
- B. Reassign TOF0,,NC39 for approval of TC 530 CC 39 on the CSED modules.
- C. After NC39 has been input, enter history code OADT,21,NC39.
- D. If the account is still in F0 after the follow-up date expires, reassign TOF2.

5.19.18.5.4.5 (09-01-2010)
Missing CSED

- 1. Cases are systemically reassigned from F1, initial processing, with history code TOF4 01,Z CSED when one or more account modules has a missing or "all zeroes" CSED. These cases cannot be systemically monitored.
- 2. In most instances the missing CSED results from a Combat Zone case with no TC 500 exit date. Follow procedures in IRM 5.19.10.6 and IRM 5.19.10.7 to resolve the account. The CSED will update when the TC 500 exit date is input.
- 3. After inputting the TC 500, input OADT,21 on ACS. If the account is still in F4 after the follow-up date expires, reassign TOF2.
- 4. For all other missing CSEDs, refer the case to the AM Statute function for resolution. See IRM 25.6.1.4.1.

5.19.18.5.5 (08-08-2011)
F5 - New Assessments and/or Other Actions Procedures

- 1. F5 inventory consists of the following cases:
 - A. Systemically reassigned from F2 and F3 with history code TOF5 01,NW ASMT when there is a new assessment.
 - B. Systemically reassigned from F1 with history code TOF5 01,ISS LVY for manual levy issuance when no FPLP payments have been received and more than 45 days has elapsed from the issuance of the LT11.
 - C. Systemically reassigned from F1 with history code TOF5 52,ISS LVY for manual levy issuance when no FPLP payments have been received and less than 45 days has elapsed from the issuance of the LT11.
 - D. Manually reassigned from F4 for paper levy issuance.
- 2. Modules systemically moved to F5 are blocked from FPLP. Modules manually moved to F5 are not systemically blocked. Input the FPLP block on manually moved cases as appropriate.
- 3. Conduct case analysis by reviewing the ACS history codes to determine next actions as defined below.

5.19.18.5.5.1 (07-08-2013)
New Assessments

- 1. For cases receiving FPLP payments, the FPLP was blocked when systemically moved to F5 with history code TOF5 01,NW ASMT. Take the following actions:
 - A. Issue an LT11 on the new assessment.
 - B. Input TC 972 AC 061 to unblock.
 - C. Reassign the case TOF2.
- 2. For cases subject to FPLP payments take the following actions:
 - A. Issue an LT11 on the new assessment.
 - B. Input TC 972 AC 061 to unblock, if the tax module is not already unblocked.
 - C. Reassign the case TOF1.
- 3. For cases not subject to FPLP, issue an LT11 with a 52 day follow-up. Leave the case in F5.

5.19.18.5.5.2 (01-01-2015)
Issue Levy

- 1. Cases are systemically assigned to F5 from F1 for manual levy issuance when the taxpayer is a FERDI but we have **not** received any FPLP payments. Cases may also be manually reassigned to F5 from F4 when:
 - A. FPLP payments have stopped and/or
 - B. You need to issue Form 668–W, Notice of Levy on Wages, Salary and Other Income, commonly known as a "paper" levy, instead of FPLP to the federal source.

Note:

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- 2. Before issuing levies, make sure that all Collection Due Process (CDP) notice requirements have been met on all assessments for each module. See IRM 5.19.4.3.4(9).

Reminder:

Individual SRP amount (MFT 35) modules are excluded from CDP notice requirements.

- 3. Review the account to see if FPLP payments were received (TC 670 with DPC 18 or 19) or were pending (TC 971 AC 062 posted), or case was blocked in error.
 - A. If yes, input TC 972 AC 061 on each module to unblock the FPLP and reassign case TOF1.
 - B. If no, proceed with F5 processing.
- 4. Follow the instructions below to update levy sources on ACS. These instructions apply to FERDI cases only.

Note:

The federal agency for garnishment purposes is often not the same federal agency the taxpayer is employed with. Therefore, the levy source indicating a federal employer or branch of the military that the TP retired from should not be considered duplicate and should not be deleted.

- A. Delete federal levy sources only if they are duplicates or it has been confirmed with the source that the taxpayer is no longer employed. See IRM 5.19.4.3.6.1 for additional guidance on identifying duplicate levy sources.
- B. Delete levy sources for the non-liable spouse.
- C. If no levy sources are present on ACS, review command codes IRPTR, TRDBV, and/or LEVYS. Add any federal levy source that is not on ACS.
- D. In addition to (c) above, add any non-federal levy source if it appears to be productive. For example, a bank source on the most recent IRPTR that hasn't been used before.

5. If there are any restricted interest/penalty modules on the account, do not issue any levies. Move the case TOF7,30,RESTINT.

6. Issue levies on **one** wage source **and all** non-wage sources. To prevent over-collection, use judgement when issuing multiple levies. Document AMS Comments or ACS History as to why a levy source was or was not selected.

Example:

The taxpayer is a military retiree, owes \$10,000, and no FPLP payments have been received. Your research shows that in addition to his military retired pay, the taxpayer works full-time at Walmart, part-time at McDonalds, and has three bank accounts. Levy on the military retired pay, the most productive wage source (in this case, Walmart) and all three bank accounts.

Example:

Same facts as the above example but the taxpayer owes \$300. Use judgement to determine the best combination of levy sources to use.

- 7. If the liability is a result of a joint return and both husband and wife are employed, issue the wage levy on one spouse only. Select the wage source of the spouse receiving the larger income.
- 8. Reassign TOF6,XX, where XX is a 120 day follow-up for levies on federal sources (military and civilian) and 47 day follow-up for all non-federal sources. When issuing levies on federal and non-federal sources at the same time, set a 120 day follow-up.
- 9. Use Form 668-W to attach non-federal wage sources, military active duty pay and military pensions, which is not subject to FPLP. Use judgement to determine whether levy on the military pension will be productive.
- 10. Use Form 668-W to attach pension income and the Retirement and Disability Survivors Insurance portion of Social Security benefits. Approval authority for these levies is delegated to call site unit managers and GS-9, or above revenue officers.

Note:

Social Security benefits are subject to FPLP. Before issuing a levy, determine if a levy has already been issued through FPLP. Follow the guidelines in IRM 5.19.9.3.5.1 to determine whether a manual levy is preferable.

- 11. Levy on retirement income, benefit income, and Social Security income require managerial approval. Reassign TOF0,,LVnn. Document ACS Comments or AMS History identifying which levy needs approval.
- 12. Form 668-W has a continuing effect on salary, including the salary of National Guard/Reservists. Defense Finance and Accounting Service offices should not return these levies without remittance when the taxpayer is an active member of the National Guard/Reserves unless the taxpayer's allowance exemptions from levy equal or exceed their pay.
- 13. **Do not** issue a Form 668-W if there is already a FPLP levy on the same federal payment. If you determine that the paper levy will be more productive than the FPLP follow the instructions in *IRM 5.19.18.5.5.2.1*.

**5.19.18.5.5.2.1 (07-08-2013)
Issuing a Paper Levy on the Federal Source**

- 1. If FPLP payments have stopped and your research reveals another federal source, such as military retired pay
 - A. If CDP notice requirements and 180 day contact requirements have been met on all modules, issue paper levy.
 - B. Otherwise, issue LT11 and levy on remaining modules, or issue LT16 to meet the 180 day contact requirement.
 - C. Move case TOF6,XX where XX is a 120 day follow-up for levies on federal sources and 47 day follow-up for all others.
- 2. If we are receiving FPLP payments and
 - The FPLP will not full pay the account within 60 days and
 - You have determined that a paper levy will be more productive than the FPLP levy

If ...	Then ...
CDP notice of intent to levy has been sent on all modules and 180 day contact requirement has been met	A. Verify that FPLP is blocked B. Issue paper levy C. Move case TOF6,XX where XX is a 120 day follow-up for levies on all federal sources and 47 day follow-up for all others
CDP notice of intent to levy has been sent on all modules but the 180 day contact requirement has not been met	A. Issue LT16 to meet 180 day contact requirement B. Leave in F5. Input OADT,25
CDP notice of intent to levy has not been sent on all modules and 180 day contact requirement has been met	A. Issue LT11 on modules requiring CDP notice B. Verify that FPLP is blocked C. Proceed with paper levy on remaining modules D. Move case TOF6,XX where XX is a 120 day follow-up for levies on all federal sources and 47 day follow-up for all others

If there are any restricted interest/penalty modules on the account, do not issue any levies. Move the case TOF7,30,RESTINT.

6. If all levy sources have been exhausted and the proceeds from the wage levy are less than we would receive from the FPLP, release the wage levy, unblock the FPLP and move the case back to F3.

Exception:

Leave the wage levy in place if it will full pay the account within 60 days.

5.19.18.5.7 (01-01-2015)

F7 - Locator and Pre-closure Research

1. Cases are manually assigned to this inventory when additional research by a Lead is required, or prior to initiating a currently-not-collectible (CNC) when
 - A. No payments have been received
 - B. All levy sources have been exhausted
 - C. LP59 response has been received
 - D. No taxpayer contact has been made

Note:

Complete all appropriate levy follow-up actions. If levy was unproductive, document AMS history with the reason (for example, "income below exempt amount"). See *IRM 5.19.18.5.7.2* for special instructions for levies served on Defense Finance and Accounting Service (DFAS).

Reminder:

ACS blocks FERDI balance due modules from unable to locate (CC 03) and unable to contact (CC 12) dispositions

2. Determine if the FERDI indicator can be removed per *IRM 5.19.18.2.2*. If the taxpayer is no longer a FERDI, apply normal ACS procedures.
3. =====
4. In addition to phone numbers available on IDRS, conduct Accurant research to obtain any other potential phone numbers for the taxpayer. Make at least one attempt to call the taxpayer at each phone number. Document the contact attempts on AMS.

Note:

For purposes of identification and to prevent unauthorized disclosures of tax information, follow required taxpayer authentication procedures. See *IRM 5.19.1.1.1* and *IRM 21.1.3.2.3* for guidance.

5. If the taxpayer contact attempt fails and the aggregate assessed balance is less than or equal to ≡≡≡ use the table below:

If ...	Then ...
Balance due only	Close as financial hardship; Input TOF0,,NC24.
There is an open return delinquency	<ul style="list-style-type: none"> • Close balance due as financial hardship; Input TOF0,,NC24. • Evaluate any return delinquency modules for potential closures. • Document remaining return delinquency modules to be closed TC 590 CC 027.

6. If the aggregate assessed balance is greater than ≡≡≡≡≡ conduct Accurant research for potential new address and/or real property. Take the appropriate action(s) per the chart below:

If ...	And ...	Then ...
New address is found	Undelivered mail was returned	Issue OL16 to the newest potential address with a 25 day follow-up
	Real property is located	<ol style="list-style-type: none"> A. Document history with address and county of real property B. Input FM10, federal tax lien in each county where real property is located C. Close case as CNC, financial hardship. Move TOF0,,NC24. D. Evaluate any return delinquency modules for potential closures E. Document remaining return delinquency modules to be closed TC 590 CC 027.
	Real property is not located	<ul style="list-style-type: none"> • Document history that the search was negative • Input FM10, federal tax lien, if assessed balance is greater than ≡≡≡≡≡ • Close case as CNC, financial hardship. Move TOF0,,NC24. • Evaluate any return delinquency modules for potential closures • Document remaining return delinquency modules to be closed TC 590 CC 027.

Note:

Include MFT 35 module(s) when a currently not collectible determination is made on related balance due modules.

5.19.18.5.7.1 (07-08-2013)

Large Dollar CNC Processing

1. In addition to F7 procedures, you must perform the research below before reporting the LG\$ case as CNC. The goal of the research is to locate the taxpayer and/or assets.
2. Case documentation must be complete and substantiate all efforts to locate the taxpayer and/or assets.

3. Make a Notice of Federal Tax Lien filing determination upon initial case review. See IRM 5.19.4.5.2 for guidance.
4. Check CC AMDIS to determine if there is a current examination. If there is an open examination, contact the Revenue Agent or Examiner for any additional ways to locate the taxpayer or address the need to limit the scope based on collectibility. Clearly document this search in the case history. For a list of exam contacts go to <http://wsep.ds.irsnet.gov/sites/co/dcse/sbse/exam/webdocuments/document%20Library/1/AMS/Contact%20List.xls>
5. Use Accurant to conduct neighbor, third-party and asset research. Telephone contact must be made with at least one neighbor. Follow-up on any viable leads.
 - A. Use the closest address for neighbor phone contact attempts. If telephone contact to neighbor is not possible during non-core hours, document reason on AMS or if attempt was unsuccessful, issue at least two ACS Letter LP64, "Please help Us Locate A Taxpayer".
 - B. If contact is made, follow third party contact procedures per IRM. Do not leave messages with neighbors.
 - C. Identify yourself and ask any pertinent questions.

Caution:

Remember, do not disclose taxpayer information.

- D. For each neighbor check done, input the action history literal, "NBORCHK".
- E. Contact other third parties, if possible, including relatives or business interests of the taxpayer found via asset and locator services research. Clearly document the results of these searches in comments, following third party contact procedures.
- F. Attempt additional research via available automated and online telephone and other locator services resources.
- G. If research indicates that the taxpayer is incarcerated, search [Federal Bureau of Prisons Inmate Locator](#).

Note:

For incarcerated taxpayers, if contact is made with the taxpayer or POA and financial information that establishes hardship is secured and verified, close the case as CNC hardship with the appropriate closing code.

6. After completing all research above without productive results, secure a full credit report, following the guidelines below:
 - A. Look for mortgages, auto loans, new addresses, levy sources, etc., as appropriate, and follow up on any viable leads.
 - B. Pursue contact with creditors showing recent taxpayer activity on their accounts by sending letter LP64 to the creditor's address.
 - C. Fully document asset leads and, if not pursued, why.
 - D. For every credit report research done, input the action history literal "CRDONE".
 - E. If the Notice of Federal Tax Lien was not filed before closure in accordance with current IRM procedures, file a lien.
 - F. If the taxpayer owns real property other than the primary residence (for example, vacation or rental property) request an additional Notice of Federal Tax Lien if the property is located in a county other than that of the primary residence. Refer to IRM 5.19.4.6.2 for the specific procedures.
 - G. If your research reveals additional avenues of collection, fully document the case with the market value and equity of assets(s) found.

Note:

The market value of property can be determined by looking at recent real estate sales of this or nearby properties on the credit report via a Comparable Sales Search, or online sources such as [Zillow.com](#) and [Trulia.com](#). The value of other tangible assets such as luxury vehicles, boats or motorcycles can be found by researching [NADA](#) or [Kelley Blue Book](#). Taxpayer data as well as available internet research sites should be used

- H. i. Determine the amount owed against the property via taxpayer and Credit Bureau loan information. Subtract the amount owed from the market value to determine the equity. Document the results on AMS

7. Follow the appropriate procedures in the chart below:

If ...	Then ...
Assets with equity are found: AND Levy actions(s) were unproductive AND We have a good address, but unable to contact the taxpayer	A. Transfer the case to CFf with the appropriate assignment code below: "AOTO6541" : LG\$ Asset Case; no paper file "AOTO6546" : LG\$ Asset Case; paper file being forwarded B. Update history items on ACS or AMS submit for approval C. Upon approval, submit all related case documents to the appropriate Territory Office to the attention of the Group Manager Example: asset and locator services research, full credit report, etc.

Note:

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8. If your research reveals no assets with equity or additional avenues of collection, close the case as CNC, financial hardship. Move TOF0,,NC24. Cases may be reported CNC even if there were previous contacts with the taxpayer, i.e. the taxpayer promises to call back and fails to do so, subsequent attempts to contacts were all non-productive. Ensure all required actions (enforcement/locator) have been taken and all Notices of Federal Tax Lien have been filed prior to closure.

**5.19.18.5.7.2 (07-08-2013)
DFAS Levy Follow-up**

1. If levy was served on DFAS civilian salary and there was no response to the LP59, check the levy source address.
 - If correct, continue with F7 processing and make phone attempt to the levy source.

- If incorrect, perfect the levy source address and reissue the levy.
2. If case is in F7 for restricted interest computation on DFAS active duty military or retired pay, input OADT,90,RESINT.
 3. If levy was served on DFAS retired pay and there was no response to the LP59, input OADT,10,DFAS and forward print to Quality.
 4. If levy was served on active duty military pay and there was no response to the LP59, check the [Department of Defense Servicemembers Civil Relief Act \(SCRA\)](#) website to determine if the taxpayer is still in active duty status, has left active duty in the past 367 days, or has been notified of call up to active duty.
 - If taxpayer is still on active duty, perfect the levy source address and reissue the levy.
 - If taxpayer is not on active duty, continue F7 processing.
 - If taxpayer will return to active duty on a future date, input OADT,XX,DFASLVY, where XX is the future active duty date plus 30 days. Reissue levy at that time.
 5. If DFAS response to levy is "Income Below Exempt" input OADT,90,BELEXP. No case prints are need.

5.19.18.5.8 (01-01-2015)

F8 - TDI or SRP Only

1. The following cases are systemically assigned to F8:
 - Stand alone shared responsibility payment (SRP)
 - Stand alone TDI
 - Combo cases where the balance due modules have been closed out of Status 22

5.19.18.5.8.1 (01-01-2015)

Stand-alone SRP Processing

1. A stand-alone SRP occurs when a balance due is created on a module with MFT 35 File Source 1 (SRP 5000A) and there is no other balance due module with a different MFT in Status 22, 24, or 26, or a TDI module in Status 03. If an additional SRP balance due occurs in a subsequent year, but there are no other modules in Status 22, 24 or 26, or a TDI module in Status 03, they are still considered a stand-alone SRP.
2. Conduct CFOL and Accurant research for potential new taxpayer address and phone number. Make at least one attempt to call the taxpayer at all phone numbers, including any new phone numbers found. Document the contact attempts on AMS.
3. If the taxpayer contact attempt fails, the manager will input TC 530 CC 35 (ACS action NC35) to manually recess the case.

5.19.18.5.8.2 (07-08-2013)

TDI Only Processing

1. Stand alone TDIs entering ACS and combo cases where the balance due modules have been closed out of Status 22 are systemically assigned to this inventory. TDIs in F8 for more than 180 days from initial assignment to ACS which have no follow-up, or the follow-up has been expired for more than 60 days, will be systemically reassigned to the Automated Substitute for Return program (ASFR).
2. Research comments and history codes for recent OADT,xx,ASFR or OADT,xx,EXAM.
 - If OADT,xx,ASFR is present, input TFRO,,AOTO8000

Exception:

International accounts are blocked from assignment to ASFR. See *IRM 5.19.18.5.8.3* for guidance in working these cases.

 - If OADT,xx,EXAM is present, input OADT,180,EXAM.
3. Check IDRS CC SUMRY for associated balance due modules. If found, follow procedures in the table below:

Reminder:

When making an outcall, follow required taxpayer authentication procedures. See *IRM 5.19.1.1.1* and *IRM 21.1.3.2.3* for guidance.

If ...	And ...	Then ...
Account has TDA module(s) in notice status	Intentionally Left Blank	Input STAUP 2200 Input OADT,30,STAUP
Account has TDA module(s) in Status 23	LT26 has not been sent and outcall has been made on account	<ul style="list-style-type: none"> • Send LT26 • Input OADT,180,EXAM
	LT26 has not been sent and no outcall has been made on account	<ul style="list-style-type: none"> • If phone number is available make an outcall. If productive secure promise to file date and input OADT,nn,EXAM where nn= 30 days past the deadline date. • If no phone number is available check Accurant for a possible phone number. Make an outcall if a phone number is found. • If outcall is unproductive or no phone number is found, leave account in F8 and send LT26. • Input OADT,180,EXAM.
Account has TDA module(s) in Status 43	Intentionally Left Blank	Input OADT,180,ST43
Account has TDA module(s) in Status 53 (NC24-32 only)	Intentionally Left Blank	Input TC 590 CC 27 using IDRS CC FRM49. Input TOF0,30,RDPND.
Account has associated TDA module(s) in Status 60 due to continuous levy (CTLV)	Intentionally Left Blank	No other actions are required. Case will be sent to Exam for SFR. Leave account in F8 and input OADT,180,EXAM.
	LT26 has been sent and outcall has been made on account	Leave account in F8 and input OADT,180,IA.
		<ul style="list-style-type: none"> • If phone number is available make an outcall. If productive secure promise to file date and input OADT,nn,IA where nn= 30 days past the deadline date.

Account has associated TDA module(s) in Status 60 due to installment agreement (not CTLV)	LT26 has not been sent and no outcall has been made on account	<ul style="list-style-type: none"> If no phone number is available check Accurint for a possible phone number. Make an outcall if a phone number is found. If outcall is unproductive or no phone number is found, leave account in F8 and send LT26. Input OADT,180,IA.
Account has associated TDA module(s) in Status 64	Intentionally Left Blank	Input OADT,60,ST64
Account has associated TDA module(s) in Status 71 or 72	Intentionally Left Blank	Input OADT,180,ST71 or OADT,180,ST72 as appropriate.

4. If there are no associated balance due modules, follow procedures in the table below:

If ...	And ...	Then ...
If comments and or history codes show prior contact	LT26 was sent	Leave account in F8 and input TFRO,,AOTO8000 Exception: International accounts: Input OADT,180,INTL
	LT26 has not been sent	<ul style="list-style-type: none"> Send LT26 Input OADT,180,ASFR
If no prior contact	LT26 has been sent	<ul style="list-style-type: none"> If phone number is available make an outcall. If productive secure promise to file date and input OADT,nn,ASFR where nn= 30 days past the deadline date. If no phone number is available check Accurint for a possible phone number. Make an outcall if a phone number is found. If outcall is unproductive or no phone number is found, leave account in F8 Leave account in F8 and input TFRO,,AOTO8000.
	LT26 has not been sent	<ul style="list-style-type: none"> If phone number is available make an outcall. If productive secure promise to file date and input OADT,nn,ASFR where nn= 30 days past the deadline date. If no phone number is available check Accurint for a possible phone number. Make an outcall if a phone number is found. If outcall is unproductive or no phone number is found, leave account in F8 and send LT26. Input OADT,180,ASFR.

5.19.18.5.8.3 (07-08-2013) International TDI Processing

- International accounts generally have an overseas address, or Army Post Office (APO) or Fleet Post Office (FPO) military address. They can be identified by Primary Location Code (PLC) 9835 on IDRS.
- Effective January 2013, international TDIs were blocked from assignment to ASFR.
- APO/FPO addresses generally belong to active duty military personnel. The [Department of Defense Servicemembers Civil Relief Act \(SCRA\)](#) website can tell you if the taxpayer is still in active duty status. If he or she is no longer on active duty, in all likelihood the taxpayer may have a new stateside address. The aim is to contact the taxpayer to secure the delinquent returns and update the address on IDRS, if appropriate.
- Take the following actions:
 - Research Accurint to find the most recent phone number and address.
 - If a new phone number and address are found, make and outcall and follow TDI procedures. If the call is unproductive send an OL26 to the new address and input OADT,180,INTL.
 - If no new address is found, send LT26 if not previously sent and input OADT,180,INTL.

5.19.18.5.9 (08-08-2011) F9 - Correspondence and ACS Support

- This inventory contains FERDI correspondence cases, MFT 31 mirror assessment cases, and manually monitored installment agreements.
- Cases in F9 will be worked by ACS Support employees.

5.19.18.5.10 (10-29-2012) Telephone Contact Procedures

- Unless otherwise specified below, leave the case in its current inventory location while working the taxpayer's issues.
- The objective is full payment and filing of returns **TODAY**. Unless otherwise directed in this section, follow normal collection and tiered interview procedures. See Exhibit 5.19.1-3, *Tiered Interview - Strategies to Use when Responding to Taxpayer Calls*, for additional information.
- Unless otherwise instructed in this IRM, follow procedures in IRM 5.19.1.6 when securing and verifying financial information. Prior to Currently Not Collectible (CNC) Hardship closing actions, additional financial verification is required for LG\$ cases. A full credit report is required on all cases ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ ≡ prior to CNC closures. Reassign those cases requiring credit bureau research TOF7,00,CRBUR for resolution.
- If during the tiered interview it is not obvious that the taxpayer is a FERDI, verify that the taxpayer (and/or spouse on joint liabilities) is still a federal employee/retiree. If the taxpayer says he or she is not a federal employee/retiree and you have followed procedures in *IRM 5.19.18.2.2* to confirm this, input TC 972 AC 51 to remove the FERDI indicator and follow procedures in IRM 5.19.1 to work the contact.

5. If taxpayer agrees to full pay within 60 days, follow procedures in the chart below:

If ...	And ...	Then ...
Case is in F1, F2 or F3	Only FPLP payments are being received	<ul style="list-style-type: none"> Advise taxpayer that FPLP levy will not be released until full payment is received. Give the taxpayer the appropriate payoff amount based on the date of full payment. Advise the taxpayer to subtract out the number of levy payments that will be received. Refer to the FPLP processing cutoff dates in IRM 5.19.9.3.3.5(1) to advise the taxpayer of the approximate number of levy payments through the promise to pay date. Document the history with the promise to pay date and amount. Input history code "OADT,XX,FLPY" , where "XX" is 21 days past the payment mailing date or 30 days past the filing date (if TDIs are present), whichever is earlier.
Case is in F4, F5 or F6	Other levies are outstanding, in addition to FPLP	<ul style="list-style-type: none"> Release any "paper" wage levies. Do not block/release FPLP or other non-wage (i.e., bank) levies. Give taxpayer the payoff amount and set follow-up date. Document the history with the promise to pay date and amount. Input history code "OADT,XX,FLPY" , where "XX" is 21 days past the payment mailing date or 30 days past the filing date (if TDIs are present), whichever is earlier. If taxpayer still owes after the follow-up date reissue the "paper " wage levy.
	Only non-FPLP levies are outstanding	<ul style="list-style-type: none"> Do not release any levies. Give taxpayer the payoff amount and set follow-up date. Document the history with the promise to pay date and amount. Move to F6 if not already there. If the taxpayer still owes after the follow-up date, follow CTLV procedures.

6. A Notice of Federal Tax Lien will be systemically filed on accounts meeting lien filing criteria when the case moves to F2. If the case is in F1 and the taxpayer has been given a 60 day extension to full pay, move the case to F4 to prevent systemic lien filing. If a Notice of Federal Tax Lien has already been filed, leave the case in its current inventory.

7. If the taxpayer cannot full pay, make IA determination per IRM 5.19.1.5.5.

8. If the taxpayer claims economic hardship **do not** release any levies until documentation, if required, is received. Follow procedures in IRM 5.19.1.6.3, Financial Statement Processing and Asset/Income/Expense Verification , to determine if full or partial release is necessary, then establish IA or CNC as appropriate.

Caution:

If the hardship is verified, the levy must be released. See IRM 5.19.4.4.10.

9. Offers in Compromise (OIC) from federal employees, including IRS employees, are considered; however, due to the sensitivity of issues related to federal employee tax delinquency, public policy implications will be considered in all cases. See IRM 5.19.1.7.2 for OIC processing procedures. **Do not** release any levies solely based on the taxpayer's request for an OIC. Follow guidelines in IRM 5.19.4.4.10(4)(g).

10. If the taxpayer states that he has already filed bankruptcy , but the account is not Status 72, follow procedures in IRM 5.19.1.4.2.1.2. Release all levies, including FPLP, then reassign the case to R4. If the bankruptcy has not yet been filed do not release any levies. Follow procedures in IRM 5.19.1.4.2.1.3(1)-(4). Leave the case in its current inventory location.

**5.19.18.5.10.1 (01-01-2015)
Installment Agreements**

1. Installment agreements with federal employees can be made by direct debit, payroll deduction installment agreement (PDIA), credit card, Electronic Federal Tax Payment System (EFTPS), or by making payments by check or money order. See IRM 5.19.1.5 for additional information on methods of payment.

2. If the agency accepts it, encourage the taxpayer to use a PDIA when setting up the agreement. See IRM 5.19.1.5.5.14, Form 2159, Payroll Deduction Agreement for PDIA procedures.

A. The U.S. Department of Agriculture National Finance Center (NFC), the U.S. Department of Interior National Business Center (NBC), the Defense Finance and Accounting Service (DFAS), the General Services Administration (GSA), and the U.S. Postal Service (USPS) provide payroll services for most federal employees.

Note:

DFAS accepts payroll deduction agreements for civilian employees, only.

B. Use Letter 3676C, Payroll Deduction Installment Agreement Letter, for PDIA's with DFAS and USPS. All other will accept either Form 2159, Payroll Deduction Agreement, or Letter 3676C.

C. See IRM Exhibit 5.19.9-2, NFC, NBC and GSA Agency Listing, to determine which payroll provider services the taxpayer's employing federal agency.

3. If the financial analysis shows that the monthly payment would equal the monthly FPLP proceeds, leave the FPLP in place and move the case to F3.

4. Include individual SRP modules (MFT 35) in new or pending installment agreements. See IRM 5.19.1.5.4.26 for additional guidance.

5. Follow procedures in the chart below when establishing installment agreements:

If ...	And ...	Then ...
The aggregate unpaid balance of		<ul style="list-style-type: none"> Establish SIA.

assessment (CC SUMRY) is \$25,000 and under	The taxpayer meets Streamlined IA (SIA) \$25,000 and under criteria in IRM 5.19.1.5.5.(9)	<ul style="list-style-type: none"> Input TOF0,21,IADONE. The FPLP will stop when the account goes into ST 60.
The aggregate unpaid balance of assessment (CC SUMRY) is over \$25,000	The taxpayer agrees to make a Voluntary Lump Sum Payment (VLSP) to reduce the balance to meet SIA \$25,000 and under criteria	<ul style="list-style-type: none"> Input TC 971 AC 043 on all modules. Input TOR6,XX,VLSP, where XX is the payment due date plus 21 days
The aggregate unpaid balance of assessment (CC SUMRY) is between \$25,001 and \$50,000	The taxpayer does not agree to make a VLSP to reduce the balance to meet SIA \$25,000 and under criteria and meets the conditions in IRM 5.19.1.5.5.24(2)	<ul style="list-style-type: none"> Follow procedures in IRM 5.19.1.5.5.24 Substitute F0 for any reference to C0
The aggregate unpaid balance of assessment (CC SUMRY) is over \$50,000	The taxpayer agrees to make a VLSP to reduce the balance to meet SIA criteria	<ul style="list-style-type: none"> Follow procedures in IRM 5.19.1.5.5.24 Substitute F0 for any reference to C0
The aggregate unpaid balance of assessment (CC SUMRY) is over \$50,000	The taxpayer does not agree to make a VLSP to reduce the balance to meet SIA criteria	<ul style="list-style-type: none"> Follow Non-Streamline Installment Agreement procedures
Non-Streamline Installment Agreement (NSIA)	No additional documentation is needed	<ul style="list-style-type: none"> Establish NSIA and reassign to F0 for managerial approval using history code TOF0,,DDIA, (or PPIA, IA01, etc., as appropriate).
	Additional documentation is needed	<ul style="list-style-type: none"> Input TOR6,45,IAPND. Input TC 971 AC 043 on all modules.

6. If the taxpayer meets the criteria for MFT 31 mirror assessment processing, follow procedures in IRM 5.19.1.5.5.11.1. After managerial approval, move the case to F9 using ACS history code TOF9,90,MFT31.

5.19.18.5.10.1.1 (08-08-2011) Pending Installment Agreement (IA) Follow-up

1. FERDI cases meeting pending IA criteria in IRM 5.19.1.5.5.6 will be moved to R6.
2. If IA was not established, move the case back to the F inventory after independent review processing is completed.
 - A. If FPLP payments are being received, move to F2.
 - B. If taxpayer is subject to FPLP, but FPLP payments have not started, move to F1.
 - C. If taxpayer is not subject to FPLP (i.e., active or retired military), move to F5.

5.19.18.5.10.1.2 (08-08-2011) Manually Monitored Installment Agreements (MMIA)

1. Follow procedures in IRM 5.19.1.5.5.18 to identify and process cases meeting MMIA criteria.

Reminder:

Cases will remain in the F9 function for monitoring.

2. If FPLP payments are being received on the requesting spouse, advise the taxpayer that the FPLP will be released and explain how many payments will be received based on the FPLP processing cutoff dates in IRM 5.19.9.3.3.5(1). Release all other wage levies on the requesting spouse. Follow the procedures in IRM 5.19.4.4.10 to determine if full or partial release of bank levies is warranted.
3. **Do not** block FPLP or release outstanding paper levies on the non-requesting spouse unless you determine that the levy is creating an economic hardship per IRM 5.19.4.4.10.
4. Upon completion of processing, move case to F9. For cases requiring managerial approval, input ACS history code TOF0,00,MMIA. After managerial approval, move case TOF9,00,MMIA.

5.19.18.5.10.2 (01-01-2015) Currently Not Collectible (CNC) - Hardship

1. If the taxpayer is unable to meet reasonable basic living expenses, report the case Currently Not Collectible (CNC) (hardship). See IRM 5.19.1.7.1.5.

Reminder:

Determine the cause of the delinquency and take corrective action. If the liability is a result of underwithholding, refer wage-earners to the Withholding Compliance Program. For pension income, instruct the taxpayer to adjust their withholding.

2. Include related MFT 35 modules using the appropriate hardship closing code.
3. If the taxpayer needs to provide additional documentation for the hardship determination and we are receiving FPLP payments, advise him/her that the FPLP will continue until documentation is received. Reassign TOF4,30.
4. If no additional documentation is needed, take the following actions:
 - A. If FPLP payments are being received, advise taxpayer that the FPLP will be released and explain how many payments will be received based on the FPLP processing cutoff dates in IRM 5.19.9.3.3.5(1). If the taxpayer's hardship requires an immediate release of the FPLP, prepare Form 668D and forward to the appropriate FPLP Coordinator.

Note:

Do not block the FPLP. The account modules will be excluded from FPLP when the TC 530 with CC 24-32 posts to IDRS.

B. If other levies are outstanding in addition to the FPLP, release all wage levies. Follow the procedures in IRM 5.19.4.4.10 to determine if full or partial release of bank levies is warranted.

C. Reassign the case to F0 for managerial approval.

Reminder:

Levies cannot be issued or left in place if the taxpayer meets the criteria for CNC (hardship).

5. If the taxpayer meets the criteria for MFT 31 mirror assessment processing, follow procedures in IRM 5.19.1.5.5.11.1. After managerial approval, move the case to F9 using ACS history code TOF9,90,MFT31.
6. If the taxpayer has unfiled returns, give the taxpayer a deadline to file the returns. Open TDI modules may be resolved by closing as little or no tax due (Policy Statement P-5-133), income below filing requirements, or refund due, if warranted by the facts of the case. See *IRM 5.19.18.5.10.3* for guidance. If you are unable to close the TDI, reassign TOF8 after input of the TC 530 on the balance due modules.

Caution:

If CNC hardship is established, the taxpayer must be placed in CNC status even if you are unable to secure unfiled returns.

5.19.18.5.10.3 (07-08-2013)

FERDI Return Delinquency (RD) - TDI Dispositions

1. Resolve all return delinquency issues (correspondence or phone calls) timely and accurately to prevent subsequent notices and/or TDI issuances.
2. When talking to the taxpayer, input TC 592 with no closing code for TDI modules closed with a TC 590 CC 027, TC 593, TC 595 (unless the assessment is pending or the case is assigned), TC 597, or TC 598.
3. Follow procedures in IRM 5.19.2.7.1 for all High Income Non Filers (HINF) cases.

Note:

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4. Follow procedures in the IRM sections shown below to resolve return delinquencies. Substitute F0 for any reference to C0.

If ...	Then ...
Taxpayer is not liable to file a tax return (e.g., not enough income to file).	Follow procedures in IRM 5.19.2.5.4.5.1, IMF Response Taxpayer Not Liable.
Return was previously filed under a spouse's TIN.	Follow procedures in IRM 5.19.2.5.4.5.10, IMF Response Taxpayer Previously Filed.
Taxpayer needs help determining income received.	Follow procedures in IRM 5.19.2.5.4.5.4, IMF Taxpayer Liable.
There is net tax due.	Follow procedures in IRM 5.19.2.5.4.5.4, IMF Taxpayer Liable.
Reminder: Always attempt to secure full payment with the return.	
The taxpayer indicates they cannot pay the balance due in full	Follow procedures in IRM 5.19.1.
The income meets the requirement for Little or No Tax Due.	Follow procedures in IRM 5.19.2.5.4.5.3.

5. **DO NOT** close return delinquency cases as unable to locate. Take the appropriate action per the chart below:

If ...	And ...	Then ...
=====	The TDI meets Automated Substitute for Return (ASFR) criteria as defined in IRM 5.19.2.5.4.3	Refer to ASFR.
Fraud indications are present. See IRM 25.1, Fraud Handbook, for additional information		Refer to Examination or Fraud Detection Center. Follow procedures in IRM 5.19.2.5.4.1(2).
Referrals are not possible and related balance due modules exist (i.e., TDA/TDI combo)	Balance due modules have been closed with hardship CNC	Input TC 590 CC 27

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 19. Campus Compliance International Case Processing (CCICP)

5.19.19 Campus Compliance International Case Processing (CCICP)

- 5.19.19.1 [Overview](#)
- 5.19.19.2 [Balance Due Overview](#)
- 5.19.19.3 [International Return Delinquency Process Overview](#)
- 5.19.19.4 [Case Processing](#)
- 5.19.19.5 [Recalculation of the Collection Statute Expiration Date \(CSED\)](#)

Manual Transmittal

September 03, 2014

Purpose

(1) This transmits revised IRM 5.19.19, Liability Collection, Campus Compliance International Case Processing.

Material Changes

- (1) This revision will make minor grammatical corrections, update organization terms and/or titles, and correct cross references.
- (2) IRM 5.19.19.1.2(2) updated links.
- (3) IRM 5.19.19.1.2.1(9) updated telephone and fax numbers.
- (4) IRM 5.19.19.1.2.2 added to provide guidance on identity theft.
- (5) IRM 5.19.19.1.2.3(1) updated IRM cites.
- (6) IRM 5.19.19.1.3(5) and (6) updated IRM cites.
- (7) IRM 5.19.19.2.1(3) updated IRM cites.
- (8) IRM 5.19.19.3(8) removed identity theft guidance and moved to IRM 5.19.19.1.2.2.
- (9) IRM 5.19.19.3.1(4) updated to include guidance for filing current year Form 1040NR and Form 1040NR-EZ with payment in Charlotte, NC.
- (10) IRM 5.19.19.3.1(5) updated with correct IRM cite.
- (11) IRM 5.19.19.3.1(7) and (8) corrected guidance on substantial presence test and updated for clarity.
- (12) IRM 5.19.19.3.3.2 updated to provide clarity on filing requirements for bona fide residents of American Samoa.
- (13) IRM 5.19.19.3.3.3 updated to provide clarity on filing requirements for bona fide residents of Commonwealth of North Mariana Islands.
- (14) IRM 5.19.19.3.3.4(5) updated to include possible requirement to attach Form 5074 to tax return.
- (15) IRM 5.19.19.3.3.6 updated to provide clarity on filing requirements for bona fide residents of U.S. Virgin Islands.
- (16) IRM 5.19.19.3.3.6.1 updated to provide clarity on U.S. Virgin Islands bona fide residents with self-employment income. Moved IRM 5.19.19.3.3.6.1(4) through (8) to new IRM 5.19.19.3.3.6.2, *Taxpayers Who Are Not Bona Fide Residents of the USVI*.
- (17) IRM 5.19.19.3.3.6.3 updated to provide clarity on U.S. Virgin Islands cover over.
- (18) IRM 5.19.19.3.3.9.1(1) updated guidance for processing of Form 1116.
- (19) IRM 5.19.19.4(3) added to provide guidance on doing complete research and addressing and closing all issues at the same time.
- (20) IRM 5.19.19.4.2 removed guidance on passport information requests.
- (21) IRM 5.19.19.4.2(1) updated link to list of MCAR Coordinators.
- (22) IRM 5.19.19.4.3(3) added note to check the box for Spanish letter if taxpayer resides in Puerto Rico.

Effect on Other Documents

IRM 5.19.19 supersedes IRM 5.19.19, dated 4/24/2012.

Audience

All Small Business/Self-Employed (SB/SE) Campus Compliance Employees, Automated Collection System (ACS) and Support (ACSS), Compliance Service Collection Operation (CSCO).

Effective Date

(09-03-2014)

5.19.19.1 (09-03-2014)

Overview

1. This manual provides guidance to the Campus Compliance function when working international accounts. This IRM is to be used in conjunction with the rest of IRM 5.19, *Liability Collection*. The goal is to improve taxpayer service to international taxpayers and to ensure that Campus Compliance is able to assist the taxpayer in resolving their balance due and delinquent investigations accurately.

5.19.19.1.1 (09-03-2014)

Taxpayers and Accounts Meeting International Criteria

1. This section identifies specific criteria of an international taxpayer and/or account.
2. A U.S. citizen's or resident alien's worldwide income is generally subject to U.S. income tax, regardless of where the taxpayer is living. A taxpayer living overseas is also subject to the same rules for filing income, estate, and gift tax returns and for paying estimated tax that apply to a U.S. citizen or resident alien living in the United States.
3. Generally, resident aliens are those persons who enter the U.S. with the intention of establishing a U.S. residence.
 - A resident alien taxpayer is entitled to all deductions, exclusions, and credits under the same rules as a U.S. citizen.
 - An alien is a resident, for U.S. tax purposes, if he/she is admitted to the U.S. for permanent residence, is considered substantially present in the U.S. for the year, or makes an election to be considered a U.S. resident. For additional information on resident aliens refer to Pub 519, *U.S. Tax Guide for Aliens*.
4. U.S. citizens and resident aliens who qualify can file Form 2555, *Foreign Earned Income*, to exclude foreign earned income and to exclude and deduct housing costs.
5. A resident alien is an immigrant to the U.S., or a nonimmigrant who meets certain residency requirements or makes a special election to be taxed as a resident.
6. A nonresident alien is in the U.S. only temporarily. For example, this person may be a tourist, a student or a temporary worker under a qualifying visa.
7. Below are examples of cases that meet international criteria:
 - Claims referencing a Tax Treaty
 - Claims referencing Internal Revenue Code (IRC) § 911, *Citizens or residents of the United States living abroad*
 - Claims referencing IRC § 931, *Income from sources within Guam, American Samoa, or the Northern Mariana Islands*
 - Claims referencing IRC § 933, *Income from sources within Puerto Rico*
 - Correspondence received from taxpayers claiming they are nonresident aliens
 - Correspondence stating that the taxpayer is a treaty trader or a Fulbright grantee
 - Dual citizenship status issues
 - Correspondence requesting a tax adjustment that references the following forms: Form 1116, *Foreign Tax Credit*, Form 2555, *Foreign Earned Income*, Form 2555-EZ, *Foreign Earned Income Exclusion*, Form 4563, *Exclusion of Income for Bona Fide Residents of American Samoa*, Form 5074, *Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands*, Form 8689, *Allocation of Individual Income Tax to the U.S. Virgin Islands*, Form 8833, *Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b)*, Form 8804, *Annual Return for Partnership Withholding Tax (Section 1446)*, Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*, or Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests*

5.19.19.1.2 (09-03-2014)

Available International Tools and Research Engines

1. There are various IRS publications available to assist campus compliance employees and international taxpayers with determining liability for filing U.S. tax returns, due dates, where to file, etc.
2. The following websites can be used to research various international issues:

Question/Issue	Website Address
U.S. Tax Code On-Line	http://www.fourmilab.ch/ustax/ustax.html
United States Income Tax Treaties - A to Z	http://www.irs.gov/Businesses/International-Businesses/United-States-Income-Tax-Treaties--A-to-Z
U.S. Citizenship and Immigration Services	http://uscis.gov/
Social Security Administration	http://www.ssa.gov/
United States Department of State	http://www.state.gov/
International Telephone Country Codes	http://countrycode.org
Tax Law index	http://rnet.web.irs.gov/

3. Other types of internal and external research tools available for employees are:
 - IDRS
 - AMS (Accounts Management System)
 - Corporate Files On Line (CFOL) command codes
 - ADR (Address Research)
 - Document 6209, *IRS Processing Codes and Information*
 - IRM 2.3.1, *IDRS Terminal Responses*
 - Accurint
 - RTR (Remittance Transaction Research)
 - www.411.com
4. Electronic payments can be researched and verified via IDRS command code (CC) Electronic Federal Tax Payment System (EFTPS). See IRM 2.3.70.2, *Command Code EFTPS*, for guidance on using this CC to verify if payments were applied correctly.
5. The Transcript Delivery System (TDS) can be used to send Wage and Income information documents to the taxpayer.

Note:

See IRM 21.2.3, *Transcripts*, for procedures on using TDS for researching tax account and return information. TDS delivers tax account and return information to the user with an appropriate cover letter (when applicable).

5.19.19.1.2.1 (09-03-2014)

General Information

1. The purpose of this section is to provide guidance when working international balance due accounts, including those for taxpayers in U.S. territories, for both Individual Master File (IMF) and Business Master File (BMF) as well as working delinquent return (DelRet) cases.
2. Assisting taxpayers in resolving their balance due or DelRet is the responsibility of all campus compliance contact representatives or tax examiners, whether speaking with a taxpayer or responding to taxpayer correspondence.
3. A balance due, or Tax Delinquent Account (TDA), account occurs when the taxpayer has an outstanding liability for taxes, penalties and/or interest.
4. A DelRet, or Tax Delinquent Investigation (TDI), occurs when the taxpayer has an outstanding tax return(s).
5. Be sure to prevent unauthorized disclosures of taxpayer information at all times. For additional guidance see IRM 5.19.1.1.1, *Disclosure Overview: Verifying Identity of Contact Party*.
6. All actions taken on taxpayer accounts and/or actions promised by the taxpayer must be documented on AMS. For additional guidance see IRM 5.19.1.1.2, *Documenting Account Actions*.
7. For additional information regarding acronyms, abbreviations used throughout various IRMs, see IRM 5.19.1.1.4, *Acronyms and Explanations for IRM 5.19.1*.
8. When referring or redirecting accounts to other functions or areas, follow IRM 5.19.1.2, *Referrals or Redirects*.
9. For non toll free telephone numbers to be provided to international taxpayers living abroad **ONLY**, use the table below:

Function	Telephone	Fax Number
Accounts Management	267-941-1000	267-941-1055
Automated Collection System (ACS)	267-941-1004	267-941-1031
Automated Underreporter (AUR)	267-941-1026	267-941-1023
International Examination	267-941-1037	267-941-1463
Offer in Compromise (OIC) - General	954-423-7074	954-423-7577
OIC - Accepted Offers Only	631-447-4018	EFAX 855-286-3805
Taxpayer Advocate Service - Pacific US Territories	808-566-2950	808-566-2986
Taxpayer Advocate Service - Caribbean US Territories and International (English)	787-522-8601	787-522-8691
Taxpayer Advocate Service - Caribbean US Territories and International (Spanish)	787-522-8600	787-522-8691

10. For information regarding **account actions on referrals/redirects** refer to IRM 5.19.1.3.1, *Account Actions on Referral/Redirects*.
11. For information regarding **taxpayer information** refer to IRM 5.19.1.3.2, *Taxpayer Information*.

5.19.19.1.2.2 (09-03-2014)

Identity Theft

1. Identity theft occurs when someone uses another's personal information such as their name, social security number, or other identifying information without their permission to commit fraud or other crimes.
2. If an international taxpayer makes an allegation of identity theft, or if an employee suspects that identity theft has occurred, follow the guidance in the following IRMs:

Function	IRM Section
Accounts Management	IRM 21.9.2, <i>Individual Master File (IMF) Accounts Management Identity Theft</i>
Compliance Services Collection Operations (CSCO), Automated Collection System (ACS)	IRM 5.19.6.26, <i>Identity Theft</i>
Field Collection	IRM 5.1.28, <i>Identity Theft for Collection Employees</i>

5.19.19.1.2.3 (09-03-2014)

International Address Changes

1. When considering inputting address changes, refer to IRM 3.13.5.28, *Address Changes from Oral Statements/Telephone Contact*, and IRM 3.13.5.47, *Information Required on Address Changes*. Once it is determined that the taxpayer resides overseas and the address is validated, update CC ENTITY to reflect the foreign address and location code. Input transaction code (TC) 030 with Document Code 63 on CC ENREQ to identify the taxpayer as living outside the U.S.
2. The format of a foreign address will differ depending on the postal system of the country. In general, a foreign address consists of a street address, city or town name, other administrative divisions and postal code. A postal code can be a series of letters, digits, or a combination of letters and digits depending on the postal system. Due to limitation of characters, the address may need to be altered so that the mail can still be delivered.
3. International accounts are identified by international File Location Codes 20, 21, 60, 66, 78, and 98.
 - File Location Codes 21, 66, and 78 contain all returns with a U.S. territory address with a 5-digit zip code, which include Puerto Rico, American Samoa, Guam, U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands.
 - File Location Codes 20, 60, and 98 are used for returns with:
 - A foreign country address
 - Form 2555/2555-EZ
 - Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*, Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*, or Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests*
 - Dual Status Notification
 - Form 1040NR/1040NR-EZ, *U.S. Nonresident Alien Income Tax Return/U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents*
4. Abbreviation for U.S. territories and countries that have entered compacts of free association with the United States.

Country or U.S. Territory	Abbreviation
American Samoa	AS
Federated States of Micronesia	FM
Guam	GU
Marshall Islands	MH

Palau	PW
Puerto Rico	PR
Northern Mariana Islands	MP
Virgin Islands (U.S.)	VI

Note:

Any address change for U.S. territory countries must include the zip code. For additional guidance refer to IRM 2.4.9.8, *Codes and Abbreviations*, and IRM Exhibit 2.4.9-18, *BMF Foreign Address Change*.

5.19.19.1.3 (09-03-2014)

Determine Correct Filing Requirement and/or Tax Liability

- This section provides guidance in identifying correct filing requirements and determining the correct tax liability.
- The taxpayer may indicate verbally or in writing the tax liability is questionable, such as:
 - They do not owe the balance due.
 - They dispute the amount owed.
 - They do not know why they have a balance owed.
- Taxpayer may indicate verbally or in writing they are not required to file specific tax returns, for example, they are bona fide residents of another country, they have renounced their U.S. citizenship or residency and/or they have already filed the return(s) in question.
- If the taxpayer states they no longer reside in the U.S. and no longer receive U.S. source income or are no longer self employed, ask the following questions:
 - Is the taxpayer a U.S. citizen or resident?
 - Is the taxpayer employed in the country where they are residing? If so, U.S. citizens and/or residents are taxed on worldwide income; it does not matter whether the income is U.S. sourced.
- If the taxpayer states they are no longer a U.S. citizen or resident, but are working in their home country or overseas and had a balance owed or delinquent return prior to renouncing their U.S. citizenship or residency, you must obtain all earned income information, regardless of whether it is a U.S. source or not. See IRM 21.8.1.11.20, *IRC § 877A - Mark-To-Market Exit Tax*.
- When speaking or corresponding with the taxpayer do not pursue collection if you are not able to determine the correct tax liability. However, you must address any delinquent returns as well as securing updated addresses, telephone number(s) and levy sources. For additional guidance see IRM 5.19.1.3.2, *Taxpayer Information*, and IRM 5.19.1.3.4.2, *Obtain and Verify Levy Sources*.

5.19.19.2 (09-03-2014)

Balance Due Overview

- Balance due accounts and return delinquencies are systemically monitored through computer analysis (weekly TDA/TDI analysis) and placed in a specific status based on risk categories, repeater codes, selection codes and/or other characteristics of the specific account or delinquency.
- Several notices are generated to the taxpayer informing them of their outstanding liability.
- When a taxpayer balance due inquiry is received, it is important to be aware of the Master File and Collection Status Codes and Definitions to determine whether you should work the account or refer it to another office for additional guidance.
- For ACS Incoming Calls, see the electronic ACS Guide (e-ACSG) on SERP under "e-guides" for procedures and telephone techniques to utilize in addressing all compliance issues and controlling the conversation.
- Written requests received in CSCO and ACS Support Operations must be controlled within 14 days and acknowledged within 30 days from IRS received date if the case cannot be closed. Sites using AMS for controlling and monitoring inventory follow AMS guidelines for case control and acknowledgment of taxpayer correspondence. If correspondence is received from a previous area after the 30 days expires and no interim letter was issued, you must send an interim letter within five business days of receipt in your area. Follow all other IDRS control procedures in IRM 21.5.1.4.2.2, *Integrated Data Retrieval System (IDRS) - Control Procedures*.

5.19.19.2.1 (09-03-2014)

Payment Options and Ability to Pay

- There are several methods of payment that allow taxpayers to pay their liabilities over time. Refer to IRM 5.19.1.5, *Methods of Payment*.
- Taxpayers unable to pay their balance due may qualify to be reported currently not collectible (CNC) or may submit an OIC. Refer to IRM 5.19.1.7, *CNC and OIC*.
- Follow the instructions below if you determine the tax liability is questionable and a referral to another office is appropriate. Input CC STAUP to suspend further notices for nine cycles prior to referring the balance due inquiry to another office/area.

IF	THEN
The taxpayer states liability previously paid.	See IRM 5.19.1.3.3.1, <i>Tax Liability Previously Paid</i> .
The taxpayer requests an installment agreement (IA) and the account meets pending IA criteria.	See IRM 5.19.1.5.4.7, <i>Pending IA Criteria</i> .
The account meets Taxpayer Advocate Service (TAS) criteria.	See IRM 21.1.3.18, <i>Taxpayer Advocate Service Guidelines</i> , and IRM 13.1.7.2, <i>TAS Case Criteria</i> .
The taxpayer is requesting innocent spouse relief.	See IRM 5.19.1.2.1.(5), <i>Innocent Spouse</i> .
The taxpayer is requesting information on collection appeal rights.	See IRM 5.19.8, <i>Collection Appeal Rights</i> .
The balance owed requires an adjustment.	See IRM 5.19.1.3.3.2, <i>Adjusting Tax for a Balance Due</i> .
The balance owed is due to an Automated Substitute for Return (ASFR) assessment.	See IRM 5.18.1, <i>Automated Substitute for Return (ASFR) Program</i> .

Note:

If the taxpayer requests an IA, and the account does not meet pending IA criteria, see IRM 5.19.1.5.4.7.1, *Requests Not Meeting Pending IA Criteria*.

5.19.19.2.1.1 (09-03-2014)

Financial Analysis

1. This section provides additional guidance for conducting financial analysis on international accounts. Refer to IRM 5.19.1.6, *Securing Financial Information*, for general guidance when conducting financial analysis.
2. There are no National or Local Standards allowable living expenses for international taxpayers. When figuring foreign taxpayer expenses, refer to <http://mysbse.web.irs.gov/Collection/international/contacts/default.aspx>, International Allowable Living Expenses Contacts, for more information.
3. Before closing accounts as CNC or granting an IA, you must secure financial information.

Note:

Accounts for certain individuals may be reported as CNC hardship if a Collection Information Statement can be verified, even if there are unfiled returns. See IRM 5.16.1.2.9(9), *Hardship*. This applies to an account for an individual or joint IMF assessment including an account for a sole proprietorship, a general partner, or a Single Member Owner who is liable for a Limited Liability Company.

4. Secure substantiation on expenses that are questionable.
5. Any verbal/internal verification or paper substantiation received from the taxpayer must be clearly documented. Substantiation of income and/or expenses can include, but is not limited to:
 - Bank statements or cancelled checks providing proof of payments being made
 - Credit card statements
 - Rent/Lease receipts and lease agreements
 - Payment receipts
 - Court order; must provide proof of payments
 - Contracts

5.19.19.3 (09-03-2014)

International Return Delinquency Process Overview

1. This section provides a general overview on international accounts (including the U.S. territories), taxpayer filing requirements, types of returns to file, income, exemptions, deductions, and credits.
2. U.S. citizens and resident aliens living or traveling outside of the U.S. generally are required to file income tax returns and pay estimated taxes in the same way as taxpayers residing in the U.S.
3. Taxpayers outside the U.S. are allowed an automatic two month extension to file an income tax return. However, if they pay the tax after the regular due date, interest and penalties will be charged from the regular due date until the date the tax is paid.
4. The taxpayer cannot use the automatic extension of time to file if they:
 - Want the IRS to figure the tax, or
 - Are under a court order to file by the regular due date.
5. Taxpayers outside of the U.S. can also file Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, for a six month extension of time to file.
6. If the taxpayer outside the U.S. has a two month extension, the six month extension only gives the taxpayer an additional four month extension. Both extensions start at the same time.
7. The taxpayer does not have to file Form 4868 until the new due date allowed by the first extension.
8. Follow the guidelines below for taxpayers residing outside of the U.S.

If	And	Then
Taxpayer is not a U. S. citizen or green card holder.	Income is from A. Interest paid by U.S. Obligors - General B. Interest on Real Property Mortgages C. Interest paid to a Controlling Foreign Corporation D. Dividends A. Paid by U.S. Corporation B. Qualifying for Direct Dividend Rate E. Capital Gains F. Industrial Royalties G. Copyright Royalties-Motion Pictures and Television, or other H. Real Property Income and Natural Resources Royalties I. Pensions/Annuities	<ul style="list-style-type: none"> • If the taxpayer is "Not Liable:" CSCO employees: Input TC 590 cc 76 using CC FRM49. ACS employees: Input TC 590 cc 26 using CC FRM49. Enter ACS history code."TOC0,21,59026" . • If the taxpayer is "Liable to file:" CSCO/ACS/ACSS employees: Send a 2269C letter, with the appropriate paragraphs, advising taxpayer that failure to file within 75 days could subject the taxpayer to a fine and/or criminal penalties and of possible Substitute for Return (SFR) processing. If account on ACS, enter ACS history code "TOI5,75,2269C" .

	<p>J. Social Security Payment AND TP's country of citizenship was verified.</p> <p>Note:</p> <p>Refer to Publication 901, <i>U.S. Tax Treaties</i>, for guidance.</p>	
<p>Taxpayer is a U. S. citizen or green card holder.</p>	<p>Income is from:</p> <p>A. Interest paid by U.S. Obligors - General</p> <p>B. Interest on Real Property Mortgages</p> <p>C. Interest paid to a Controlling Foreign Corporation</p> <p>D. Dividends - Paid by U.S. Corporation Qualifying for Direct Dividend Rate</p> <p>E. Capital Gains</p> <p>F. Industrial Royalties</p> <p>G. Copyright Royalties - Motion Pictures and Television, or Other</p> <p>H. Real Property Income and Natural Resources Royalties</p> <p>I. Pensions/Annuities.</p> <p>J. Social Security Payment AND taxpayer's country of citizenship was verified</p> <p>Note:</p> <p>Refer to Publication 901, <i>U.S. Tax Treaties</i>, for guidance.</p>	<ul style="list-style-type: none"> Input appropriate history items on IDRS and enter history on AMS documenting all actions taken.
<p>Taxpayer is not a U.S. citizen or green card holder and does not reside in the U.S.</p>	<p>Income is from Form W-2 wages and/or Form 1099 (non-employee compensation).</p>	<ul style="list-style-type: none"> If taxpayer states not liable and does not indicate whether work was performed in the U.S., send a 2269C letter, indicating earnings reported on IRPTRL and request additional information regarding where the work was performed. <p>Note:</p> <p>Send the taxpayer a Wage and Earnings TDS transcript.</p> <ul style="list-style-type: none"> If taxpayer states not liable and indicates the work was performed outside of the U.S., then: <ul style="list-style-type: none"> A. For CSCO employees: Input TC 590 cc 76 using CC FRM49. B. For ACS employees: If account on ACS, input TC 590 cc 26 using FRM49 and input ACS history code "TOC0,21,59026" . C. Input appropriate history items on IDRS and enter comments on AMS documenting all actions taken.

5.19.19.3.1 (09-03-2014)
International Filing Requirements (Miscellaneous)

- This section provides information on joint filers (citizen, resident with a non-citizen/resident, Earned Income Tax Credit (EITC) and the overseas taxpayer).
- Individual taxpayers identified as living in a U.S. territory (Guam, U.S. Virgin Islands, American Samoa, Commonwealth of the Northern Mariana Islands or Puerto Rico), have different filing requirements than domestic taxpayers. See Publication 570, *Tax Guide for Individuals With Income From U.S. Possessions*.
- International taxpayers can elect to exclude some or all of the income in a foreign country if they meet the criteria. The income exclusion is provided under IRC § 911. Refer to the instructions of Form 2555 for the amount of foreign income that may be excluded for the given tax year. To claim this exclusion, the taxpayer must file Form 2555 or Form 2555-EZ, with Form 1040. The computation of Form 2555 or Form 2555-EZ is based on foreign income. For this purpose, foreign earned income is the income the taxpayer received for services performed in a foreign country during a period their tax home is in a foreign country and they meet either a bona fide residence test or the physical presence test.
 - Earned income is pay for personal services performed, such as:
 - Salaries and wages
 - Commissions
 - Bonuses
 - Professional fees

• Tips

4. Current tax forms 1040NR and 1040NR-EZ are filed in Austin, TX. Returns with payment are filed in Charlotte, NC. A taxpayer can claim itemized deductions only if they have effectively connected income. See IRM 21.8.1.11.10, *Effectively Connected Income*.
5. Generally, the rules for filing income, estate and gift tax returns, including paying estimated tax, are the same whether the taxpayer lives abroad or in the United States. If the taxpayer lives overseas they are given an automatic two month extension to file. However, any tax due must be paid by April 15th to avoid interest and penalty. This also applies to taxpayers in the military service on duty outside the U.S. and Puerto Rico, unless the taxpayer is in combat zone. See IRM 5.19.2.5.4.1.1, *Combat Zone IMF Procedures*, for additional guidance.
6. Nonresident aliens may not be liable for filing a return when investing in the U.S. (stocks, bonds, etc.). To be eligible, taxpayers must complete Form W-8 BEN, *Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding*. Taxpayers should use this form if they are claiming treaty benefits or are providing the form only to claim they are a foreign person exempt from backup withholding. They should also complete Form 8233, *Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Non-resident Alien Individual*, and submit to their broker who will submit to the IRS. Many times they do not complete these forms and their income is reported to the IRS.
7. Taxpayers are considered a U.S. resident for tax purposes if they are in the United States for at least 31 days in the current year and meet the substantial presence test. This test is met if the total number of days present in the year in question, plus 1/3 of the days present in the preceding year, plus 1/6 of the days present in the second preceding year add up to 183 days or more. See the example below:

Example:

The delinquent tax year (TY) is 2008 (you will only consider 1/3 of days present for TY 2007 and only 1/6 for tax year 2006).

TY 2008 - 120 days present (120 days)

TY 2007 - 120 days present (40 days= 1/3 of actual days)

TY 2006 - 120 days present (20 days= 1/6 of actual days)

Total days above = 180 days. In this example the taxpayer would not be considered a resident under the substantial presence test.

8. For additional information on the substantial presence test see IRM 21.8.1.11.2, *Test for Resident Alien and Nonresident Alien Status*.
9. All international taxpayer income must be reported in U.S. dollar equivalents. Taxpayers may use the yearly average exchange rate; however, the daily rate may be used for specific transactions. Exchange rates can be found on the "Foreign Currency and Currency Exchange Rates" page at www.irs.gov; keyword search term "exchange rates".

**5.19.19.3.2 (09-03-2014)
Processing IMF Responses**

1. This section provides guidance on working responses received from the taxpayer either through correspondence or calls.
2. Research all IDRS command codes and available resources to determine taxpayer income sources. Once the taxpayer information has been verified, follow the guidelines stated in this section.
3. If the taxpayer states that he is not liable for U.S. tax because he is a nonresident alien, or not a U.S. citizen, verify his income via CC IRPTR. Follow the table below for guidance:

If	And	Then
Income is from stocks and bonds and the taxpayer was present less than 183 days in the U.S.,	Research of CC IRPTR indicates income from stocks and bonds,	<ul style="list-style-type: none"> • Taxpayer is not liable to file U.S. tax return. • CSCO employees - Input TC 590 cc 75. Update AMS of actions taken. • ACS employees: Input TC 590 cc 26. Input history item "TOCO,21,59026". Update AMS of actions taken.
Income is from stocks and bonds and the taxpayer was in the U.S. 183 days or more,	Research of CC IRPTR indicates income from stocks and bonds,	<ul style="list-style-type: none"> • Taxpayer is liable as they meet the substantial presence test. Send taxpayer 2269C, with appropriate paragraphs to advise that failure to file within 60 days will subject them to a fine and/or criminal penalties or possible ASFR. • If account on ACS, enter history code "TO15,75,2269CSNT".
Taxpayer states they do not have U.S. income, and they are not U.S. citizens or residents,	CC IRPTR indicates that the income is reported from capital gains for U.S. source,	<ul style="list-style-type: none"> • Verify the country of citizenship. Refer to Publication 901 for additional guidance on treaty information. • Send taxpayer 2269C or appropriate letter. If country on Tax Treaty table, advise the taxpayer that they are taxed at a flat rate of 30%. • If the account is on ACS, enter history code "TO15,75,2269CSNT".
Taxpayer is not a U.S. citizen and the income is from sale of U.S. home/property and the agent withheld taxes at the time of sale,	CC IRPTR indicates income is from sale of home,	<ul style="list-style-type: none"> • Verify if Form 8288, <i>U.S. Withholding Tax Return for Disposition by Foreign Persons of U.S. Real Property Interests</i>, was filed. • If no information is available, refer to IRM 21.8.5, <i>Miscellaneous FIRPTA Related Issues</i>, or IRM 21.8.5.3, <i>Form 8288-B, Withholding Certificate Background</i>, for guidance.
Taxpayer is not a U.S. citizen,	CC IRPTR indicates income is from pensions/annuities, and: <ul style="list-style-type: none"> • Income was earned in the U.S. 	<ul style="list-style-type: none"> • Inform taxpayer they are required to file a return.
Taxpayer is not a U.S. citizen,	CC IRPTR indicates income is from pensions/annuities, and: <ul style="list-style-type: none"> • Income was not earned in the U.S. 	<ul style="list-style-type: none"> • Advise taxpayer to file Form W-8BEN. <p>Note:</p> <p>If the taxpayer had withholding taken, advise the taxpayer they need to file a return to receive a refund of the credits.</p>
	Non employment compensation income	

Taxpayer is not a U.S. citizen,	(NEC) was reported on CC IRPTR, and the work was performed in the U.S.,	<ul style="list-style-type: none"> Advise the taxpayer they are required to file a return.
Taxpayer is not a U.S. citizen,	Non employment compensation income (NEC) was reported on CC IRPTR, and the work was performed outside the U.S.,	<ul style="list-style-type: none"> Advise the taxpayer to request that their employer send an amended Form 1099, and close the module as not liable. Update AMS of actions taken. For CSCO employees: Input TC 590 cc 76. For ACS/ACSS: Input TC 590 cc 26. Input history code "OADT,21,59026" .
Taxpayer is not a U.S. citizen,	CC IRPTR indicates taxpayer received a prior year state refund,	<p>Review the taxpayer's prior year return via CC IRPTR to verify if they filed Schedule A:</p> <ul style="list-style-type: none"> If taxpayer filed Schedule A, and listed state income tax, then they must file a U.S. return for the tax on the prior year. Send taxpayer a 2268C or another appropriate letter advising taxpayer to file Form 1040NR. ACS employees: Input history "OADT,75,2269CSNT" . If research of CC RTVUE indicates taxpayer used the standard deduction on the previous year's federal U.S. tax return, income does not have to be claimed. Input TC 590 cc 76. <p>For ACS/ACSS employees: Input history "TOC0,21,59076" .</p>
Taxpayer is not a U.S. citizen,	CC IRPTR indicates mortgage interest paid,	<ul style="list-style-type: none"> Send 2268C letter requesting explanation from taxpayer whether the interest paid for a home is their residence or rental income. Update AMS of actions taken For ACS employees: Input history "TOC0,21,59076" .
Taxpayer is a U.S. citizen, living overseas,	Verified via CC IRPTR the type of income or no income reported	<ul style="list-style-type: none"> Whether there is or is not any income reported on CC IRPTR, then the taxpayer must be informed that U.S. citizens are taxed on their "worldwide" earned income. Send taxpayer 2269C or any other appropriate letter. See Publication 54, <i>Tax Guide for U.S. Citizens and Resident Aliens Abroad</i>. Update AMS of actions taken. If account on ACS, input history "TOI5,75,2269C" .
Taxpayer is a U.S. citizen and they state they reported their income to the foreign country where they reside,		<ul style="list-style-type: none"> Taxpayer must be informed that U.S. citizens are taxed on their "worldwide" earned income. Refer taxpayer to Publication 54, <i>Tax Guide for U.S. Citizens and Resident Aliens Abroad</i>. Send taxpayer 2269C or any other appropriate letter. Update AMS of actions taken. If account on ACS, input history "TOI5,75,2269C" .

5.19.19.3.2.1 (09-03-2014)

U.S. Nonresident Alien Income Tax Return

- Form 1040NR or 1040NR-EZ is filed by nonresident aliens who have U.S. source income. The Master File Tax (MFT) code is 30, and the document locator number (DLN) will start with 20, document code 72 or 73. Form 1040NR, *U.S. Nonresident Alien Income Tax Return*, is used by all nonresident alien individuals whether or not engaged in trade or business within the United States; it is required for filing nonresident alien fiduciary (estates and trusts) returns.

Note:

The form can be viewed on CC TRDBV/RTVUE.

5.19.19.3.3 (09-03-2014)

U.S. Territories' Tax Systems

- U.S. territories operate their own independent tax systems, which are partly based on the same tax laws as the U.S., but also incorporate tax laws particular to the territory. Below are the five U.S. territories:
 - American Samoa
 - The Commonwealth of the Northern Mariana Islands
 - Guam
 - Puerto Rico
 - U.S. Virgin Islands
- Individuals born in the U.S. territories are U.S. citizens, except in the case of American Samoa, where such individuals are U.S. Nationals who are treated as U.S. citizens for tax purposes.

5.19.19.3.3.1 (09-03-2014)

U.S. Territorial Categories of Taxpayers

1. Special filing requirements apply to taxpayers who reside in and/or earn income in any U.S. territory.
2. The types of tax return(s) and other tax forms a territorial resident must file depends upon several factors:
 - Whether or not the taxpayer is a bona fide resident of the territory for the entire year.
 - Whether the taxpayer is a U.S. citizen (or national), resident alien, or nonresident alien.
 - The income source (effectively or non-effectively connected) to the territory or the U.S.
 - Individual tax laws of the territory.
3. If the taxpayer has income from a territory, the taxpayer may either have to file a U.S. tax return or territorial tax return or both.

Note:

The American Jobs Creation Act of 2004 (AJCA) clarified and supplemented the U.S. tax rules dealing with U.S. territories for determining if a person is a bona fide resident of a territory and whether income is territory sourced or effectively connected with conduct of a territorial trade or business. Refer to IRC § 937 and Pub 570, *Tax Guide for Individuals With Income From U.S. Possessions*, for additional information.

4. In order for the taxpayer to establish a residence in the territory, the taxpayer must meet the bona fide residence test:
 - Presence Test
 - Tax Home Test
 - Closer Connection Test
5. Income received from sources within, or that was effectively connected with the conduct of a trade or business in, the territory must be identified separately from U.S. or foreign source income.
6. Territorial residents may not use Form 2555/2555 EZ to claim foreign earned income exclusion of territorial income.
7. EITC may not be claimed on a U.S. income tax return by a taxpayer whose main home, and the home of the qualifying child, is in a territory.
8. All employers in the territories pay their social security tax and Medicare tax to the U.S. government on Form 941-SS, *Employer's QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of Northern Mariana Islands, and the U.S. Virgin Islands)*, Form 941-PR, *Employer's Quarterly Federal Tax Return (Puerto Rican Version)*, or Form 944-PR, *Employer's Annual Federal Tax Return (Puerto Rico Version)*. See Pub 80, *Federal Tax Guide for Employers in US Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands*.

5.19.19.3.3.2 (09-03-2014)
American Samoa

1. American Samoa has its own separate and independent tax system. American Samoa's income tax system is based partly on the same income tax laws and tax rates that apply to the United States.
2. If the taxpayer is a U.S. citizen or resident alien and a bona fide resident of American Samoa during the entire tax year, they generally must file the following returns:
 - A. An American Samoa tax return reporting their gross income from worldwide sources.
 - B. A U.S. income tax return reporting income from worldwide sources but excluding income sourced within American Samoa.
3. Amounts received for services performed as an employee of the U.S. or any of its agencies cannot be excluded and is deemed U.S.-source income.
4. To exclude American Samoa source income attach a completed Form 4563, *Exclusion of Income for Bona Fide Residents of American Samoa*, to the U.S. tax return.
5. Taxpayers filing a U.S. income tax return and excluding American Samoa source income will not be allowed any deductions from gross income or credits against tax that directly or indirectly relate to excluded income.
6. If the taxpayer is a bona fide resident of American Samoa during the entire tax year, but a nonresident alien of the U.S., they must file the following returns:
 - A. An American Samoa tax return reporting worldwide income.
 - B. A U.S. tax return reporting income from worldwide sources, excluding American Samoa source income other than amounts for services performed as an employee of the U.S. or any of its agencies.

Note:

To exclude income from sources within American Samoa, attach a completed Form 4563.

Note:

Individuals in the other territories do not qualify for the exclusion under IRC § 931. See Pub 570, *Tax Guide for Individuals With Income From U.S. Possessions*.

7. Special rules apply to certain types of income and employment connected with American Samoa:
 - U.S. armed forces - bona fide residents of American Samoa include military personnel whose official state of legal residence (home of record) is American Samoa.
 - U.S. government employees – If the taxpayer is employed in American Samoa by either the U.S. government or any of its agencies, or by the government of American Samoa, they are subject to tax by American Samoa on their pay from either government.
 - Wages and salaries paid to U.S. citizens by the governments of the U.S. and American Samoa are subject to U.S. federal income tax. These payments do not qualify for the exclusion of income from sources within American Samoa.
 - If a taxpayer is a U.S. government employee and a bona fide resident of American Samoa, he will report the wages from that employment on a return filed with both the United States and American Samoa. On his U.S. income tax return, he will get a credit for taxes withheld and paid to the United States on those wages; on his American Samoa income tax return, he will get a foreign tax credit for the net income taxes paid to the United States on that income.
8. If the taxpayer is not required to file a U.S. tax return but has income that is effectively connected with a trade or business in American Samoa, they must file Form 1040-SS with the U.S.
9. Form 1040-SS, *U.S. Self-Employment Tax Return*, will be used to report their self-employment income to the U.S. and pay self-employment tax.
10. Procedures to settle cases of double taxation are provided in bilateral agreements between the U.S. and the territories. See Pub 570, *Tax Guide for Individuals with Income from U.S. Possessions*.

11. To determine whether certain pensions, annuities, etc. are taxed and at what rate, see IRM 21.5, *Account Resolution*.

5.19.19.3.3.3 (09-03-2014)

Commonwealth of the Northern Mariana Islands (CNMI)

1. The CNMI has its own separate and independent tax system based partly on the same laws and tax rates that apply to the U.S. and partly on local taxes imposed by the CNMI government.
2. U.S. citizens who are bona fide residents of CNMI during the entire tax year must report their gross income from worldwide sources on their Northern Mariana Islands tax returns.
3. If the taxpayer is a U.S. citizen, resident alien or nonresident alien and a bona fide resident of CNMI during the entire tax year, they must file their tax return with CNMI.
 - The taxpayer must include income from worldwide sources.
 - In determining their total tax payments, they must include all income tax withheld by either CNMI or the U.S.
 - They must include any credit for an overpayment of income tax to either CNMI or the U.S.
 - They must pay any balance of tax due with their tax return.
4. If the taxpayer properly files their return with, and fully pays their income tax to CNMI, then they are not liable for filing an income tax return with, or for paying to the U.S. for the tax year.
5. If the taxpayer is a bona fide resident of CNMI for the entire year, they should send their CNMI income tax return to:

Department of Finance, Division of Revenue and Taxation, Commonwealth of the Northern Mariana Islands, P.O. Box 5234, CHRFB, Saipan, MP 96950

6. If the taxpayer has income sources with CNMI and is a U.S. citizen or resident alien, but they are not a bona fide resident of CNMI during the entire tax year, they must file their income tax return with the U.S. The taxpayer will not be liable for filing an income tax return with, or paying tax to CNMI for the tax year. The taxpayer must send his or her U.S. income tax return to:

Department of Treasury, Internal Revenue Service, Austin, TX 73301-0215

7. The taxpayer may also be required to attach Form 5074, *Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands*, to the income tax return filed with the United States.
8. If the taxpayer has no U.S. filing requirement, but has income that is effectively connected with a trade or business in CNMI, they must file Form 1040-SS with the U.S. to report their self-employment income and, if necessary, pay self-employment tax.
9. If the taxpayer must pay estimated tax, they should make their payment to the jurisdiction where they would file their income tax return if their tax year were to end on the date when their estimated tax payment is first due.
10. The remaining quarterly payments of estimated tax are to be made where they made their first payment.

Note:

Estimated tax payments to either jurisdiction will be treated as payment to the jurisdiction with which they file the tax return.

11. Joint payments of estimated tax are made to the jurisdiction where the spouse who has the greater estimated adjusted gross income would have to pay (if a separate payment were made).
12. If the taxpayer makes their first payment early, follow the rules above to determine where to send it. If they sent it to the wrong jurisdiction, all later payments must be made to the jurisdiction to which the first payment should have been sent.
13. Credit for income taxes withheld at the source (estimated tax payments and withholding credits) are to be taken into account in determining if the return results in a balance due or overpayment regardless of the jurisdiction in which they were received.

Caution:

Do not allow credit when the employer's address is outside of the U.S., Guam, CNMI or American Samoa.

14. Once payments have been verified, credit the taxpayer's account for the substantiated amount using TC766.
15. Mutual agreement procedures exist to settle issues where there is inconsistent tax treatment between the IRS and the taxing authorities of CNMI. The tax coordination agreements contain provisions allowing the competent authorities of the U.S. and the relevant territory to resolve, by mutual agreement, inconsistent tax treatment by the two jurisdictions. See Pub 570, *Tax Guide for Individuals with Income from U.S. Possessions*.

5.19.19.3.3.4 (09-03-2014)

Guam

1. Guam has its own tax system based on the same tax laws and tax rates that apply in the U.S. Bona fide residents of Guam are subject to special U.S. tax rules. In general, all individuals with income from Guam will file only one return, either to Guam or the U.S.
2. If a taxpayer is a bona fide resident of Guam during the entire tax year, they file their income tax return with Guam. This applies to all bona fide residents who are citizens, resident aliens, or nonresident aliens of the U.S.
3. If a taxpayer properly files their return and fully pays their income tax to Guam, then they are not liable for filing an income tax return with, or paying tax to the U.S. on their income, other than self employment tax.
4. If a taxpayer has income from sources within Guam and is a U.S. citizen or resident alien, and not a bona fide resident of Guam during the entire tax year:
 - They must file their income tax return with the U.S.
 - They must include income from worldwide sources on their U.S. return.
 - They are not liable for filing an income tax return with, or paying tax to, Guam for the tax year.
5. If the taxpayer is a nonresident alien of the U.S., who does not qualify as a bona fide resident of Guam for the entire tax year, they must file the following returns:
 - A Guam tax return reporting only their income from sources within Guam.

- A U.S. Form 1040NR reporting U.S. source income according to the rules for a nonresident alien.
- The taxpayer may also be required to attach Form 5074, *Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands*, to the income tax return filed with the United States.

5.19.19.3.3.5 (09-03-2014)

Commonwealth of Puerto Rico

1. Puerto Rico is a self-governing commonwealth in association with the United States. The major difference between Puerto Rico and the 50 states is that a bona fide resident of Puerto Rico is exempt from U.S. income tax on Puerto Rico source income.
2. Puerto Rico's tax system is patterned after the U.S. tax system with the exception of differences to their tax rates and laws. See IRM 21.8.1.5, *Puerto Rico*. For additional guidance refer to Publication 570, *Tax Guide for Individuals With Income From U.S. Possessions*.
3. U.S. citizens who are also bona fide residents of Puerto Rico for the entire tax year generally must include income from worldwide sources on their Puerto Rico return.
4. U.S. citizens who are also bona fide residents of Puerto Rico who receive wages paid by the U.S. government for working in Puerto Rico are subject to Puerto Rico tax and U.S. tax. These individuals are required to file both Puerto Rico and U.S. tax returns. However, since wages paid by the U.S. government for working in Puerto Rico are considered Puerto Rico sourced, these individuals will be able to claim a foreign tax credit on their U.S. tax return for income taxes paid to Puerto Rico.
5. Puerto Rican citizens and residents with income from a trade or business from sources within Puerto Rico who do not file Form 1040, must file Form 1040PR to report their self-employment (SE) income and pay self-employment tax, if applicable. Form 1040PR is filed to:
 - Report self-employment earnings and pay SE taxes
 - Pay household employment taxes
 - Claim excess Social Security tax withheld
 - Pay any employee Social Security and Medicare tax on tips or group term life insurance
 - Claim the Additional Child Tax Credit (ACTC)
6. Taxpayers who need to pay household employment taxes need to file Form 1040, Schedule H, *Household Employment Taxes*, or Schedule H (PR), *Household Employment Tax (Puerto Rican Version)*.
7. U.S. government employees in Puerto Rico are allowed to claim the Child Tax Credit (CTC) and the Additional Child Tax Credit on their U.S. income tax return.
8. Non U.S. government employees are able to claim the Additional Child Tax Credit only.
9. IRC § 933 allows individuals who are bona fide residents of Puerto Rico for an entire tax year to exclude their Puerto Rico sourced income (except wages paid by the U.S. government for working in Puerto Rico) from their U.S. tax return.
10. IRC § 933 allows the same exclusion to those individuals who have been bona fide residents of Puerto Rico for at least two years and later change their residence from Puerto Rico during a tax year.
11. Under IRC § 933, income received from Puerto Rico sources during residency in Puerto Rico is exempt from U.S. tax. However, income received for services performed in Puerto Rico as an employee of the U.S. government is not exempt from U.S. tax.
12. Individuals who are bona fide residents of Puerto Rico for an entire tax year and only have Puerto Rico sourced income are not required to file a tax return in the U.S.
13. Individuals who are bona fide residents of Puerto Rico during the entire tax year, but a nonresident alien of the U.S. must file the following returns:
 - Puerto Rico tax return reporting worldwide sources. If the individual has U.S. sourced income on the Puerto Rico tax return they can claim credit against the Puerto Rico tax, up to the allowable amount for taxes paid.
 - A U.S. tax return reporting income from worldwide sources, but excluding Puerto Rico source income other than amounts for services performed as an employee of the U.S. or any of its agencies.
14. There is no amended return for a Form 1040PR return. If the taxpayer needs to amend Form 1040PR, they can do so by sending in a corrected Form 1040PR with a notation across the top "CORRECTION" .
15. Non U.S. government employees are able to claim ACTC only. The ACTC is a refundable credit, claimed on Form 8812, *Additional Child Tax Credit*.
16. The CTC is a credit against tax and claimed on Form 1040/1040A.
17. EITC may not be claimed by a taxpayer whose main home, and the home of the qualifying child, is in a territory.
18. Territorial residents may **not** use Form 2555/2555 EZ to claim a foreign income exclusion of territorial income.
19. For BMF international taxpayers: Employers in the territories pay their Social Security tax and Medicare tax to the U.S. government using Form 941PR or Form 944 PR. See IRM 21.8.1.5.4, *Self-Employment Tax - Puerto Rico*.

5.19.19.3.3.6 (09-03-2014)

U.S. Virgin Islands (USVI)

1. The U.S. Virgin Islands (USVI) has its own separate and independent tax system based partly on the same laws and tax rates that apply to the United States and partly on local taxes imposed by the USVI government.
2. IRC § 932(c) allows a U.S. citizen who has been a bona fide resident of the Virgin Islands for the entire year to file an annual tax return and pay the entire tax liability to the Virgin Islands.
3. Taxpayers who are not citizens or residents of USVI during the entire year, and have income from sources in the Virgin Islands or income effectively connected with the conduct of a trade or business in the Virgin Islands are required to file identical returns in both the U.S. and the Virgin Islands. Taxpayers must complete Form 8689 to determine the amount of tax payable to the Virgin Islands when it is determined they need to file both returns.
4. If the taxpayer is self employed, they are subject to SE tax, whether they file Form 1040 or not. If the taxpayer is not required to file U.S. Form 1040, they must file Form 1040-SS. The 1040-SS mirrors a combination of the Form 1040 Schedules C, F, SE and Form 8812. Citizens and residents of the U.S. Virgin Islands do not pay income tax to the U.S. on earned income while they are in the U.S. They must file the self-employment tax with the IRS.
5. In addition, USVI taxpayers are not entitled to the Additional Child Tax Credit (ACTC).
6. Individual taxpayers may claim estimated tax payments or credit elect on the return they are required to file, regardless of the jurisdiction (U.S. or Virgin Islands) in which the return was filed. See IRM 5.19.19.3.3.6.3, *U.S. Virgin Island Cover Over*, for additional information on "cover over" .

5.19.19.3.3.6.1 (09-03-2014)

U.S. Virgin Islands Bona Fide Residents With Self-Employment Income

1. Generally, under IRC §§ 1401 and 1402, U.S. citizens and resident aliens who are bona fide residents of the USVI must pay self-employment tax on their net earnings from self-employment of \$400 or more, regardless of where the income is earned.
2. Bona fide residents of the USVI who do not file a U.S. Form 1040 must file Form 1040-SS, U.S. Self Employment Tax Return, with the United States to report their self-employment income to the IRS. Form 1040-SS resembles a combination of Form 1040 Schedules C, F, SE and Form 8812. It also has the provision in Part I, line 4 to enter the total tax from Schedule H. Form 1040-SS is now used for more than just reporting self-employment income and paying SE tax.
3. Bona fide residents of the USVI do not generally pay income tax to the U.S. on income earned while in USVI. Their income tax return is filed with the government of the U.S. Virgin Islands, while their SE tax must be reported to the IRS.

5.19.19.3.3.6.2 (09-03-2014)

Taxpayers Who Are Not Bona Fide Residents of the USVI

1. U.S. citizens who derive income from USVI sources and are not bona fide residents of USVI will have to file identical tax returns with both the U.S. and USVI if:
 - They have income from sources in USVI or,
 - They have income effectively connected with the conduct of a trade of business in USVI.
2. The original tax return is filed with the U.S. and a copy of the U.S. return, including all attachments, forms and schedules, is filed with USVI Bureau of Internal Revenue by the due date for filing Form 1040.
3. If there is a joint return and one spouse is a bona fide resident of USVI and the other spouse is not, the taxpayers should file the return in the jurisdiction of the spouse who had the highest adjusted gross income for the tax year.
4. The British Virgin Islands fall within the jurisdiction of the United Kingdom and are in no way connected with the U.S. or its political subdivision or territories. Any returns or inquiries received with addresses from these islands should be handled as an international case.

Note:

IRC § 937 establishes new criteria for determining the residency of an individual in a U.S. territory. It also establishes new criteria for determining whether income is sourced in a U.S. territory. See IRM 21.8.2.3.2, *Residence and Source Rules Concerning U.S. Territories*, for additional information.

5. Taxpayers must submit Form 8689, *Allocation of Individual Income Tax to the U.S. Virgin Islands*. Using the form prevents the allocation amount from being more than the amount of payments/credits paid to USVI. The credit for taxes paid to USVI is nonrefundable.

5.19.19.3.3.6.3 (09-03-2014)

U.S. Virgin Islands Cover Over

1. Under IRC § 932 (c)(2), a bona fide resident of the U.S. Virgin Islands is generally required to report worldwide income to the U.S. Virgin Islands. A bona fide resident of USVI, who reports and pays tax on his worldwide income to the U.S. Virgin Islands is not required to file a return with the IRS.
2. A bona fide resident of the U.S. Virgin Islands who has income tax withheld by the U.S. can file a USVI tax return and can claim credit on that return for the tax withheld and paid to the IRS. The amount of U.S. withholding that the U.S. Virgin Islands has allowed their taxpayers to use as a credit is paid over to USVI through the "cover over" process. For additional information regarding "cover over", see IRM 21.8.1.6.4, *U.S. Virgin Islands Cover Over Processing - Phase One*, and following subsections.

Note:

The transfer of credits to satisfy the U.S. Virgin Islands tax liability is permissible even when the U.S. refund statute has expired. A "cover over" of U.S. withholding is not a refund.

3. Taxpayers who are **not** bona fide residents of the USVI are allowed on their U.S. income tax return a credit elect or estimated tax credit for taxes withheld by U.S. Virgin Islands. The procedure relating to the government-to-government cover over of those taxes is contained in IRM 21.8.1.6.4, *U.S. Virgin Islands Cover Over Processing - Phase One*.
4. Taxpayers who are bona fide residents of the USVI are allowed on their USVI income tax return a credit elect or estimated tax credit for taxes withheld by the United States. The procedure relating to the government-to-government cover of those taxes is contained in IRM 21.8.1.6.4, *U.S. Virgin Islands Cover Over Processing - Phase One*.

5.19.19.3.3.7 (09-03-2014)

Tax Treaties

1. The U.S. Congress has ratified many income tax treaties with foreign countries. These treaties may reduce or exempt U.S. source income from taxation for the nonresident alien who is a citizen of the treaty country. Most income tax treaties provide at least a partial exemption from tax for compensation for personal services, both independent and dependent, performed in the U.S. by a qualifying individual. Refer to Publication 901, *U.S. Tax Treaties*.
2. The primary purposes of the tax treaties between the U.S. and another country is to avoid international double taxation and prevent tax avoidance and evasion.
3. Treaties define:
 - The type of income covered
 - Who has the primary right to tax
 - Under what circumstances taxation can occur

5.19.19.3.3.8 (09-03-2014)

Foreign Earned Income Exclusion

1. All U.S. citizens and resident aliens living in foreign countries are subject to the same U.S. tax laws as persons living in the U.S. These taxpayers may elect to exclude some or all of their income earned in the foreign country if they meet the qualifications. Listed below are five important facts:
 - A. The Foreign Earned Income Exclusion: Citizens and resident aliens who live and work abroad may be able to exclude all or part of their foreign salary or wages from their income when filing their U.S. federal tax return. They may also qualify to exclude certain foreign housing costs.
 - B. General Rules: To qualify for the foreign earned income exclusion, a U.S. citizen or resident alien must have a tax home in a foreign country and income received for working in a foreign country, otherwise known as foreign earned income. The taxpayer must also meet one of two tests: the bona fide residence test or the physical presence test.
 - C. The Exclusion Amount: The foreign earned income exclusion is adjusted annually for inflation. Refer to Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*, for the maximum exclusion per qualifying person.

D. Claiming the Exclusion: The foreign earned income exclusion and the foreign housing exclusion or deductions are claimed using Form 2555, *Foreign Earned Income*, which should be attached to the taxpayer's Form 1040. A shorter Form 2555-EZ, *Foreign Earned Income Exclusion*, is available to certain taxpayers claiming only the foreign income exclusion.

E. Taking Other Credits or Deductions: Once the foreign earned income exclusion is chosen, a foreign tax credit or deduction for taxes cannot be claimed on the excluded income. If a foreign tax credit or tax deduction is taken on any of the excluded income, the foreign earned income exclusion will be considered revoked.

In the case of a joint return, each qualifying spouse may elect to exclude some or all of their foreign earned income. Each spouse must file a separate Form 2555 or Form 2555-EZ.

2. Refer to the instructions of Form 2555 for the amount of foreign income that may be excluded for the given tax year.
3. Taxpayers who paid or accrued foreign taxes to a foreign country on foreign source income, and are subject to U.S. tax on the same income may be able to take either a credit or an itemized deduction for those taxes. If taken as a deduction, foreign income taxes reduce U.S. taxable income; if taken as a credit, foreign income taxes reduces the tax liability.
4. In some instances nonresident aliens may also claim a credit for income tax paid to a foreign country on foreign source income that is effectively connected with a trade or business in the U.S., using Form 1116 and Form 1040NR.
5. U.S. citizens or resident aliens avoid double taxation by electing, under IRC § 901(a) to claim the foreign tax credits using Form 1116.
6. IRC § 164 (A)(3) allows a U.S. citizen or resident alien who itemizes to claim a deduction on Schedule A for foreign income taxes paid or accrued instead of taking the foreign tax credit.
7. Taxpayers excluding income from sources within certain territories of the U.S. may not take the foreign tax credit on Form 1116. If a taxpayer is a bona fide resident of American Samoa and excludes income from sources in American Samoa, Guam or CNMI, he/she cannot take a credit for the taxes paid or accrued on the excluded income. Refer to Publication 514, *Foreign Tax Credit for Individuals*.

5.19.19.3.3.9 (09-03-2014) **Self-Employment Tax**

1. Generally, under IRC §§ 1401 and 1402, U.S. citizens and resident aliens, including those living abroad, must pay self-employment tax on their net earnings from self-employment of \$400 or more. Residents of the territories who are not U.S. citizens are also subject to self-employment tax.
2. The U.S. has social security agreements ("Totalization Agreements") with many countries to eliminate taxes due under two social security systems. Under IRC § 1401(c) self-employment income is exempt from self-employment tax by operation of a Totalization Agreement if such self-employment income is subject to the social security system of a foreign country. Under a Totalization Agreement, a worker generally pays social security and Medicare taxes only to the country in which he or she is working.
 - To be exempt from self-employment tax, a self-employed taxpayer working in a country with which the U.S. has a Totalization Agreement must attach a "Certificate of Coverage" to their U.S. income tax return verifying that his or her income is subject to social security and Medicare coverage in a foreign county. A Certificate of Coverage shows that the U.S. has a Totalization Agreement in effect with the specific country where the taxpayer is working. If a taxpayer is unable to get such a statement from the foreign country, the taxpayer may submit a statement issued by the U.S. Social Security Administration stating that the taxpayer's wages are not covered by the U.S. Social Security system.
 - When a U.S. employer sends a U.S. citizen or resident employee to work in a foreign country for less than five years, the employee typically remains covered by the U.S. Social Security system.
3. U.S. citizens and residents of Puerto Rico working in the U.S. or in a U.S. territory as employees of a foreign government, an instrumentality wholly owned by a foreign government, or an international organization, are also subject to self-employment tax on their compensation. However, if the taxpayer also worked outside of the U.S. and the territories as an employee of a foreign government, an instrumentality of such government, or an international organization, only the portion of the income earned in the U.S. (or in the territories) is subject to self-employment tax.
4. Ministers and members of religious orders who have not taken a vow of poverty are also subject to self-employment tax on the income they earn for ministerial services, unless the Service grants an exemption or the taxpayer is subject to the social security laws of a foreign country under a Totalization Agreement.

5.19.19.3.3.9.1 (09-03-2014) **IMF International Individual Tax Returns**

1. An international return is one consisting of Forms 1040, 1040A or 1040EZ with one or more of the following forms attached:
 - Form 1116, *Foreign Tax Credit*, (individual, estate or trust), and/or nonresident alien individual, nonresident alien trust, nonresident alien estate.

Note:

Reassign all claims for the foreign tax credit to IMF International. Send through the Correspondence Imaging System (CIS) via IMF International, or mail to:
2970 Market Street
1 D08.113
Philadelphia, PA 19104

- Form 2555, *Foreign Earned Income*, and Form 2555-EZ, *Foreign Earned Income Exclusion*
 - Form 4563, *Exclusion of Income for Bona Fide Residents of American Samoa*
 - Form 5074, *Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands (CNMI)*
 - Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests*
 - Form 8689-A, *Allocation of Individual Income Tax to the Virgin Islands*
 - Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*
 - Form 8833, *Treaty-Based Return Position Disclosure Under Section 114 or 7701(b)*
 - Form 8840, *Closer Connection Exception Statement for Aliens*
 - Form 8843, *Statement for Exempt Individuals and Individuals with a Medical Condition*
2. Form 1040, 1040A, or 1040EZ with a foreign address
 3. Form 1040C, *U.S. Departing Alien Income Tax Return*
 4. Form 1040NR, *U.S. Nonresident Alien Income Tax Return*
 5. Form 1040NR-EZ, *U.S. Income Tax Return for Certain Nonresident Aliens with No Dependents*

6. Form 1040PR, U.S. Self Employment Tax Return – Puerto Rico, (PSC ONLY)

7. Form 1040SS, U.S. Self Employment Tax Return

5.19.19.3.4 (09-03-2014)

BMF/NMF International Tax Returns

1. Employers in the U.S. territories are required to withhold Social Security and Medicare taxes from their wage earning employees.
2. Employers in the U.S. territories are also required to make Federal Tax Deposits (FTD); refer to Document 6209 § 10 for the FTD requirements.
3. See table below for BMF returns:

BMF Corporate Income Tax Returns	BMF Int'l Employment Tax Returns	BMF Foreign Withholding Tax Returns	BMF Foreign Estate Tax Returns	Foreign Trust and Estate Tax Returns	BMF Foreign Exempt Org Returns	BMF Foreign Information Statements
Forms 1120 and 1120-C with Form 1118, <i>Foreign Tax Credit - Corporations</i>	Form 940 – PR	Form 1042	Foreign and Possession Form 706	Form 1040NR (Fiduciary)	Foreign and Possession Form 990	Form 8805
Form 1120-F	Form 941PR / SS	Form 8804	Form 706-NA	Form 3520	Form 990-PF and Form 990-T with Form 1118	Form 8813
Form 1120-FSC and Form 8279 (FSC election)	Form 944PR / SS	Form 8288		Form 3520-A	Form 5712 and Form 5712-A	
	Form 943PR				Form 5735	
					Schedule P	

5.19.19.3.4.1 (09-03-2014)

Form 1042 and Form W-8 Series Withholding

1. To identify the types of income subject to withholding at the source, who is responsible for withholding the tax and at the correct tax rate, refer to the following:
 - Pub 515, *Withholding of Taxes on Nonresident Aliens and Foreign Entities*
 - Pub 901, *U.S. Tax Treaties*

5.19.19.3.4.2 (09-03-2014)

Other BMF Returns

1. Corporate Tax Returns - every foreign corporation must file Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, or Form 1120-FSC, *U.S. Income Tax Return of a Foreign Sales Corporation*, if the corporation:
 - Engaged in a trade or business in the U.S. at any time during the taxable year.
 - Had income from U.S. sources that is not effectively connected with the conduct of a trade or business within the U.S.
 - Had income that is effectively connected with the conduct of a trade or business within the U.S.
 - Overpaid U.S. income tax and is requesting a refund.
2. Form 1065, *U.S. Return of Partnership Income*, is information only. There is no tax reported on this form. Income, losses, expenses, and operation of a partnership are reported on this form.
3. Form 3520, *Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts*, is filed by a U.S. person on trust activities and operations to report certain activities, operations or transactions with foreign trusts such as:
 - The creation of a foreign trust by the U.S. person.
 - A transfer of any money or property to a foreign trust by a U.S. person.
 - Reporting the death of a U.S. person if they were treated as an owner of a foreign trust, and reporting any portion of a foreign trust that was included in the decedent's estate.
 - A distribution from a foreign trust received by the U.S. person.
 - The transfer of property by a U.S. person, directly or indirectly, to a foreign trust whether or not the trust has one or more U.S. beneficiaries.

5.19.19.4 (09-03-2014)

Case Processing

1. This section provides information on processing ACS cases.
2. The Service is only able to collect from taxpayers residing in foreign countries to the extent provided for in tax treaties. See IRM 5.19.19.4.2, *Other International Programs/Sources Available*, which contains information on Mutual Collection Assistance Requests (MCAR).
3. Do complete research and work case to completion addressing and closing all issues at the same time.
4. Completing locator research on international cases requires you to be more creative in order to locate the taxpayer and/or their assets. You are still required to conduct all required research, such as CC IRPTR, RTVUE, TRDBV and AMDIS, but you should not limit your research to CFOL and Accurint. All research must be completed simultaneously when completing research, to avoid delay of possible contact. Each case is different and the required research is based on the specific issues of the case.
5. Disclosure of Locator Service's Information:

Note:

All information collected by the IRS with regard to collecting a tax liability is protected by IRC § 6103; and disclosure must meet IRC § 6103 standards.

- A. Ensure any disclosure you make of taxpayer return information conforms to IRC § 6103(k)(6) (e.g., name, address and Taxpayer Identification Number to a credit reporting agency to obtain a full credit report).
- B. Analyze each such disclosure on a case by case basis to ensure the disclosure is necessary to obtain the desired information (e.g., a report from the National Asset Locator Tool or a credit report), as follows:

- Is the specific return information disclosed limited to the minimum information necessary to obtain the report?
- Is the return information from our balance due or lien files?
- Is the information in the desired report not otherwise reasonably available from other sources?

C. Before initiating any third party contact, ensure that the taxpayer and authorized representative have been notified in writing at least 17 days earlier that such contacts may be made (unless verbal authorization has been obtained and documented). See IRM 5.19.5.9, *Notification of Third Party Contact*.

5.19.19.4.1 (09-03-2014)

Locator Sources

1. This section will be beneficial to the campus compliance employees when attempting to contact or locate the taxpayer and/or third parties, etc. This section will also provide the employees with locator services available to use when working international accounts.
2. This section describes the various sources available to campus collection employees to facilitate locating international taxpayers and their assets and also provides procedures to help protect taxpayer privacy when using these sources. As with a domestic account, you should always attempt resolution using internal sources available to you. Refer to IRM 5.19.5.6.2, *Attempts to Locate Taxpayer-Overview*.
3. If there are usable levy sources, issue an LT11 if the PRI FNL NOT field is blank, otherwise issue levy per IRM 5.19.5.5.6, *Initial Levy Action*. In addition, if there is more than one levy source, issue LP61 and LP62 to all other sources. **Do not issue LP61 and LP62 to sources on which ACS cannot issue a levy.** You must perfect any invalid levy addresses prior to issuing the levy, unless the address is outside of the U.S.
4. If there are no usable levy sources, but an unused phone number, you must make the outgoing call, if the time zone warrants. If not, send case to Contact. If contact is made, follow IRM 5.19.1, *Balance Due*, for BalDues and IRM 5.19.2, *Return Delinquency*, for DelRets.
5. In addition to the internal locator services, such as CFOL, IDRS, and the use of third party letters (only within the US), there are external sources that can be used. Some of these sources may be required depending on specific case issues.
6. If the international account has a domestic address, use <http://www.411.com/>; if the account has a foreign address, use <http://www.numberway.com>.
7. Use of asset and locator services research (Accurint) is required to verify real property ownership for IA or CNC (unable to locate (UTL), unable to contact (UTC) and hardship) closures.
 - A. This research tool is also required to locate taxpayers and conduct neighbor checks on CNC UTL/UTC closures.
 - B. Check and verify real property ownership on these cases for possible transfer to the field (TFRO).
 - C. At a minimum, use the available service for efficient asset and locator services searches.
 - D. Perform all searches by social security number (SSN), when available. For best results; a unique name search can be utilized if no data is found via an SSN search.
 - E. After you conduct appropriate research and taxpayer ownership remains unclear, perform a property search by address; note other possible addresses, potential for property owned in other states, etc. in the case analysis. Perform property deed and property assessment searches.
 - F. When researching use File Reference *Int!*.
8. One of the most powerful tools for gathering information about an individual or business is the internet. The information found on the internet can assist IRS employees in locating taxpayers and their assets. The decision regarding whether or not you should use the internet to locate taxpayers and their assets must be based on the particular aspects of the case, just as you would make any other decision to use any other collection tool. You can use the internet/intranet to help you locate the taxpayer or their assets.

5.19.19.4.2 (09-03-2014)

Other International Programs/Sources Available

1. Mutual Collection Assistance Requests (MCAR) - The U.S. has entered into a number of bilateral tax treaties that contain broad provisions for assistance in collection. We currently have five mutual collection income tax treaty partners:
 - Canada
 - Denmark
 - France
 - The Netherlands
 - Sweden

Note:

The MCAR program is worked by field revenue officers in international groups, however, there may be times when a call may be received inquiring about the program. If a call is received contact the MCAR coordinators immediately. The list of MCAR coordinators can be found at the following website <http://mysbse.web.irs.gov/Collection/international/mcar/default.aspx>.

2. Campus Compliance does not have the authority to initiate an outgoing MCAR, however, both international and domestic revenue officers who are trying to reach income or assets located in MCAR treaty partner countries can generate outgoing MCAR requests.
3. Transfers should be made on a case by case basis taking into consideration case specifics such as; type of taxes owed, type of business, and size of liability.
4. Central Withholding Agreements - The Central Withholding Agreement (CWA) program is a pre-filing program for nonresident alien athletes and entertainers performing independent personal services in the U.S. who wish to enter into a withholding agreement. The purpose of the program is to foster compliance and give the nonresident alien athletes and entertainers the opportunity to more accurately project their anticipated tax liability by entering into a CWA.
5. The Treasury Enforcement Communications System (TECS) is a database maintained by the Department of Homeland Security that is used extensively by the law enforcement community. It contains information about individuals and businesses suspected of, or involved in, violations of federal law. TECS can provide useful information about taxpayers so employees can attempt taxpayer contact or locate asset information.
6. Revenue officers can request that taxpayers with delinquent balances be entered into TECS, and the Service will then receive information when those taxpayers travel into the U.S. for business, employment, or personal reasons. Employees must help maintain the TECS database by requesting that appropriate taxpayers be entered into TECS or be deleted from TECS.

Note:

It is important for each employee to understand the benefits the Service derives from TECS because such understanding should ensure that each employee will do his/her part in maintaining TECS.

Caution:

See IRM 5.1.18.14.2 for an important request from the Department of Homeland Security regarding TECS.

7. The taxpayers in TECS are primarily international taxpayers because the cases usually concern persons who reside abroad. However, domestic taxpayers may also be entered into TECS.
8. Again, as with the above mentioned programs, before sending an account to the queue consider specifics of the case, or seek guidance from the international TECS Coordinator as to whether the account should be placed on TECS. For addition information on TECS, access the TECS page of the SBSE website at <http://mysbse.web.irs.gov/Collection/international/tecs/default.aspx> and IRM 5.1.18.14, *Treasury Enforcement Communications System*.

5.19.19.4.3 (09-03-2014)

International Account Time Frames

1. Consideration must be given to taxpayers who live abroad. This section provides guidance on time frames for international taxpayers.
2. Based on their location, additional time must be allowed for mailing and processing payments, returns and correspondence.
3. Allow 60 day for all LT/OL or LP letters issued to the taxpayer(s) or third parties, **if the account has an international address**.

Note:

If the taxpayer resides in Puerto Rico, check the box in the letter field for a Spanish letter to be issued.

4. An additional 10 days beyond the deadline must be given for all callbacks.
5. Based on the location of the taxpayer, allow up to 25 days for mailing and processing.
6. If the taxpayer promises to mail documents, provide twelve days beyond the established deadline if the taxpayer is now residing within the U.S.; if they reside abroad (foreign address), provide 45 days beyond the deadline.
7. If a scheduled follow up date expires, correspondence or a telephone call is received, review the case at each event and take all appropriate actions to ensure the case is processed in a timely manner.

5.19.19.4.4 (09-03-2014)

Levy Action on International Accounts

1. This section contains information on issuing Notices of Levy on international accounts for ACS.
2. IRC § 6331 authorizes levies to collect delinquent tax. Unless specifically exempt, any taxpayer property or rights to property can be levied. However, the IRS may generally only levy when the following requirements are met:
 - The IRS assessed the tax and sent the taxpayer a notice and demand for payment.
 - The taxpayer has neglected or refused to pay the tax within 10 days after notice and demand.
 - The IRS sent the taxpayer a Final Notice of Intent to Levy and Notice of Your Right to a Hearing at least 30 days before the levy.
 - No Collection Due Process (CDP) request is filed in response to the Final Notice of Intent to Levy and Notice of Your Right to a Hearing, or
 - A CDP hearing is conducted sustaining the proposed levy.
3. See IRM 5.19.4.2, *What Are Levies and Liens?*, for an explanation of levies and liens.
4. See IRM 5.19.4.3.1, *Pre-Levy Requirements - Processing*, for requirements to consider before issuing a levy.
5. **Do not issue levies** to foreign governments, United Nations employees, or companies/banks with addresses outside the U.S. **It does not matter where the taxpayer resides, but where the levy source is located.** Also, never send levies to another country's embassies, consulates, or missions, even if they are within U.S. borders.

Note:

There are instances where funds held offshore can be reached by a levy if the bank has a branch in the U.S. or a territory of the United States. Refer to IRM 5.21.3.2, *Levy on a Domestic Branch of a Financial Institution*.

Example:

The taxpayer has an account at ABC Bank & Trust located in Japan. ABC Bank & Trust is a U.S. based financial institution; a levy can be issued to the bank.

6. In addition to (2) above, see IRM 5.19.4.3.7, *Choosing a Levy Source*.
7. Ensure there is a levy source available for ACS to send; see IRM 5.19.4.3.7. If there is no levy source available, do not issue LT11.
8. Check Information Returns Program (IRP) for a possible viable levy source. Determine if the taxpayer is employed or has an open account. If a levy source is found that is viable then add it on IDRS/ACS and issue the levy. Document AMS of actions taken and results.
9. If the taxpayer is in the military and there is no Combat Zone freeze on the account, then issue a levy. Make sure the levy is sent to the correct address based on the taxpayer's status and branch of service.
10. See IRM 5.19.4.3.4, *Levy Determination*.
11. You must verify all levy source information and confirm each levy source on ACS when the confirmed indicator is N or when the confirmed indicator is Y and the confirmed cycle field "CONF CYC" has not been updated in the last 13 cycles. Delete levy sources that are no longer valid or are duplicates. (See IRM 5.19.4.4.8(1) and (2), *Next Action After Levy Response*, for procedures and levy deletion codes.)
12. Once you have determined enforcement action is appropriate, see IRM 5.19.4.3.12, *Issuing Levies*.

5.19.19.4.5 (09-03-2014)

Lien Filing on International Accounts

1. This section provides guidance when filing federal tax liens on international or U.S. territorial accounts.

2. The federal tax lien arises when the Service meets the requirements - makes assessment and gives a notice and demand for payment, and the taxpayer has neglected or refused to pay the tax within 10 days after notice and demand.
3. The purpose of filing the Notice of Federal tax Lien (NFTL) is to protect the government's right of priority against certain third parties, typically a purchaser, holder of a security interest, mechanic's lien holder or judgment lien creditor.
4. If the NFTL will not be filed, document the reason for not filing on AMS, such as:
 - Procedural reasons, i.e. no pre-lien (CP504 or LT11) notice has been issued or taxpayer filed bankruptcy.
 - Transferring the account to the field due to an associated case.

Note:

If no pre-lien notice was sent, issue the ACS Letter 39. If on the phone with the taxpayer/power of attorney, inform them the letter will be issued and the NFTL will be filed 60 days after the issuance of letter.

5. See below table for when a federal tax lien should be filed or not:

A lien should be filed when:	A lien should <u>not</u> be filed when:
An IA is being established.	There is substantiated doubt of liability.
The taxpayer has broken promises.	The taxpayer provided verification of a loan in process. Note: For both loans and pending adjustments, provide a clear deadline by which the taxpayer must respond with proof the account will be paid in full; explain a lien will be filed after the date if no response is received.
The case is being closed with anything other than: Full payment, Full Abatement, Litigation. EXAMPLE: CNC.	It is verified the taxpayer is in bankruptcy or other litigation.
	Full Pay request of 60 days or less has been agreed to.

6. The NFTL cannot be filed against property located outside the U.S. and U.S. territories.
7. On international cases the liens must be filed at :

LOCATION	REAL PROPERTY	PERSONAL PROPERTY
District of Columbia	Office of the Recorder of Deeds of District of Columbia	Office of the Recorder of Deeds of the District of Columbia

8. If the taxpayer owns property within the U.S. and the location is known, then a second lien can be filed in that location.

5.19.19.5 (09-03-2014)

Recalculation of the Collection Statute Expiration Date (CSED)

1. IRC § 6503(c) suspends the statutory period for an assessed tax for taxpayers residing outside of the U.S. and territories. It provides a *suspension* of the collection of an assessment during the period the taxpayer is outside of the U.S. for a continuous period of at least six months. The taxpayer will be deemed to be absent from the United States for purposes of this section if he is generally and substantially absent from the United States, even though he makes casual temporary visits during the period. See Treas. Reg § 301.6503(c)-1(b).
2. If a situation arises and there is a need to extend the CSED, complete Form 8620, *Statute Recalculation: IRC 6503(c)*, and forward to the Collection Case Processing Unit.
3. Since IRC § 6503(b) automatically suspends the statute, taxpayer signature is not needed on Form 8620.
4. Complete Form 8620 to correct the CSED within the guidelines set under IRM 5.1.19.3.7 , *Taxpayer Living Outside the U.S.*, when working international accounts (not territorial ones), and the CSED is about to expire.

5.19.19.5.1 (09-03-2014)

IRS Individual Taxpayer Identification Number (ITIN)

1. For taxpayers who do not qualify for a SSN, but need to file a tax return, IRC § 6109 allows for the creation of Individual Taxpayer Identification Numbers (ITIN). This section provides guidelines on how the ITIN is used and how to apply for an ITIN.
2. ITINs are used for tax purposes only, and are not intended to serve any other purpose.
3. ITINs are issued to help individuals comply with the U.S. tax laws and to provide a means to process accounts, tax returns and payments for those that are not eligible for an SSN.
4. Issuance of an ITIN does not entitle the recipient to social security benefits, and it does not change their immigration status or their right to work in the U.S.
5. The ITIN is not valid for identification purposes outside the U.S. tax system.
6. To obtain an ITIN, an individual must complete Form W-7, *Application for IRS Individual Taxpayer Identification Number*.

Note:

All ITIN applications must have an original valid U.S. federal income tax return attached including any supporting documentation.

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 21. Campus Procedures for Handling Identity Theft

5.19.21 Campus Procedures for Handling Identity Theft

- 5.19.21.1 [Identity Theft - Overview](#)

Manual Transmittal

November 25, 2014

Purpose

(1) This transmits new IRM 5.19.21, Liability Collection, Campus Procedures for Handling Identity Theft

Background

This revision of IRM 5.19.21 incorporates content formerly published in IRM 5.19.1.9 involving Identity Theft for Campus employees.

Material Changes

- (1) This new IRM section contains instructions for Identity Theft previously located in IRM 5.19.1.9.
- (2) No changes were made to the content as it existed in IRM 5.19.1.9, other than to:
 - A. Revise the title of section for easier identification.
 - B. Update all links.
 - C. Incorporate IPUs.

Effect on Other Documents

IRM 5.19.1.9, dated October 18, 2013, is superseded.

Audience

Self-Employed (SB/SE) and Wage and Investment (W&I) Compliance, W&I Accounts Management (AM) and Field Assistance employees, who process Balance Due responses.

Effective Date

(11-25-2014)

Rocco A. Steco
Acting Director, Collection Policy
Enterprise Collection Strategy
Small Business/Self Employed

5.19.21.1 (11-25-2014) Identity Theft - Overview

1. Identity (ID) Theft occurs when someone uses another individual's personal information, such as their name, SSN, or other identifying information, without their permission to commit fraud or other crimes. ID Theft situations are encountered when taxpayers call and indicate someone is using their SSN or EIN.
2. The procedures in this subsection apply to Collection cases where the victim of ID Theft contacts the IRS for assistance, in most cases because of an assessment.

Example:

AUR, ASFR, SFR, or Examination assessment.

3. The Identity Protection Program developed ID Theft indicator codes to mark and track ID Theft incidents. Each indicator is input as a TC 971 with Action Code (AC 5XX) and displayed on IDRS CC ENMOD of the affected taxpayer's account. See IRM 10.5.3.2.5, *Identity Theft Tracking Indicators*, for specific descriptions of these indicator codes.
4. IAT tools simplify processing by assisting the user with IDRS research and input. The tools also reduce the chance of errors and improve productivity. When an action must be taken and an IAT tool is available, Campus Compliance employees with access to IAT tools are required to complete the action using the IAT tool. See IRM 5.19.1.1.7, *Mandated IAT Tools*, for a list of mandated IAT tools.

Note:

If an IAT tool is not functioning properly or it is determined not to be appropriate due to a specific situation, the case should be worked using IDRS. For more information on each tool as well as job aid for each tool, see <http://iat.web.irs.gov/>.

5.19.21.1.1 (11-25-2014) Identity Theft - General Information

1. There are different types of forms received by either fax or incoming mail addressing ID Theft or ID Theft claims.

- Form 14027–B, *Identity Theft Case Referral*. These referrals are received from AM IPSU for monitoring account activity on a case where there is an open IDRS control base. See IRM 5.19.2.6.1, *Return Delinquency Identity Theft-Referral Tracking Process*, for procedures for handling the referral.
- Form 14103, *Identity Theft Assistance Request (ITAR)*. These referrals are worked by the area ITAR Liaison. See IRM 5.19.6.25.1, *Form 14103, Identity Theft Assistance Request (ITAR)*, for processing ITAR requests.
- Form 14039, *Identity Theft Affidavit*. These forms are received from taxpayer's in support of their identify theft claim. Follow procedures in the following sections for processing these forms.

2. When handling cases with ID Theft issues, refer to the following Issue/Response Chart:

Issue	Response
<p>The taxpayer's identity is stolen; however, they have no indication their stolen identity was used inappropriately for tax purposes,</p> <p>Example:</p> <p>They haven't received an IRS notice.</p>	<p>A. Advise the taxpayer to file a complete Form 14039, <i>Identity Theft Affidavit</i>, if the taxpayer has not already done so.</p> <p>B. Advise the taxpayer to also make a report to their local police and the three major credit bureaus:</p> <p>Experian: 1-888-397-3742</p> <p>Equifax: 1-800-525-6285</p> <p>TransUnion: 1-800-680-7289</p> <p>C. Refer the taxpayer to the Identity Protection Specialized Unit, 1–800–908–4490. See IRM 10.5.3, <i>Identity Protection Program</i>.</p> <p>Caution:</p> <p>Taxpayers should not be referred to IPSU unless they have additional questions that ACS cannot answer. IPSU will contact the taxpayer upon Form 14039, <i>Identity Theft Affidavit</i>, receipt. (See additional information in IRM 21.9.2.3.1(1)(b) Note, <i>Self Identified - Non-Tax-Related Identity Theft</i>.)</p> <p>D. For additional information, visit http://www.irs.gov and type the words "identity theft" into the search engine.</p> <p>Note:</p> <p>Credit bureau information can be found at http://www.ftc.gov</p>
<p>The taxpayer states an e-mail was received from the IRS requesting their personal identifying information,</p> <p>Example:</p> <p>SSN, EIN, financial information, etc.</p>	<p>A. Advise the taxpayer the IRS does not request sensitive information by e-mail; as a result, the taxpayer should not respond to this e-mail.</p> <p>B. Request the taxpayer forward a copy of this e-mail to IRS at phishing@irs.gov.</p> <p>C. For additional guidance, see IRM 21.1.3.23, <i>Scams (Phishing) and Fraudulent Schemes</i>.</p>
<p>Taxpayer has knowledge of another person filing a federal tax return with a stolen SSN or EIN,</p>	<p>Ask the taxpayer for additional information, such as the individual's name and stolen SSN or EIN. Refer this information to Criminal Investigation Fraud Detection Center. See Exhibit 21.3.4–20, <i>CRIMINAL INVESTIGATION FRAUD DETECTION CENTERS</i>.</p>
<p>Taxpayer requests a new SSN because their identity has been stolen,</p>	<p>Advise the taxpayer to contact SSA at 1-800-772-1213 or http://www.ssa.gov/.</p>

Note:

IRM 5.19.21.1.2, *Identity Theft Documentation*, and IRM 5.19.21.1.2.1, *Identity Theft Documentation Processing*, contain additional information on ID Theft documentation and ID Theft documentation processing. More information on ID Theft may be found in IRM 10.5, *Privacy, Information Protection and Data Security (PIPDS)*.

3. If the taxpayer calls in and indicates that a credit on his/her account does not belong to them, research to determine where the credit should be applied. If you perform thorough research but cannot determine where the credit should be applied, follow the below procedures:

If ...	Then ...
You receive authorization from the SSN owner through oral statement or correspondence that the credit does not belong to them; refer to IRM 21.5.8.1(5), <i>Credit Transfers Overview</i> ,	If the credit is less than one year old, prepare Form 2424, <i>Account Adjustment Voucher</i> , to transfer the credit to Unidentified Remittance File (URF). If the credit is more than one year old, prepare Form 8758, <i>Excess Collections File Addition</i> , to transfer credit to Excess Collection.

Note:

Payments cannot be transferred to Unidentified Remittance or Excess Collection unless a credit is available.

4. W&I Balance Due CSCO ID Theft Accounts are not worked by W&I CSCO. These cases are forwarded to Fresno ACSS for processing.

5. SB/SE CSCO accounts are worked by the CSCO ID Theft Liaison. Prior to forwarding cases to the CSCO ID Theft Liaison:

- In order to prevent any enforcement actions, input a TC 470 only.
- Prepare the Form 4442, *Inquiry Referral*, and submit to the CSCO ID Theft Liaison.

Note:

If the case is to be referred to Exam, AUR, etc., notate that on the Form 4442, *Inquiry Referral*, prior to submitting to the CSCO ID Theft Liaison.

6. The CSCO ID Theft Liaison will follow IRM 5.1.28, *Identity Theft for Collection Employees*, for processing ID Theft accounts.

7. ACSS will follow IRM 5.19.6.26, *Identity Theft*, for handling ID Theft case work.

1. When a taxpayer claims to be a **victim** of ID Theft, they must provide documentation to the Service to establish that they are an ID Theft victim. This substantiation is accomplished by requiring taxpayers submit certain documentation. This documentation is comprised of the following:

- A copy of the taxpayer's valid U.S. federal or state government-issued form of identification.

Example:

Driver's license, state identification card, social security card, passport, etc.

- Evidence of the ID Theft.

Example:

A copy of a police report or Form 14039, *Identity Theft Affidavit*.

2. Each of the above documents is **required** when requesting abatement or adjustment of tax balances associated with ID Theft and are referenced throughout this subsection.

3. Taxpayers who submit a police report rather than Form 14039, *Identity Theft Affidavit*, must also provide an explanation of how the ID Theft is affecting their tax records.

4. Taxpayers who previously submitted the above ID Theft documentation to the Service have already substantiated their ID Theft.

Note:

A TC 971 AC 501 indicates the documentation was received and adjustments made (if required). A TC 971 AC 522 indicates only that the documentation has been received.

5. To determine if the taxpayer needs to furnish ID Theft documentation, review their account and follow the chart below:

If ...	Then ...
TC 971 AC 501 with source code "INCOME", "MULTFL", "INCMUL", etc., or if only a TC 971 AC 522 (Pending Claim) is present,	The taxpayer does not need to provide new documentation. Note: Substantiation documentation is valid for an incident for a period of three years from the date it is received and processed by the IRS. If the taxpayer experiences an ID Theft incident after that time frame, the taxpayer will need to submit new substantiation documentation.
TC 971 AC 501 or AC 522 (Pending Claim) is not present; the taxpayer indicates they sent ID Theft documents previously,	Research AMS/IDRS for any indication the taxpayer's correspondence has been received, (i.e. CIS print, correspondence control on IDRS) that has not been identified as ID Theft documents. If there is no indication any documentation has been received, inform the taxpayer he/she must provide documentation in order to consider their ID Theft claim.
TC 971 AC 501 or AC 522 is not present; the taxpayer indicates they never sent ID Theft documentation	The taxpayer must provide documentation. Note: If "IRSID" is present, there would be a TC 971 AC 506 or TC 971 AC 522 "IRSID"; then no documents are required from taxpayer.

6. Do not apply the TC 971 AC 522 "PNDCLM" or "IRSID" to the SSN of a taxpayer when an ITIN taxpayer reports the misuse of the SSN. See IRM 10.5.3.2.9(1)(d), *Closing Taxpayer Initiated Identity Theft Affecting Tax Administration - TC 971 AC 501, Documentation Provided*.

Example:

In the course of performing an audit, the employee identifies an ITIN taxpayer has been working under the SSN belonging to another individual. The SSN owner is unaware of the misuse of his SSN. Do not apply the TC 971 AC 522 to the commonly used SSN.

**5.19.21.1.2.1 (11-25-2014)
Identity Theft Documentation Processing**

1. Beginning January 1, 2012, TC 971 AC 522 will also require the input of an appropriate source code and secondary date. This will enable the IRS to flag accounts at different stages of processing, from initial ID Theft claim to closure, dependent upon case specifics.
2. Once the function is made aware that the taxpayer is a possible victim of ID Theft, they will be responsible for checking to see if there is an open control. If there is, the tax examiner will contact that employee to verify they are working the ID Theft issue. If the case is being worked by the controlling area and it has no impact on your compliance case – work the case as you would normally.

Note:

Always check the Alerts section of AMS to see if there is a CIS image and open the CIS link to see if the document is for ID Theft. If so, do not ask the taxpayer to submit documentation per the instructions below. Instead, follow *IRM 5.19.21.1.2, Identity Theft Documentation*.

3. For areas other than ACS, use the following directions when processing ID Theft issues:

If ...	And ...	Then ...
The taxpayer makes an claim of ID Theft,	Has not provided: <ul style="list-style-type: none"> • A copy of the U.S. Federal or State issued form of identification (i.e. driver's license, state identification card, social security card and passport). • A copy of a police report or IRS Affidavit Form 14039, <i>Identity Theft Affidavit</i>. Note: For more information on required documentation see IRM 10.5.3.2.6, <i>Overview - Identity Theft Supporting Documentation</i> .	A. Input TC 971 AC 522 containing the miscellaneous field " PNDCLM " and input the tax year of the IDT incident into the secondary date field . B. Phone or TAC operations should verbally advise the taxpayer to submit the required documentation and provide the appropriate address. See <i>IRM 5.19.21.1, Identity Theft - Overview</i> . C. Paper operations should send a letter to the taxpayer and request they provide the required documentation. D. Suspend collection, allowing the taxpayer time to respond. Input TC 470. E. Document AMS.
		A. Input TC 971 AC 522 with miscellaneous field " NOFR ", " INCOME ", " MULTFL " or " INCMUL ".

The taxpayer makes an claim of ID Theft,	Has provided required ID Theft documentation as described in IRM 10.5.3.2.6, <i>Overview - Identity Theft Supporting Documentation</i> .	<p>B. Document AMS.</p> <p>C. Follow procedures in <i>IRM 5.19.21.1.2.1, Identity Theft Documentation</i>, for processing the account.</p> <p>W&I Balance Due Accounts: W&I CSCO does not work Balance Due ID Theft accounts. They are forwarded to ACSS for processing. Forward/Fax documents to Fresno ACSS IDT Coordinator.</p> <p>SB/SE CSCO Accounts:</p> <p>A. In order to prevent any enforcement actions, input a TC 470 only.</p> <p>B. Prepare the Form 4442, <i>Inquiry Referral</i>, and submit to the CSCO ID Theft Coordinator.</p> <p>Note:</p> <p>If the account needs to be worked in Exam, AUR, ASFR or SFR, prepare the Form 4442, <i>Inquiry Referral</i>, and refer the case to the appropriate area. Do not send to the CSCO ID Theft Coordinator.</p> <p>SB/SE CSCO ID Theft Liaison: Follow IRM 5.1.28, <i>Identity Theft for Collection Employees</i>, and IRM 10.5.3.3, <i>BMF IDT</i>, for tracking, researching and processing ID Theft accounts.</p>
The taxpayer makes an claim of ID Theft,	Has provided required documentation as described in IRM 10.5.3.2.6, <i>Overview - Identity Theft Supporting Documentation</i> , and all corrective action to resolve the ID Theft issue has been taken and you are closing the case in your function.	<p>A. Input TC 971 AC 501 with miscellaneous field "NOFR" , "INCOME" , "MULTFL" or "INCMUL" .</p> <p>B. Update taxpayer's module(s) with the appropriate closing code.</p> <p>C. Advise taxpayer in writing the issue has been resolved. Use Letter 5064C, <i>Compliance Letter - ID Theft</i>. If necessary, use an open paragraph to inform the taxpayer their ID Theft issue has been resolved. Include information for any other unresolved balances.</p> <p>D. Complete Form 9409, <i>IRS/SSA Wages Worksheet</i>, as appropriate for wage income only and send to SSA.</p> <p>E. Update AMS to show invalid income sources and Form 9409, <i>IRS/SSA Wages Worksheet</i>, sent to SSA.</p>
Taxpayer alleges ID Theft,	There is a posted unreversed TC 971 AC 501 or AC 506.	<p>A. Taxpayer is not required to provide substantiation documentation.</p> <p>B. Input TC 971 AC 522 with miscellaneous field "NODCRQ" .</p> <p>C. Input TC 971 AC 522 with miscellaneous field "PNDCLM" and input the tax year of the new IDT incident into the secondary date field.</p> <p>Note:</p> <p>Two TC 971 AC 522 must be input, one for each miscellaneous code described above, if the taxpayer is coming back in due to a new issue that has occurred since the TC 971 AC 501 or AC 506 has been input.</p>

4. ACS employees will follow *IRM 5.19.21.1.2.2, Identity Theft Guidance for ACS Call-Site Employees*, when handling ID Theft calls.

5. **Incomplete or illegible** documents will be returned to the taxpayer with a request to resubmit clear complete information. Advise the taxpayer to respond within 30 days to avoid processing delays. Upon receipt of clear and legible documentation, the IRS will input TC 971 AC 522 on the taxpayer's account. This action marks the account to reflect the Service received the documents. **Additional research is required to substantiate an ID Theft incident actually occurred.** The assigned function will perform in-depth account research to rule out a mixed entity or scrambled situation as detailed in IRM 21.6.2.4.2.3, *Preliminary Research*.

6. If an active levy, see *IRM 5.19.21.1.3, Addressing Outstanding Levies*.

7. Input appropriate TC 971 AC 5XX on CC ENMOD as described below. Use CC REQ77/CC FRM77 for this input.

8. TC 971 AC 522 input contains a miscellaneous field that must be completed consisting of the following:

A. BOD/Function, for example, "WI" or "SBSE" .

B. Program Name, for example, "ACS" or "CSCO" .

C. Tax Administration Source, select the appropriate source of the ID Theft from the following list:

Term/Acronym	Description
"INCOME"	Used when income has been reported under the taxpayer's SSN without their consent or knowledge.
"MULTFL"	Used when two or more returns are filed for the same tax period under the same SSN.
"INCMUL"	Used when both INCOME and MULTFL apply.
"NOFR"	Used when the taxpayer is not required to file a return.
"OTHER"	Used when the situation does not fit any Tax Administration Source Type.

Example:

"MISC>WI ACS INCOME"

9. When inputting the required information, the TRANS-DT> - field on the CC FRM77 input screen will automatically populate with the date of input.

10. The 971 AC 522 input also contains a secondary date field used to identify the tax year at issue. Complete this field by inputting the year associated with the ID Theft. Use "MMDDYYYY" format.

Example:

"SECONDARY -DT>12312006"

Note:

If more than one year is involved, input a separate TC 971 AC 522 for each tax year related with the ID Theft incident.

11. Use TC 972 in the event the TC 971 needs to be reversed. The TC 972 contains a miscellaneous field that must be completed including the reason for the reversal. Select the appropriate reason for the reversal from the following list:

Abbreviation for Entry	Description
"TPRQ"	Taxpayer request
"IRSERR"	Keying or other internal mistake
"IRSADM"	Internally identified negative impact
"FALSE"	Fraudulent ID Theft claim
"OTHER"	Does not meet any of the descriptions above

Example:

"MISC>WI ACS TPRQ".

12. Term/Acronym

Term/Acronym	Description	Secondary Date Field
"PNDCLM" (Pending Claim of ID Theft)	The taxpayer makes an claim of ID Theft. The taxpayer has not yet provided supporting documentation as required by IRM 10.5.3.2.6, <i>Overview - Identity Theft Supporting Documentation</i> .	Reflects the tax year of the ID Theft incident.
"NODCRQ" (No Documentation Required from the Taxpayer)	The taxpayer alleges ID Theft and the following conditions exist: A. There is a posted/unreversed TC 971 AC 501/AC 506 or TC 971 AC 522 Source Code "INCOME" , "MULTFL" , "INCMUL" , "NOFR" or "OTHER" and B. The posted transaction falls within the three year period as described in IRM 10.5.3.2.6, <i>Overview - Identity Theft Supporting Documentation</i> . C. The claim relates to a previously reported incident as described in IRM 10.5.3.2.6, <i>Overview - Identity Theft Supporting Documentation</i> .	Reflects the tax year of the ID Theft incident.
Acceptable Documentation Received from the Taxpayer: <ul style="list-style-type: none"> "INCOME" (Reported under taxpayer's SSN without their consent or knowledge) "MULTFL" (Two or more returns filed for the same tax period under the same SSN) "INCMUL" (Both income reporting and multiple filings apply) "NOFR" (Victim is not required to file a tax return) "OTHER" (Situation does not relate to any existing Tax Administration Source types) 	Available for use by all employees upon receipt of complete/legible documentation per IRM 10.5.3.2.6, <i>Overview - Identity Theft Supporting Documentation</i> . Note: The following elements as applicable to document type must be clear and easily read: <ul style="list-style-type: none"> Taxpayer's name, Date of birth, Place of birth, Address, Date of issue, Expiration date, and Any identifying numbers (passport number, driver's license number etc.). 	Reflects the tax year of the ID Theft incident.
IRS Identified ID Theft – TC 971 AC 506 Beginning January 1, 2012, the following functions will be granted the authority to close accounts as IRS identified ID Theft using TC 971 AC 506: <ul style="list-style-type: none"> CSCO, and ACS/ACSS. 	In situations where the IRS suspects ID Theft may have occurred, employees will mark accounts, using CC REQ77/CC FRM77 initiated from CC ENMOD. Service employees will input a TC 971 AC 522 containing the Miscellaneous Field " IRSID ".	The Secondary Date field will reflect the tax year of the incident. Note: FY 2012 programming for "IRSID" was not completed for all functions. Functions needing "IRSID" that are not profiled for that Tax Administration Source Code will mark accounts using BOD: PPDS, Program OPIP and Tax Administration Source Code "IRSID" until programming is completed.

13. TC 972 AC 522 Source Codes

Term / Acronym	Description	Secondary Date Field
"NOIDT" — ID Theft has NOT occurred,	In the course of resolving an ID Theft issue, the employee assigned determines no ID Theft occurred.	Will match the year of the TC 971 AC 522 "PNDCLM" or TC 971 AC 522 "IRSID" as applicable.

"NORPLY" — The taxpayer did not provide supporting documents,

This code is used to close a suspended case when the taxpayer fails to provide the requested supporting documentation within the time specified by the employee assigned.

Will match the tax year of the TC 971 AC 522 "PNDCLM" .

5.19.21.1.2.2 (11-25-2014)

Identity Theft Guidance for ACS Call Site Employees

1. The following procedures apply for ACS Call Site employees when handling calls in which the taxpayer is claiming or has claimed ID Theft. Also, follow *IRM 5.19.21.1.1, Identity Theft - General Information*, through *IRM 5.19.21.1.2, Identity Theft Documentation Processing*, for additional guidance on ID Theft.
2. When the taxpayer is disputing the balance owed (original or additional assessment) on the basis of ID Theft and CC ENMOD does not indicate a TC 971 AC 506 or TC 971 AC 501 posted after a TC 971 AC 522:

If ...	Then ...
<p>A CIS Image indicator is present in the ALERTS section on AMS and it is an ID Theft document,</p>	<p>A. Prepare Form 4442, <i>Inquiry Referral</i>, notating that the ID Theft documentation is on CIS.</p> <p>B. Forward the Form 4442, <i>Inquiry Referral</i>, to the appropriate ACSS ID Theft Coordinator.</p> <p>C. Reassign the SB/SE or W&I case on ACS: "TOO1,60,IDTADJ"</p> <p>D. Input TC 971 AC 522 "PNDCLM" on CC ENMOD, if one is not already present for the tax year in question.</p> <p>E. If a levy is active, follow <i>IRM 5.19.21.1.2.1(6), Identity Theft Documentation Processing</i>.</p> <p>F. Document AMS with all actions taken.</p> <p>G. Advise the taxpayer the documentation is being forwarded for processing and should receive a letter within 30 days of receipt confirming receipt of the documentation.</p>
<p>No documentation available (CIS Image) and the taxpayer can immediately FAX the required documentation,</p>	<p>A. Once the documentation is received, forward/fax it with a Form 4442, <i>Inquiry Referral</i>, to the appropriate ACSS ID Theft Coordinator.</p> <p>B. Reassign the SB/SE or W&I case on ACS: "TOO1,60,IDTADJ" .</p> <p>C. Input TC 971 AC 522 "PNDCLM" on CC ENMOD, if one is not already present for the tax year in question.</p> <p>D. If a levy is active, follow <i>IRM 5.19.21.1.2.1(6), Identity Theft Documentation Processing</i>.</p> <p>E. Document AMS with all actions taken.</p> <p>F. Advise the taxpayer the documentation is being forwarded for processing and should receive a letter within 30 days of receipt from ACSS confirming receipt of the documentation.</p>
<p>No documentation available (CIS Image), and:</p> <ul style="list-style-type: none"> • The taxpayer CAN NOT immediately FAX the required documentation, <p>or</p> <ul style="list-style-type: none"> • The taxpayer wants to mail the documentation, 	<p>A. Advise the taxpayer to mail the required documentation to the appropriate ACSS address to the attention – Identity Theft. Provide a firm deadline date. The appropriate addresses can be located at:</p> <ul style="list-style-type: none"> • W&I ACSS State Mapping, or • SB/SE ACSS State Mapping. <p>B. Warn of enforcement action. See <i>IRM 5.19.1.6, Warning of Enforcement Action and Enforced Collection</i>.</p> <p>C. Reassign the SB/SE or W&I case on ACS: "TOO1,60,IDTADJ" .</p> <p>D. Input TC 971 AC 522 "PNDCLM" on CC ENMOD if one is not already present for the tax year in question.</p> <p>E. Document AMS with all actions taken including deadline date.</p>
<p>If there is an open Compliance IDRS ID Theft control base (If needed, use the SERP, Who/Where tab, IDRS - Unit and USR Database to locate the owner/function of the IDRS number),</p>	<p>A. Refer the caller to the applicable function/employee either by providing the taxpayer with the direct contact information (see Note below) or by forwarding a Form 4442, <i>Inquiry Referral</i>, to the controlling employee.</p> <p>Note:</p> <p>Some W&I functions currently use the toll-free ID Theft telephone number and have assigned aspect extension numbers. This can be determined by the IDRS control base activity code. If the activity codes shows "IDTXXXXX" , provide the toll-free and Aspect extension numbers to the taxpayer. "XXXXXX" indicates the Aspect number.</p> <p>Note:</p> <p>Do not forward a Form 4442, <i>Inquiry Referral</i>, to the CPAT or DITA functions. (AUSC CPAT – 08647xxxxx, FSC CPAT – 10698xxxxx, or PSC DITA – 05601xxxxx). In these instances, forward the Form 4442, <i>Inquiry Referral</i>, to the ACSS IDT Coordinator indicating a CPAT or DITA control exists.</p> <p>B. If not already in ACS Function "O" , reassign SB/SE or W&I the case on ACS: "TOO1,60,IDTADJ" .</p> <p>C. If a levy is active, follow <i>IRM 5.19.21.1.2.1(6), Identity Theft Documentation Processing</i>.</p> <p>D. Document AMS with all actions taken. Be sure to include specific information as to where the Form 4442, <i>Inquiry Referral</i>, was referred.</p>

If there is an open IDRS ID Theft control base to a non-Compliance function (If needed, use the SERP, Who/Where tab, IDRS - Unit and USR Database to locate the owner/function of the IDRS number),

A. Prepare a Form 4442, *Inquiry Referral*, indicating open ID Theft base (provide the control base information) and forward to the ACS Support ID Theft Coordinator.

B. If not already in ACS Function "O" , reassign SB/SE or W&I the case on ACS:

"TOO1,60,ITADJ" .

C. If a levy is active, follow *IRM 5.19.21.1.2.1(6)*, *Identity Theft Documentation Processing*.

D. Document AMS with all actions taken. Be sure to include specific information as to where the Form 4442, *Inquiry Referral*, was referred.

E. Advise the taxpayer the case is being referred to our Specialized team. The taxpayer should expect a letter within 30 days from the day the referral is received from ACSS.

3. When the taxpayer is disputing the balance owed (original or additional assessment) on the basis of ID Theft and CC ENMOD indicates a TC 971 AC 501 posted after a TC 971 AC 522 or a TC 971 AC 506 is present, **DO NOT** request the taxpayer to submit/resubmit the documentation. This must be within three (3) years of the TC 971 AC 501/506/522. This also applies to when a taxpayer continues to dispute a resolved ID Theft.

A. Prepare Form 4442, *Inquiry Referral*, noting that a TC 971 AC 501/506 is present on CC ENMOD.

B. Forward the Form 4442, *Inquiry Referral*, to the appropriate ACSS ID Theft Coordinator.

C. Reassign the SB/SE or W&I case on ACS:

"TOO1,60,ITADJ"

D. Non-ACS Accounts: Input CC STAUP 2209.

E. Input TC 971 AC 522 "NODCRQ" on CC ENMOD.

F. If a levy is active, follow *IRM 5.19.21.1.2.1(6)*, *Identity Theft Documentation Processing*.

G. Document AMS with all actions taken.

H. Advise the taxpayer a referral is being sent to another area for resolution of their case and should receive written or telephone contact within 30 days of receipt.

4. If the taxpayer wants an IA or states they are CNC, document AMS with the required information (financial statement, IA amount, etc.). Advise the taxpayer to make voluntary payments noting the tax period the payment should be applied. **Do not set up the IA or CNC the account.** When the ID Theft issue is resolved, ACSS will either establish the agreement (or CNC the account) or contact the taxpayer for any necessary information. Be sure to document thoroughly AMS history with all information provided by the taxpayer regarding the IA or CNC request.

5. If the taxpayer indicates the address of record or name is incorrect, document AMS with the information provided by the taxpayer. **Do not make any changes to the entity information.** The ACSS Specialized team will make the necessary changes, as determined.

6. When the taxpayer is **NOT** disputing the balance owed (original or additional assessment) on the basis of ID Theft and a TC 971 AC 501/506 are present subsequent to a TC 971 AC 522 for the same tax year or tax years:

A. Advise the taxpayer that the ID Theft situation has been resolved.

B. A notice or letter will be issued (or may have been already issued).

- If TC 971 AC 501 was input, then CP 01, *Identity Theft Claim Acknowledgement*, is issued.
- If TC 971 AC 506 was input, then Letter 4674C, *Identity Theft Post-Adjustment Victim Notification Letter (For use by AM When TC 971 AC 506 is input)*, is issued.

C. Do not refer the case to the ACSS ID Theft Coordinator or reassign the case to the "O" function.

D. Continue with normal balance due resolution (IA, CNC, etc.).

7. If a taxpayer calls back to check on the status of the account and the follow-up date has expired in the "O" function inventory and an open control **DOES NOT** exist:

A. Check AMS history to see if actions were taken to resolve the issue. If case has been resolved, explain to the taxpayer and continue with normal balance due resolution (IA, CNC, etc.), or

B. If there is no information that the issue has been resolved, follow the first three procedures in the If and Then table in paragraph (2) above.

8. If a taxpayer calls back to check on the status of the account and the follow-up date has expired in the "O" function and an open control **DOES** exist:

A. Follow the last two procedures in the If and Then table in paragraph (2) above.

B. Input "OADT,05,IDTRFRL" .

9. International accounts are handled by the Philadelphia ACSS/CSCO International Team. These accounts can be identified by File Location Codes (FLC) 20, 21, 60, 66, 78 and 98. FLC 21, 66, and 78 contain all returns with a U.S. possession or territory address with a 5-digit ZIP Code (Form 1040-PR, *Planilla para la Declaración de la Contribución Federal sobre el Trabajo por Cuenta Propia*, or Form 1040-SS, *U.S. Self-Employment Tax Return*) which include Puerto Rico, American Samoa, Guam, U.S. Virgin Islands and the Commonwealth of the Northern Mariana Islands.

Note:

FLC 20, 60, and 98 are used for returns with:

- A foreign address.
- Form 2555, *Foreign Earned Income*, or Form 2555-EZ, *Foreign Earned Income Exclusion*.
- Form [1042-S](#), *Foreign Person's U.S. Source Income Subject to Withholding*, Form SSA-1042S, *Social Security Benefit Statement*, Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*, or Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests*.
- Dual Status Notification.
- Form 1040-NR, *U.S. Nonresident Alien Income Tax Return*, or Form 1040-NR-EZ, *U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents*.

Caution:

Do not assume that an account is International just because you have received Spanish correspondence. Ensure that the above criteria is met.

5.19.21.1.3 (11-25-2014)

Addressing Outstanding Levies

1. If there is a balance due **not** attributable to identity theft, collection activities, including the appropriate use of enforced collection action, are not prohibited when a taxpayer has established that he/she was a victim of identity theft.
 - A. Be sensitive to the adverse impact that being a victim of identity theft may have upon a taxpayer and his/her ability to pay.
 - B. Consider temporarily suspending the account until the identity theft incident is resolved in cases where you determine the identity theft will have an adverse impact on the taxpayer's ability to pay.

Note:

Caution should be used to ensure collection activities are taken only on balance due modules not attributable to identify theft.

2. If the taxpayer claims financial hardship as a result of a tax-related identity theft issue:
 - A. Prepare and submit Form 911, *Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order)*. If the taxpayer requests to contact Taxpayer Advocate Service directly, advise the taxpayer to call 1-877-777-4778 toll-free, or go to <http://www.irs.gov/advocate/>.

Caution:

If IRS can provide relief or take a substantive action towards providing relief within 24 hours, do not send the case to TAS.

- B. If the taxpayer is an individual, refer to IRM 10.5.3.1.2.5, *Taxpayer Interaction*.
- C. If the ID Theft situation involves a business, refer to IRM 10.5.3.3.1, *Definition of Business ID Theft*.

, prepare and submit Form 911, *Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order)*. If the taxpayer requests to contact Taxpayer Advocate Service directly, advise the taxpayer to call 1-877-777-4778 toll-free, or go to <http://www.irs.gov/advocate/>.

3. Review the case history for outstanding enforcement activity that may need to be corrected, i.e., levies, liens.
4. A levy attaching the assets of the victim in a mixed entity case must be immediately released. Accounts should be adjusted and all pre-levy notices properly issued before levy re-issuance. See IRM 5.1.28.8, *Identity Theft Case Resolution*, for actions after levy release. See IRM 21.6.2.4.2, *Multiple Individuals Using the Same TIN*, for appropriate adjustment actions.

Exception:

If no account adjustment is required and all pre-levy notices were properly issued a levy may remain in effect unless a circumstance outlined in IRM 5.11.2.3.1, *Legal Basis for Releasing Levies*, is present. Also see IRM 5.1.28.8, *Identity Theft Case Resolution*, for required actions on cases involving ID Theft.

5. A levy attaching to assets of non-owner of the TIN for which:
 - A. The Service assessed the liability in the name of the non-owner of the TIN,
 - B. The Service issued all pre-levy notices properly to non-owner of the TIN,
 - C. The Service assessed the liability under the **TIN/SSN of the victim**,
 - D. The assessment is based solely on the **income of the non-owner of the TIN**, and
 - E. There are no credits (payment offset, etc.) attributable to the victim for the assessment listed on the levy,

may remain in effect unless a circumstance outlined in IRM 5.11.2.3.1, *Legal Basis for Releasing Levies*, is present. The assessment is not invalid for the sole reason that it was made under the victim's TIN/SSN.

Note:

If unable to determine if the liability of the non-owner of the TIN is satisfied then release the levy until the account can be adjusted to ensure the levy is not enforced on a satisfied liability.

Reminder:

To prevent re-issuance of levy, change levy source to "INFO ONLY" .

5.19.21.1.3.1 (11-25-2014)

Addressing ACS Paper Levies

1. When the taxpayer claims to be a victim of ID Theft and documentation has not been received, a levy release is not warranted unless there is a hardship situation. On ACS, ensure account is in the "O" function inventory.
2. When the taxpayer claims to be a victim of ID Theft and documentation has been received, the levy should be released only for the tax modules affected by the ID Theft.
3. Follow IRM 5.19.4.4.10, [Levy Release: General Information](#), for full and partial levy release procedures.

4. For employees without access to ACS, if a levy release is warranted, fax Form 14394, *Identity Theft/Return Preparer Misconduct Case Collection Alert*, to the appropriate ACSS ID Theft/ITAR Coordinator. Be sure to provide ID Theft support documentation, including documenting the tax module(s) affected by the ID Theft. See SERP, Who/Where, ID Theft/ITAR Coordinator.

Note:

Consider a release of a levy based on prior indication of ID Theft TC 971 AC 501 or AC 506 on IDRS.

5.19.21.1.3.2 (11-25-2014)

Addressing Outstanding FPLP Levies

1. A thorough review of the account must be conducted to ensure that all tax years affected by tax related identity theft are blocked from the FPLP program.
2. When a TC 971 AC 501 or AC 506 has not posted to the entity for tax administrative ID Theft, employees, must take steps to block outstanding FPLP levies.
 - A. When a module has been selected for FPLP (unreversed TC 971 AC 060) it may be necessary to input a manual block. Refer to IRM 5.19.9.3.7, *FPLP Levy Release: General*.
 - B. When a FPLP account is matched with a Federal payment or FPLP account (unreversed TC 971 AC 062) and the disbursement of the Federal payment is imminent, an immediate FPLP release through the FPLP coordinator may be necessary, see IRM 5.19.9.3.7.1, *Immediate Release Through the FPLP Liaison*.
3. When a TC 971 AC 501 or AC 506 is posted, FPLP will automatically block the tax modules entered into the secondary date field. However, depending on when the TC 971 AC 501 or AC 506 was input, there may be a need for an immediate release where the disbursement of the Federal payment is imminent. Follow the procedures in IRM 5.19.9.3.7.1, *Immediate Release Through the FPLP Liaison*.

Caution:

Do not manually block the case from levy if the assessment is not a result of the identity theft.

5.19.21.1.4 (11-25-2014)

Identification Theft and Disposition of Levy Proceeds

1. This section has been developed to provide guidance for cases that involve ID Theft issues where the individual calling was levied and levy proceeds have been sent to the Service. The caller may be the owner or non-owner of the TIN. Ensure the levy has been released.
2. The IRC distinguishes between "wrongful" levies and other types of improper or "erroneous" levies.
 - A. A "wrongful" levy is one that improperly attaches property belonging to a third party in which the taxpayer has no rights. (See IRC 6343(b)) The Code specifically authorizes release of wrongful levies. See IRM 5.11.2.3.2.1, *Wrongful Levy*, for wrongful levy procedures.
 - B. An "erroneous" levy is one that properly seeks to capture a taxpayer's property (rather than a third party's property), but nevertheless is served prematurely or otherwise in violation of an administrative procedure or law. (See IRC 6343(d).) See IRM 5.11.2.3.2.3, *Erroneous Levies*, for erroneous levy procedures.

Note:

Do not confuse this situation with one where the taxpayer (SSN owner) does not owe a liability. See IRM 5.19.21.1.4.2(2), *Returning Proceeds from Wrongful Levy – (Non Owner)*.

5.19.21.1.4.1 (11-25-2014)

Returning Levy Proceeds to ID Theft Victims – (SSN Owner)

1. These procedures address cases where the owner of the SSN claims the Service levied on property he or she has an interest in to satisfy the tax liability that does not belong to them.
2. When the SSN owner is claiming a refund of levy proceeds because the levy was based on the assessment of liability not belonging to the taxpayer, consideration for returning the payments falls under normal payment RSED procedures and time frames (2 years from the payment date).
3. Under the following circumstances, the levy proceeds should be returned to the SSN owner:
 - A. An ID thief (non-owner of the SSN) has filed a return in the taxpayer's name.
 - B. The SSN owner (taxpayer) did not have a filing obligation or at least didn't file a return, which delayed discovery of the ID Theft.
 - C. The ID Theft return either was audited or reviewed and there is an assessed balance on the victim (SSN owner) account that the IRS is attempting to collect (defaulted deficiency or summary assessment of overstated withholding).
 - D. The IRS has used its levy authority to collect against the assessment.
 - E. The IRS determines it should abate the assessments created as a result of the return filed by the non-owner of the SSN. The taxpayer's account will have a zero liability and a credit balance equal to the amount of levy proceeds.

Note:

Because the assessment and levy were for the taxpayer/victim, rather than an assessment for a taxpayer and a levy on a third party, the 9 month wrongful levy statute does not apply.

5.19.21.1.4.2 (11-25-2014)

Returning Proceeds from Wrongful Levy – (Non Owner)

1. The non-owner of the TIN may file a wrongful levy claim for return of levy proceeds (from the assets of the non-owner of the TIN) already received and processed by the Service. See IRM 5.19.21.1.4(2)a, *Identification Theft and Disposition of Levy Proceeds*, for definition of "wrongful" levy.
2. A "wrongful" levy claim may be appropriate when:
 - A. The assessment is based solely on the SSN owner's income, since the levy improperly attaches to property belonging to a third party (the non-owner(s) of the TIN).
 - B. The assessment is based on the combined income of the non-owner(s) of the TIN and the owner's, since the levy may have improperly attached to property belonging to a third party (the non-owner of the TIN).
 - C. The assessment is based on the combined income of multiple non-owners, since the levy may have improperly attached to property belonging to the third parties.
3. When speaking with the caller, secure information to determine that the individual requesting the return of levy proceeds is the non-owner of the SSN and not the owner of the original SSN. Verify the following:

A. Name, address and SSN/ITIN.

B. The levy issued was to a source belonging to the non-owner of the SSN based on the taxes assessed under the SSN of the rightful owner or assessed in the name of the victim based on the earnings of the non-owner of the SSN.

Example:

The non-owner proves use of the SSN via pay stubs or any other substantiating document and has rent/utility receipts where current name/address is the name/address on CC IRPTR print out and pay stubs show use of that SSN.

C. The non-owner must provide substantiation to show ownership of the levy payments.

D. Taxes were assessed on the account of the rightful owner of the SSN or assessed based on the earnings of the non-owner of the SSN.

E. The true owner's account (SSN) is being used by the owner and the non-owner (not merely by the non-owner to work).

F. Contact from non-owner must be within 9 months of the date of the levy.

Note:

If IRS is contacted more than 9 months after the date of the levy, we have **no** authority to return the wrongful levy payments.

4. See IRM 5.11.2.3.2.1, *Wrongful Levies*, for appropriate action. Contact Advisory & Insolvency (AI)-Advisory to determine if the non-owner of the TIN would qualify for wrongful levy claim consideration.

A. AI-Advisory will evaluate a properly filed claim. If the claim is disallowed, AI- Advisory should notify the third party in writing of the reason for disallowing the claim and of the right to bring suit against the government. If the claim is disallowed because it was not made within nine months from the date of the levy, AI-Advisory should send Letter 3973, *Wrongful Levy Claim Rejection Letter - Untimely Claim* via certified mail.

B. If the claim is disallowed for another reason, AI-Advisory should send the claimant Letter 3974, *Wrongful Levy Claim Rejection Letter*, via certified mail. Disallowance of the claim may be appealed through the Collection Appeals Program (CAP).

5. If a levy is served where the Service:

- Assessed the liability in the name of the non-owner of the SSN,
- Issued all pre-levy notices properly to non-owner of the SSN,
- Assessed the liability under the name of the SSN owner,
- The assessment is based solely on the income of the non-owner, and
- There are no credits (payment, offset, etc.) attributable to the SSN owner for the assessment listed on the levy,

the levy may remain in effect unless there is an independent basis for releasing it. See IRM 5.11.2.3.1, *Legal Basis for Releasing Levies*. The assessment is not invalid for the sole reason that it was made under the victim's TIN/SSN.

Reminder:

To prevent re-issuance of levy, change levy source to "INFO ONLY".

5.19.21.1.5 (11-25-2014)

Processing Guidelines for ACS/ACSS Employees

1. If the caller (non-owner of the SSN) has documentation/verification readily available, instruct the caller to fax the information into the IRS during the call. The phone assistor is required to take all necessary action during the call and document AMS with all actions taken.

If ...	And ...	Then ...
Non-owner of the SSN contacts IRS within 9 months of the levy issuance date,	Non-owner has their own account (i.e. valid SSN OR ITIN),	<p>Non-owner substantiates levy payment(s).</p> <p>A. Complete full compliance check. Refer to IRM 5.19.1.3.4.1, <i>Full Compliance Check</i>.</p> <p>B. Ask the non-owner for substantiation (i.e. pay stubs or payroll records) to prove ownership of the levy payments.</p> <p>C. If substantiation is secured during call (faxed to CR) and verified, initiate a transfer of the levy payments received from the non-owner levy source to the non-owner's account (SSN OR ITIN).</p> <p>D. Manually refund the levy payment(s) to the non-owner; complete Form 5792, <i>Request for IDRS Generated Refund</i>, (reference the non-owner's true account number on the refund check), per IRM 21.4.4.4.1, <i>Preparation of Form 5792, IDRS Generated Refund</i>.</p> <p>Caution:</p> <p>Ensure non-owner has no valid balance due modules.</p> <p>E. If substantiation needs to be mailed in: Provide ACSS address Input history code: W&I: "TOO1,XX,RFND" SB/SE: "TOO1,XX,RFND"</p> <p>F. Input TC 570 (to freeze funds/prevent refund).</p> <p>G. Document AMS.</p>
		<p>A. Advise the non-owner to file a return, Form W-7, <i>Application for IRS Individual Taxpayer Identification Number</i>, (if no ITIN), and substantiation to verify payments and mail to ACSS. If Non-Owner of the SSN request Income Documents refer to IRM 21.3.4.32.2, <i>Income Documents Related to ID Theft Issues</i>.</p> <p>B. Input TC 570 (to freeze funds/prevent refund).</p>

<p>Non-owner of the SSN contacts IRS within 9 months of the levy issuance date,</p>	<p>Non-owner does not have his own account,</p>	<p>C. For SB/SE or W&I cases, input history code: "TOO1,99,ITIN" (or "IRSN")</p> <p>Note:</p> <p>IRM 21.3.4.32.2, <i>Income Documents Related to ID Theft Issues</i>, addresses issue if non-owner requests CC IRPTR income documents.</p> <p>Reminder:</p> <p>ITIN application process:</p> <p>A. Federal income tax return.</p> <p>B. Form W-7, <i>Application for IRS Individual Taxpayer Identification Number</i>.</p> <p>C. Proof of identity and foreign status documents.</p> <p>D. Assistance available to complete Form W-7, <i>Application for IRS Individual Taxpayer Identification Number</i>: 800-829-1040 IRS.GOV TAC Acceptance Agent</p>
<p>Non-owner contacts IRS more than 9 months after the levy issuance date but less than 12 months,</p>	<p>Intentionally Left Blank</p>	<p>Do not return the levy payment(s) to the non-owner</p> <p>A. Advise the taxpayer that the payment cannot be returned to them because they did not request it timely.</p> <p>B. Input TC 570 (to freeze funds/prevent refund).</p> <p>C. Reassign SB/SE or W&I cases to: "TOO1,XX,EXCESSC" XX = If payment is less than 12 months old, adjust the follow-up date accordingly to meet the 12 month requirement.</p>
<p>Non-owner contacts IRS more than 12 months after the levy issuance date,</p>	<p>Intentionally Left Blank</p>	<p>Refer the payment(s) to Excess Collection</p> <p>A. Advise the taxpayer that the payment cannot be returned to them because they did not request it timely.</p> <p>B. Complete Form 8758, <i>Excess Collections File Addition</i>, for each credit. Helpful Hints: Box 3 Source Code ="CO" (from where credit is transferred Collection ="CO") Box 4 Status Code ="IDEN" (Identified) Box 9 Payment Type (remittance received) "CA" = cash "CC" = cashier's check "MO" = money order "PC" = personal check "UK" = unknown Box 16 Reason = "Wrongful Levy-Do Not Apply or Refund ID Theft" IRM 3.17.220.2.1.1, <i>Preparation of Form 8758</i></p>

Note:

If the caller states they want to file a formal wrongful levy claim, inform them of Pub 4528, *Making an Administrative Wrongful Levy Claim Under Internal Revenue Code (IRC) Section 6343(b)*.

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 22. Business Master File (BMF) Return Delinquency

5.19.22 Business Master File (BMF) Return Delinquency

- 5.19.22.1 [What Is The BMF Return Delinquency Program?](#)
- 5.19.22.2 [BMF Return Delinquency Case Creation Overview](#)
- 5.19.22.3 [BMF Return Delinquency Research](#)
- 5.19.22.4 [BMF Return Delinquency Procedures](#)

Manual Transmittal

January 02, 2015

Purpose

(1) This transmits new IRM 5.19.22, *Liability Collection - Business Master File (BMF) Return Delinquency*. BMF RD procedures were originally in the IRM 5.19.2, *Liability Collection - Return Delinquency*. This separation will provide procedures for the appropriate audiences.

Material Changes

(1) The Following Topics are new to this IRM:

- A. BMF RD Program overview
- B. BMF RD case creation
- C. BMF Case referrals
- D. BMF RD responses and inquiries
- E. BMF TIN and entity research
- F. BMF Credit Balance procedures
- G. BMF Transcript and Diag-Q procedures
- H. BMF OLNLR system and procedures
- I. BMF exhibits

Effect on Other Documents

This IRM separated BMF Instructions from IRM 5.19.2. It will contain a complete rewrite of BMF procedures.

Audience

Small Business/Self-Employed (SB/SE) and Wage & Investment (W&I) employees in Compliance Services Collection Operation, ACS, ASFR/6020(b), Territory Area Office, and AM, who process BMF Return Delinquency Responses.

Effective Date

(01-02-2015)

Rennae L. Ward
Director, Collection Inventory and Work Planning
Small Business/Self Employed

5.19.22.1 (01-02-2015)

What Is The BMF Return Delinquency Program?

1. The objective of the BMF Return Delinquency (RD) Program is to work responses to notices that were generated through Case Creation and issued to taxpayers that have been identified as liable to file and have not filed a tax return by the Return Due Date (RDD).
2. A compliance check is conducted for a delinquent tax return based on the Program Completion Date (PCD) for each specific Business Master File (BMF) tax return. PCD is determined when all timely filed, error free returns are processed and the information is transmitted to Martinsburg Computing Center (MCC) for posting. For more information on PCD, see IRM 3.30.123.2.1, *Program Completion Date (PCD) Definitions*.
3. A Transaction Code (TC) 141 is created to Document the Compliance record and start the RD notice process.

Note:

TC 141 does not post to Integrated Data Retrieval System (IDRS) for BMF modules, however if the account is in TDI status, it can be assumed the TDI record has been created.

4. Modules in the RD Program consist of the following:
 - Delinquent Notice Master File(MF) Status 02,

- TDI Master File(MF) Status 03,
- Case Closed in Status 06 with a TC 593, 595, 596, 597, or 598,
- Case Closed in Status 06 with a TC 590 cc 019, which only suppresses the notices.

5. Another BMF RD Non-Filer program is Automated 6020(b) (BMF). Refer to IRM 5.18.2, *Business Returns IRC A6020(b) Processing*, for the Automated 6020(b) program.

**5.19.22.1.1 (01-02-2015)
BMF Return Delinquency Overview**

1. This section provides procedures for Business Master File (BMF) working the Return Delinquency (RD) Program in the campuses, call-sites, and Field Assistance (FA) offices to ensure timely resolution of taxpayer inquiries received via telephone, paper or face-to-face in regards to a BMF RD module.
2. Inventory should be worked on a first-in first-out basis to reduce or eliminate overage. See IRM 3.30.123.5.2, *Response to Correspondence and Overage Criteria*, for additional guidance.
3. For reporting purposes, the "Days to Close" for CSCO Operations is determined from the CSCO received date to closing date.
4. When sending a letter requesting additional information from the taxpayer, allow up to 30 days for the taxpayer to respond and 15 days for mail delivery, for a total of 45 days.
5. If additional information is needed refer to *IRM 5.19.22.1.2, Out Calls and Disclosure Procedure Overview*.
6. All Employees should attempt to resolve each RD account on initial contact including closing modules with the appropriate Transaction Code (TC) 59X.

Note:

Use a block indicator of "BB" for all TC 594 and 599 transactions. See IRM 2.4.26.3 (1) (c), *Command Code FRM49*, for more information.

7. Written requests for RD cases received in CSCO and ACS Support Operations must be controlled within 30 days from the IRS received date, with a cycle delay of up to 12 cycles. Cases must be controlled and delayed earlier if taxpayer is potentially harmed by receiving subsequent notice and/or acceleration of entity to TDI Status 03 while the case is in campus possession. See *IRM 5.19.22.4.1.1, Accelerate or Delay to TDI Status 03* and note below.

Note:

In order to prevent inappropriate notices and Taxpayer Delinquent Investigations (TDI) when processing taxpayers responses, a delay must be input to suppress the issuance of a CP 518 notice or TDI for the number of cycles required to complete the action. See IRM 3.30.123.5.4, *Balance Due, Return Delinquency and Backup Withholding Notices*.

8. For UD mail follow IRM 5.19.16.1 , *Undeliverable (UD) Mail, Bad Address and Address Research (ADR) Processing*
9. If the case meets P-21-3 criteria and cannot be closed by the 30th day, an interim letter must be sent to the taxpayer. For additional guidance see IRM 21.3.3.4.2.2, *Interim Responses*.
10. When a taxpayer is asking questions or requesting a response, you should send an appropriate closing letter informing the taxpayer of actions taken to resolve their issue whether or not an interim letter was sent. Refer to IRM 21.3.3.4.2*Policy Statement P-21-3 (formerly P-6-12) Procedures*, for additional information.
11. Original returns or amended returns received to RD notices are excluded from P-21-3.

Note:

Correspondence is all written communications from a taxpayer or their representative, excluding tax returns, whether solicited or unsolicited per IRM 21.3.3.2, *What is a Correspondence? - Policy Statement P-21-3 (Formerly P-6-12) Exclusion List*

Exception:

If the taxpayer is requesting an acknowledgement to receipt of a tax return, send appropriate closing letter.

12. For information on IDRS control procedures, see IRM 21.5.1.4.2.2, *Integrated Data Retrieval System (IDRS) - Control Procedures*.
13. In all references throughout the IRM that instruct employees to address any balance due issue, it is **only** required for employees that have had training on Balance Due (BD) work. If the employee has not had adequate BD training, then take the necessary actions regarding the RD issue and refer the BD issue to the appropriate area within your site.
14. **For ACS/ACSS/FA Employees only:** When working a TDI Status 03 module and the taxpayer also has a Balance Due (Taxpayer Delinquent Account (TDA) module (Combo case), it is required to verify, document and secure new levy sources. For all other TDI issues you are not required to document and secure levy sources.
15. Throughout the IRM, all deadline dates, target dates or parameters are counted by calendar days not business days. You start counting with the first day you notify the taxpayer (by telephone or letter), or the first day of actions taken (i.e., IDRS, AMS, etc....), or the first day of entering follow-up items on ACS. See the chart below for more information.

If ...	Then ...
The calculated call-back date falls on a Saturday, Sunday or Holiday	The taxpayers call-back date will be the next business day. Reminder: Add an additional 4 days to your follow-up on ACS.
Providing the taxpayer a deadline date	Calculate the time frame leading up to the deadline by starting with the current day. Note: The total follow-up time could include a grace period of up to 5 days.
Sending a letter requesting additional information from the taxpayer	Allow up to 30 days for the taxpayer to respond and 15 days for mail delivery, for a total of 45 days.
Other follow-up time added to your deadline date	<ul style="list-style-type: none"> • Additional 15 days follow-up date for decedent cases • Additional 30 days follow-up date for "generally" all others.

**5.19.22.1.2 (01-02-2015)
BMF Out Calls and Disclosure Procedure Overview**

1. Throughout this IRM, if additional information is needed to resolve the case and a telephone number is available, attempt to call the taxpayer.
2. When contacting taxpayers by telephone, out calls should be placed between the hours of 8:00 a.m. and 9:00 p.m. of the taxpayers time zone in which you are calling.

Note:

These guidelines are also applicable when making out calls on a Saturday or Sunday.

Exception:

When contacting a taxpayer's representative (POA), contacts should only be attempted during routine business hours (i.e. 8:00 a.m. to 6:00 p.m., Monday thru Friday) based on the POA's time zone unless other arrangements have been agreed to by the POA. Other arrangements/information must be documented on AMS.

3. When addressing the delinquent return via telephone contact and the taxpayer has the return already prepared, encourage the taxpayer to fax directly to you while on the telephone.
4. When working telephone contact, it is required to verify/secure and input all taxpayers telephone numbers (i.e. home, work, cell phone, etc.) when working any Notice Status 02 or Taxpayer Delinquency Investigation (TDI) Status 03 modules. Document IDRS, ACS and AMS accordingly.
5. All employees are required to follow disclosure guidelines.
6. For purposes of identification and to prevent unauthorized disclosures of tax information, follow the chart below:

If the contact is...	Then ...
Taxpayer	See IRM 21.1.3.2.3, <i>Required Taxpayer Authentication</i> or IRM 11.3.2.3.2, <i>Requirements for Verbal or Electronic Requests</i>
Mailing and Faxing Tax Account Information	See IRM 21.1.3.9 (2), <i>Mailing and Faxing Account Information</i> , and IRM 11.3.1.11, <i>Facsimile Transmission of Tax Information</i> .
Power of Attorney (POA, Form 2848, <i>Power of Attorney and Declaration of Representative</i>)	See IRM 11.3.3, <i>Disclosure to Designees and Practitioners</i>
Tax Information Authorization (TIA) Form 8821, <i>Tax Information Authorization</i>	See IRM 11.3.3.2, <i>Disclosure to Third Parties Based Upon Taxpayer Request for Assistance</i> See IRM 11.3.3.3 (1), <i>Distinction Between Disclosure to Designees and the Conference and Practice Requirements</i> See IRM 11.3.3.3 (2), <i>Distinction Between Disclosure to Designees and the Conference and Practice Requirements</i>
Oral Disclosure Consent	See IRM 11.3.3.2.1, <i>Requirements for Oral Authorization</i>
Parent/Guardian of Minor	See IRM 11.3.2.4.10, <i>Minors</i>
Hearing Impaired (including telecommunications device for the deaf (TDD) equipment)	See IRM 11.3.2.3.2 (2), <i>Requirements for Verbal Electronic Requests</i>
Third Party claiming a material interest	See IRM 11.3.2.4, <i>Persons Who May Have Access to Returns and Return Information Pursuant to IRC 6103 (e)</i>

7. If making out-calls and there is a valid POA on file, you must contact the POA and not the taxpayer.

Note:

CSCO and ACSS employees may, but are not required to, leave a message on an answering machine or voice mail.

5.19.22.1.3 (01-02-2015)

Documenting BMF Account Actions

1. You are required to document actions taken on taxpayers accounts and/or actions promised by a taxpayer. Documentation should also include results of tools used in determining return delinquency requirements, such as Integrated Automation Technologies (IAT).

Note:

This is a general statement. Refer to the specific sections within the IRM for accurate documentation.

2. All documentation will be done via Account Management System (AMS). All documentation should be, to the extent possible, completed while the taxpayer is on the phone. When working paper, AMS documentation should support action(s) taken based on complete research.
3. Complete and accurate case documentation promotes quality and consistency in working cases. Documentation should contain enough information so that any person subsequently reading it can easily determine what decisions were made, why those decisions were made, what actions were taken and what further actions are required to resolve the case.
4. Do not use the term "Illegal Tax Protester" (ITP) or similar designations on IDRS, ACS History Codes, or AMS comments. The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98), Section 3707, prohibits the use of any tax protester designation to describe the taxpayer. If you identify any such reference, immediately inform your manager. Terms such as "frivolous argument" or "tax avoidance argument" are acceptable terms to use.
5. When securing an updated address via telephone, correspondence, or tax return, document entity as mailing address vs. location address, if applicable. If a copy of tax return is secured, research account to verify if address secured is valid or current. If research indicates the address on the return is the most current, document entity accordingly. When the taxpayer is requesting a change of address, and has moved from one state to another, you may need to document the Collection Location Code (CLC). See IRM 5.19.1.3.2.1, *Entity and Address Changes*. For additional assistance for address changes, refer to:
 - IRM 3.21.3.11.4.1, *International Mailing Address*.
 - IRM 3.13.5.123, *Domestic Address Changes*.
 - IRM 2.4.9, *Command Codes ENREQ, INCHG, IRCHG, BNCHG and BRCHG*.

Example:

If address on file is a P.O. Box, and a street address is secured, document P.O. Box as mailing address, and street address as location address on ENMOD.

5.19.22.1.4 (01-02-2015)

BMF Correspondence Overview

1. IRS correspondence or notice errors should be identified and reported to the Office of Taxpayer Correspondence (OTC) utilizing the **Red Button** application found at the Servicewide Notice Information Program (SNIP) website. Employees should report any correspondence errors identified, including notices that are smudged, unreadable, or sent to an incorrect taxpayer. The **Red Button** application should also be used to report correspondence that may have an unauthorized disclosure of personally

identifiable information (PII). See IRM 25.13.1.3, *Erroneous Correspondence Procedures - Red Button Process*, for additional information.

2. When requesting a delinquent return, remind the taxpayer to ensure the correct **current** address is on the return, whether it is a copy or original return.
3. If responding via correspondence to a taxpayer response (CP notice or letter), employees are required to acknowledge documentation and/or information received and take all necessary actions. See IRM 21.3.3, *Incoming and Outgoing Correspondence/Letters* for additional guidance.
4. For **CSCO employees**: When corresponding with taxpayers use the appropriate Accounts Management (AM) Toll Free number. Document AMS to reflect actions taken and any pertinent information for the next employee.

Note:

Situations may arise when it will be necessary for CSCO employees to give their direct telephone number to resolve a situation on an account, but these instances should be rare.

5. If taxpayer requests written confirmation that we received their tax return or correspondence, send Letter 2358C , Letter 4431C or other appropriate letter.
6. When referring a case to another office for resolution send Letter 86C. Refer to IRM 21.3.3.4.2.1, *Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office* for additional guidance on when it is necessary to issue the letter.
7. When working correspondence, it is required to verify/secure and input all taxpayers telephone numbers (i.e. home, work, cell phone, etc.) when working any Notice Status 02 or Taxpayer Delinquency Investigation (TDI) Status 03 modules. Document IDRS, ACS and AMS accordingly.

5.19.22.1.5 (01-02-2015)

IAT Tools for Campus Compliance Employees

1. This section provides information on mandated IAT tools for Campus Compliance Employees
2. IAT provides tools that simplify research, reduce keystrokes, eliminates repetitive typing, and increases the accuracy of regular work processes.
3. The chart below provides a list of mandated tools for SBSE ACS Call Site, ACS Support, CSCO and ASFR employees. Descriptions of each tool as well as job aids can be found on the IAT website, Instructions and Job Aids.
4. If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, following established procedures. See the IAT Website, for how to report/fix problems with IAT tools.
5. Additional IAT tools will be added to the following list when one is deemed beneficial and seen as adding quality to Campus Collection work processes.
6. IAT tool users can visit the IAT Website, to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.

Functions	IAT Tools	Suggested Use
SBSE, ACS and ACS Support Functions	<ul style="list-style-type: none"> • Compliance Suite • Credit Transfer • Erroneous Manual Refund (EMT) • Fill Forms • Letters • Refund Suite • REQ54 • REQ77 • X Claim (ACSS) 	Payment Tracer
SBSE CSCO	<ul style="list-style-type: none"> • Compliance Suite • Credit Transfer • Erroneous Manual Refund (EMT) • ESTAB • FRM49 • Letter • REQ54 • REQ77 (TDI) • Refund Suite • TFRP Suite (SB) • Payment Tracer/Tracer (BAL) • Withholding Compliance - (WI BAL) 	Intentionally Left Blank

5.19.22.2 (01-02-2015)

BMF Return Delinquency Case Creation Overview

1. Return Delinquency (RD) case creation identifies taxpayers who have not filed a delinquent tax return, but IRS data indicates they are liable to file. This section defines the criteria for Business Master File (BMF) Case Creation.

5.19.22.2.1 (01-02-2015)

BMF Delinquency Case Creation

1. The case creation process prioritizes and identifies productive inventory using third party data for BMF non-filer cases.
2. This process is known as the Business Masterfile Case Creation Non-filer Identification Process (BMF CCNIP). Collection select codes are assigned to each module to identify and prioritize work selection and assignment. Headquarter analysts will select inventory based on Select Code (SC), Master File Tax (MFT) and inventory needs. The BMF select codes are displayed on CC TXMODA, to assist with research and indicates the last reported income for the entity.

Note:

See Document 6209, Section 11-7, "**BMF Select Codes**"

3. The BMF case creation program identifies business taxpayers that have an open filing requirement for a return that is not filed. Potential BMF RD modules are identified and created 16 weeks after filing due date of each specific return type.
4. The following chart will provide the types of Notices that are sent and their appropriate time frames:

If ...	Then...	Then...
PC-A	A CP 259 or CP 959 (Spanish version) notice (first notice) is sent to the taxpayer to request filing of the return. Note: 259/959 notice will contain Pub 1 , <i>Your Rights as a Taxpayer</i> , Notice 609 , <i>Privacy Act Notice</i> , and a return envelope.	<ul style="list-style-type: none"> • Original notice is not resolved within 10 weeks, then a CP 518 or CP 618 (Spanish version) is issued. • If CP 518 or CP 618 (Spanish version) is not resolved, then case moves to ACS. Note: 518/618 notice will contain a Notice 1219A , <i>Notification of Potential Third Party Contact</i> , and a return envelope.
PC-B	A CP 259 or CP 959 (Spanish version) notice (first notice) is sent to the taxpayer to request filing of the return.	If unresolved the case is suppressed.
PC-X	A CP 259 or CP 959 (Spanish version) notice (first notice) is sent to the taxpayer to request filing of the return.	<ul style="list-style-type: none"> • Original notice is not resolved within 5 weeks it moves on to treatment stream. • Depending on coding and category, some cases by-pass ACS and to straight to Collection Field function (CFf)

5. BMF Return Delinquency notices can be verified using CC TXMOD and CC BMFOLS. The notice information is displayed on CC TXMOD in the "Notice History Section" ,

Exception:

PC-B modules will not have information displayed on CC TXMOD. However, CC BMFOLS displays what type of Primary Code was assigned, along with the cycle the notice was issued.

6. Notices are reviewed by the CSCO TDI function prior to mailing. See *IRM 5.19.22.4.9, Return Delinquency On-Line Notice Review (OLNR) System*, for procedures on working the Notice Review Register.
7. Unresolved RD BMF modules that continue within the notice stream to ACS, may be considered for 6020(b) processing.
8. If UD mail is received follow *IRM 5.19.16.1, Undeliverable (UD) Mail, Bad Address and Address research (ADR) Processing*.

**5.19.22.3 (01-02-2015)
BMF Return Delinquency Research**

1. Research tools that will help you in resolving Return Delinquency (RD) responses include, but are not limited to the following:
 - Integrated Data Retrieval System (IDRS)/ Corporate Files On Line (CFOL) Command Codes (CC)
 - Automated Collection System (ACS) -ACSWeb
 - Account Management Services (AMS)
 - ADR (Address Research)
 - Document 6209
 - *IRM 2.3.1, Section Titles and Command Codes for IDRS Terminal Responses*
 - *IRM 2.4, IDRS Terminal Input*
 - Accurint (Lexis Nexus)
 - RTR (Remittance Transaction Research)
2. Research **all cross reference** accounts for possible case resolution using research tools, without taxpayer contact. This includes spouse's SSN number, Individual Master File (IMF) and Business Master File (BMF) cross reference when identified through research or taxpayer states sole proprietor or owns a business, or Non-Master File (NMF) when either Overflow Status, MFT 31 (Mirrored account), or High Dollar criterion \$1 Billion or more. The Automated Non-Master File (ANMF) System is an accounting and data control of NMF accounts.

Note:

DO NOT reverse a previous TC 59X with a TC 592 on a module if CC ENMOD shows TC 971 AC 502 (\$1 Billion or more), TC 971 AC 100-104 and 145 or MFT 31 (Mirrored accounts) on IMF.

3. For BMF RD research (if a taxpayer states: "no longer has employees or is out of business"), research all cross reference Taxpayer Identification Number (TIN), including IMF cross-reference Social Security Number (SSN) and X-ref EINs to check for fact of filing under another TIN.
4. See *IRM 5.19.22.4.6, Credit Balance Overview* for procedural guidance on researching credit balance accounts. If a credit is identified as being mis-applied, take the necessary actions to move the credit to the correct module or entity.
5. Electronic payments (EFTPS) can be researched and verified via IDRS command code EFTPS. Electronic payment information is retained and can be researched for the current year plus four previous years. Information on EFTPS, including how to enroll, can be found at www.eftps.gov or by calling EFTPS Customer Service at 1-800-555-4477. See *IRM 2.3.70.2, General*, for guidance on using the CC EFTPS to verify if payments were applied correctly.

5.19.22.4 (01-02-2015)

BMF Return Delinquency Procedures

1. This section provides guidance in resolving taxpayer inquiries and responses to accounts in the Return Delinquency (RD) Program.

5.19.22.4.1 (01-02-2015)

BMF Cases Referred

1. Delinquency requests may be received from other areas within the Service on the following forms:

- Form 4442, *Inquiry Referral* - Request for actions unable to be completed by originator.
- Form 9948, *Referrals To* - Referral/Routing to other areas within the Service.
- Form 3499, *Information Transmittal*- Referral/Routing to other areas within the Service
- Form 3210, *Document Transmittal*- Document transmittal to other areas within the Service.
- Form 2209, *Courtesy Investigation* - Request for Collection to secure a return when a return has previously posted and has been removed (e.g., Transaction Code (TC) 291, etc.).

Note:

We no longer accept Form 2209 for account modules where returns have been removed and a TC 150 for zero remains. If you receive this form for this type of request, please return to sender with a statement explaining we no longer need these created.

5.19.22.4.1.1 (01-02-2015)

Accelerate and/or Delay To TDI Status 03 on BMF Accounts

1. During normal processing, a RD module goes into Notice Status 02 when the first RD notice (CP 259) is issued. There are exceptions which will be discussed later.
2. For PC-A "Non PC-B" modules, a final RD (CP 518) is issued 10 cycles later. The module goes into TDI Status 03, 10 cycles after the issuance of the CP 518, a total of 20 cycles from the issuance of the first notice.
3. You may accelerate and/or delay a Non PC-B RD module to TDI Status 03. Case goes to ACS by using command code (CC) ASGNI or CC ASGNB, see IRM 2.4.27-3, *ASIGN/ASGNB Input Display - Definers*, for using a delay Cnn .

Note:

A delay of 8 cycles "C08" is the longest delay allowed without leaving an IDRS control base open on the account for monitoring.

4. When working a RD response (correspondence or online) and you cannot resolve the RD module, the module may be accelerated to TDI Status 03 for further investigation.

Note:

For more detailed examples, see *Exhibit 5.19.22-6, Accelerate and/or Delay to TDI Status 03 Examples*.

5.19.22.4.1.2 (01-02-2015)

Accelerate BMF Accounts to Compliance Territory Office (Revenue Officer)

1. In certain situations when all attempts to resolve the RD module have failed, and the taxpayer has requested a face to face meeting, you should refer the taxpayer to contact their nearest field assistance office. Provide the taxpayer with the address of the nearest Taxpayer Assistance Center (TAC), Local Tac Office Finder by Zip, and proceed to accelerate the module to TDI Status 03.

Note:

Make sure the taxpayer is aware that the TAC office will not prepare the return for them. If they need assistance with preparing a return, you should refer them to the appropriate toll free number.

2. If the taxpayer requests face to face meeting at their place of business or residence because:

- They can't get to a field assistance office
- Or has lost records due to circumstances beyond their control (fire, flood, seizure, etc.) and we can't re-construct their records, suggest the taxpayer estimate expenses. If they cannot estimate expenses, then refer case to a Compliance Territory Office.

, Send Letter 86C or other appropriate transfer letter to the taxpayer, following the procedures stated below:

If	And	Then
RD module is in Notice Status 02 or TDI Status 03,	You have supporting documentation,	A. Using CC ASGNI or CC ASGNB. . B. Assign the account to 6466 for assignment to Territory Office (indicating supporting documentation). C. For Notice Status 02 only, input a delay C01 to accelerate to TDI Status 03. D. Route the case to the appropriate territory office (Revenue Officer).
RD module is in Notice Status 02 or TDI Status 03,	You do not have supporting documentation,	A. Using CC ASGNI or CC ASGNB. . B. Assign the account to 6401. C. For Notice Status 02 only, input a delay C01 to accelerate to TDI Status 03. D. Destroy the notice.
RD module is a satisfied (Status 06 closed with a TC 59X) and the taxpayer has another module in Compliance Territory Office (Revenue Officer) status,	You have supporting documentation,	

		<p>A. Using CC ASGNI or CC ASGNB, assign the account to 6466.</p> <p>B. Input a TC 592 to reverse the previous TC 59X, using FRM49.</p> <p>C. Route the case to the appropriate territory office (Revenue Officer).</p>
RD module is a satisfied (Status 06 closed with a TC 59X) and the taxpayer has another module in Compliance Territory Office (Revenue Officer) status,	You do not have supporting documentation,	<p>A. Using CC ASGNI or CC ASGNB, assign the account to 6401.</p> <p>B. Input a TC 592 to reverse the previous TC 59X, using FRM49.</p> <p>C. Destroy the notice.</p>
RD module is a satisfied (Status 06 closed with a TC 59X) and there are no other modules assigned to the Compliance Territory Office (Revenue Officer).	You have supporting documentation.	<p>A. Using CC ASGNI or CC ASGNB, - assign the account to 6466.</p> <p>B. Input a TC 592 to reverse the previous TC 59X, using FRM49.</p>

5.19.22.4.2 (01-02-2015)

Taxpayer Advocate Service Referrals on BMF Accounts

- This section provides procedures and guidance for working referrals to the Taxpayer Advocate Service (TAS). Our goal is to address and resolve the taxpayer's issue on initial contact whenever possible and avoid unnecessary referrals to TAS. Make every attempt to assist the taxpayer prior to referring to TAS.
- Refer taxpayers to the Taxpayer Advocate Service (TAS) (see IRM 13.1.7.2, *TAS Case Criteria*) when you can't resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same-Day Resolution by Operations*. When you refer cases to TAS, use Form 911, *Request for Taxpayer Advocate Services Assistance (and Application for Taxpayer Assistance Order)*, and forward to TAS. See (3) below for special procedures for identity theft issues.
- As part of the Identity (ID) Theft Program, the Accounts Management (AM) Identity Protection Specialized Units (IPSU) will generally assist taxpayers whose situations meet IRM 13.1.7.2, *TAS criteria 5 -7, Systemic Burden*, **AND** involve identity theft. Applicable cases will now be considered IPSU criteria.
 - If a case meets IPSU criteria, refer the case to AM IPSU using Form 4442, *Inquiry Referral*.
 - The referral can be sent via secure E-mail to *W&I-ITAR when available, or by fax to the ID Theft fax line (855)807-5720 by COB the day the criteria was identified.
 - The referral **MUST** contain all taxpayer's correspondence with any attachments/documentation received with the case.
 - An Letter 86C or other applicable letter to the taxpayer is required. Inform the taxpayer he/she can expect contact within 7 business days from the date of receipt.
 - See IRM 21.9.2.9, *Identity Theft Assistance Request (ITAR) -General Information*, for more information and IRM 5.19.1.2.1 (9)(g), *For All Employees*.

Note:

If using AMS for referrals, select ITAR from the drop down menu, select Andover for English and Fresno for Spanish cases.

Note:

If not using AMS, annotate "ITAR" on the top of the Form 4442 prior to forwarding to AM IPSU.

- Follow the table below if referring the account to the Taxpayer Advocate Service:

If	Then
Case is in Notice Status 02,	<ul style="list-style-type: none"> Input a delay C08 using CC ASGNI or CC ASGNB. Document Account Management Services (AMS) of actions taken including case referral to TAS.
Case is in TDI Status 03.	<ul style="list-style-type: none"> Document AMS of actions taken including case referral to TAS. If the account is on ACS input history item as follows: For ACS Support employees: TOS7,45,TAS For ACS Call Sites employees: TOR2,45,TAS

- Use Form 911, *Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance order)*, and forward to the Taxpayer Advocate Office in accordance with your local procedures.

5.19.22.4.3 (01-02-2015)

BMF Return Delinquency Responses and Inquiries

- This subsection provides guidance on the procedures for processing Business Master File (BMF) Return Delinquency (RD) notice responses and inquiries.
- Document account of actions taken as stated per the specific IRM section.
- For AM employees:
 - Advise the taxpayer to respond in writing, as directed in the notice.
 - Assist the taxpayer with filing of their delinquent return (if requested) and/or inform the taxpayer to respond to the notice as indicated, with supporting documentation to validate they are not required to file.
 - Document AMS regarding taxpayer's call, information given to taxpayer, and any actions if applicable.

5.19.22.4.3.1 (01-02-2015)

BMF Response with No Returns

1. The following IRM section will provides directive guidance on determining if the taxpayer is liable to file, and assist in resolving taxpayers RD issues.
2. Research is necessary to determine appropriate action(s) needed for resolution. Resolve all taxpayer issues in a timely manner to prevent subsequent notices and/or TDI issuances.

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

3. Employees are not required to request a return for the current processing year until 20 weeks past the Return due date (RDD).
4. When working RD issues with balance due accounts, refer to *IRM 5.19.1, Balance Due*, for resolution of the balance due account.

Note:

If you are not trained to work balance due cases, route the case to the balance due function in our site, after you have completed the RD request.

5. When corresponding with the taxpayer and addressing multiple years only send one letter whenever possible. it may be necessary to send more than one letter when addressing multiple MFT's.
6. When working a module in Status 06 previously closed with a TC 590 CC 019, 593, 597 or 598, follow the procedures throughout this section for the status (Notice-02 or TDI-03) the module was in when the 59X code was entered.
7. If the taxpayer/business provides a personal business telephone number on a response to a notice or RD correspondence, document the entity with the telephone number secured. If the area code is not available, look it up using Area Code/Time Zone Search on SERP.
8. When a taxpayer responds to a RD request, their main responses may be:
 - My business ceased operations on:
 - My business filed under another name:
 - My business filed under another EIN:
 - My business had no activity for the period above:
 - Other reason for not filing (These responses may vary)
 - I have a credit/payment/deposit and want it applied to the following:
9. Responses from a taxpayer should be verified through "**research**" before closing action can be taken. research would include but not limited to :
 - CC BMFOL with definers U, W, R and L for W2/W3 CAWR data.
 - CC IRPTRL using "IND Type 3" to verify business income and business activity reported to IRS.
 - CC IRPTRI; to review W-2 information submitted by payers
 - CC BRTVUE; verify if wages paid
 - CC TRDBV; verify for deleted returns.

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

10. If research indicates that the taxpayer may be liable to file, follow procedures in *IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable*.

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

5.19.22.4.3.1.1 (01-02-2015)

BMF Response Taxpayer Not Liable

1. If the taxpayer's response states they "**No longer have employees**" , "**My business had no activity for the period above**" , or "**Out of Business**" , "research" must be conducted.

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

2. Address **all** open RD cases on CC BMFOLI unless response indicates no employees or no activity for the period only. If the taxpayer is filing a Form 940, verify that all Form 941's, Form 943's or Form 944 were filed for the same year. If they are closing the business, make sure prior returns were filed per Policy Statement P-5-133.

If ...	And ...	Then ...
	CSCO Employees	A. Input TC 590 cc 075 using CC FRM49. B. Document AMS of pertinent information such as research completed and closing actions. Note: If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. <i>IRM 5.19.22.4.6, Credit Balance Overview</i> .

<p>Response indicates no employees or no activity for the period above</p>	<p>For ACS and ACSS Employees,</p>	<p>A. Input TC 590 cc 025 using CC FRM49.</p> <p>B. Document AMS of pertinent information such as research completed and closing actions.</p> <p>C. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	<p>For FA Employees.</p>	<p>A. Input TC 590 cc 020 using CC FRM49.</p> <p>B. Document AMS of pertinent information such as research completed and closing actions. .</p> <p>C. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
<p>Taxpayer states they are not liable and/or will not be liable for future returns on the delinquent MFT</p> <p>Example:</p> <p>If the taxpayer states they are not liable as they no longer have employees and/or have no employees that are subject to RRTA taxes, or they have "leased" their employees to another company</p>	<p>CSCO Employees,</p>	<p>A. Input TC 591 cc 075 using CC FRM49.</p> <p>B. For Form 941 /Form 943 /Form 944 filers: close Form 940 FR if research indicates taxpayer not liable.</p> <p>C. Document AMS of complete research and action taken, including information secured from taxpayer.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	<p>For ACS and ACSS Employees,</p>	<p>A. Input TC 591 cc 025 using CC FRM49.</p> <p>B. Form 941 /Form 943 /Form 944 : Close Form 940 FR if research indicates taxpayer not liable.</p> <p>C. Document AMS of all closing actions including the business closing date.</p> <p>D. If the account is on ACS, enter history code, "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	<p>For FA Employees.</p>	<p>A. Input TC 591 cc 020 using CC FRM49.</p> <p>B. Form 941 /Form 943 /Form 944 : Close Form 940 FR if research indicates taxpayer not liable. See</p> <p>C. Document AMS of all closing actions including the business closing date. If the account is on ACS, enter history code, "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
		<p>A. Input a TC 591 with the appropriate closing code.</p> <p>B. Document the Entity using a TC 016 to input the business closing date.</p> <p>C. Close all open filing requirements for each MFT.</p> <p>D. Document AMS of all research completed and action(s) taken.</p>

<p>Response indicates taxpayer is Out of Business</p> <p>Note:</p> <p>A dissolving corporation or partnership is required to file a short period return covering the period beginning the first day of its accounting period through its date of dissolution.</p>	<p>Closing date is before the notice period,</p>	<p>E. For ACS employees: enter history code, "TOC0,30, RDPND" or "TOS0,30, RDPND" (XX= appropriate closing code). http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	<p>The closing date provided is only for a month and year with no specific day provided,</p>	<ul style="list-style-type: none"> • Use the last day of the month for the Date Business Close (DBC) date. • Document AMS of all research completed and action(s) taken.
	<p>The closing date provided is only a year with no specific month and day,</p>	<ul style="list-style-type: none"> • Use the last month and day of the fiscal year filing period used by the business. • Document AMS of all research completed and action(s) taken.

Note:

TC 590 will "only" satisfy the period it is input on. The filing requirements will remain open for the subsequent periods, therefore a TC 590 must be input on all applicable periods.

Note:

Input of TC 591 on the earliest module will close the module and all subsequent modules of the same MFT.

Note:

If there are open TDI modules for Form 941 on 200803-200812 and taxpayer response states no longer in business as of December 2007, input a TC 591 on 01-200803. It is not necessary to close out other subsequent modules as the processing programming will close modules systemically.

Exception:

A transaction code cannot be input on a module more than 12 months in advance of the current date.

3. If there is a credit on a subsequent module, you must also input a TC 591 cc 075/025/020 on any newer modules than the earliest delinquent period in order for the FR's to remain closed.

Note:

Input of the TC 591 on the earliest delinquent period will close all subsequent delinquent periods for the same MFT, unless there is a credit or extension on a subsequent (newer) module. You must also input a TC 591 cc 075/025/020 on all modules with a credit or extension on any newer modules than the earliest delinquent period in order for the FR's to remain closed. If there is no open TDI module create a dummy module and input a TC 591 on the earliest period, but not more than 6 years (old).

Example:

Taxpayer indicates out of business and there is an open FR for Form 941 however there is no open TDI module; verify Business Operation Date input on the earliest period unfiled but not more than 6 years from current filing tax year.

4. If research indicates taxpayer is liable to file follow guidance in *IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable*.

**5.19.22.4.3.1.1.1 (01-02-2015)
 BMF Little or No Tax Due**

1. This section addresses closing modules without enforcement action even when a return is due if it meets certain criteria. Policy Statement **P-5-133** of IRM 1.2.14 *Policy Statements for the Collecting Process* allows closing modules if the following condition is met.

- There would be no tax due on the delinquent return(s).
- =====

Note:

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Exception:

This policy statement does not apply to Form 1065, *U.S. Partnership Return of Income*, Form 990 series, and Form 1120-S, *U.S. Income Tax Return for an S Corporation*. These forms are used for various reporting purposes and generally do not have tax due.

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Note:

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2. If the module meets criteria for "Little or No Tax Due", take the following actions:

Note:

Managerial approval is required for closing account Little or no Tax Due.

Exception:

Closures over 6 years old **do not** require managerial approval.

If	And	Then
Account meets P-5-133 criteria,	For CSCO and AM Employees,	<p>A. Send Letter 2255C or other appropriate letter. It is not required to contact the taxpayer if the module is over 6 years old.</p> <ul style="list-style-type: none"> If talking to the taxpayer by telephone request return(s) for all delinquent tax periods. No letter is required to be sent when talking to the taxpayer on the phone. <p>Note:</p> <p>Do not inform the taxpayer the account module is being closed as Little or No Tax Due.</p> <p>B. If requesting more than one return, all must have a deadline documented.</p> <p>C. After managerial approval, input TC 590 cc 077 using CC FRM49.</p> <p>Exception:</p> <p>Managerial approval not required for closing modules over 6 years old.</p> <p>D. If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>. If you are talking to the taxpayer on the phone, discuss credits for resolution.</p> <p>E. Document AMS of actions taken, including tax computation and telephone attempt.</p>
	For ACS and ACSS Employees,	<p>A. If account is not on ACS, set a 45 day deadline and send a Letter 2255C or other appropriate letter.</p> <p>B. If contacting taxpayer by telephone, set a deadline of 30 days from the day you are closing the case.</p> <p>C. If account is on ACS, enter ACS history code "TOC0,05,RDPND" or "TOS0,05,RDPND" and send an LT18 letter, which requests the taxpayer to file the return within 10 days from the date of receipt.</p> <p>Note:</p> <p>Do not inform the taxpayer the account module is being closed as Little or No Tax Due.</p> <p>D. After managerial approval input TC 590 cc 027 using CC FRM49 on IDRS.</p> <p>Exception:</p> <p>Closures over 6 years old do not require managerial approval.</p> <p>E. If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p> <p>Note:</p> <p>If on the telephone with the taxpayer, address any credit balance during the call.</p> <p>F. Document AMS of actions taken, including tax computation.</p>
	For FA Employees.	<p>A. If speaking with a taxpayer in a face to face meeting request return(s) for all delinquency periods.</p> <p>B. Set a deadline of 30 days from the day you are closing the case.</p> <p>C. If the account is on ACS enter ACS history code "TOC0,05,RDPND" or "TOS0,05,RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>Do not inform the taxpayer the account module is being closed as Little or No Tax Due.</p> <p>D. After managerial approval input TC 590 cc 020 using CC FRM49 on IDRS.</p> <p>Exception:</p> <p>Closures over 6 years old do not require managerial approval.</p> <p>E. Document AMS of actions taken.</p>
Account does not meet P-5-133 criteria.	Intentionally left blank	See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .

**5.19.22.4.3.1.2 (01-02-2015)
BMF Response "Other"**

1. This sub section addresses the other types of responses that may be provided by the taxpayer.

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

If ...	And ...	Then ...
Taxpayer states they are a victim of Identity Theft	Intentionally left blank	See <i>IRM 10.5.3, Identity Protection Program</i> and <i>IRM 10.5.3.3, BMF Identity Theft Procedures</i> .
Taxpayer responds he is not liable and is requesting a refund	Did not submit a tax return	See <i>IRM 5.19.22.4.3.1, BMF Response with No Return</i> .
	Research shows they are liable	A. Do not close the filing requirements

<p>Taxpayer states, in writing, a payroll company is responsible for the filing of their return</p> <p>Note:</p> <p>A payroll company is not a Payroll Agent.</p>	<p>to file</p> <p>Note:</p> <p>Although the payroll agent should be filing their returns, it is the taxpayer's responsibility to ensure all returns are filed timely.</p>	<p>B. Contact the taxpayer via telephone or correspondence to request the delinquent return.</p> <p>C. For phone contact :</p> <ul style="list-style-type: none"> • Instruct the taxpayer to file a signed and dated return, including current address. • Provide the taxpayer with the appropriate IRS CSCO return address to mail the return. For CSCO addresses see <i>Exhibit 5.19.22-3, CSCO Non-Filer Campus Addresses.</i> • Document AMS comments accordingly.
<p>Taxpayer states they have a Payroll Agent</p> <p>Note:</p> <p>Form 940 cannot be filed under a parent company/corporation or Payer Agent and must be filed by each subsidiary.</p>	<p>Research shows they are not liable to file</p> <p>The account has a TC 971 AC 384, indicating a payer agent has authority to pay, file tax return on behalf of taxpayer,</p> <p>There is no indication of a TC 971 AC 384.</p>	<p>See <i>IRM 5.19.22.4.3.1.1, BMF Response Taxpayer Not Liable.</i></p> <ul style="list-style-type: none"> • Input a TC 591 with the appropriate closing code. • Document AMS of information, including the taxpayer has a payer agent on file. • If on ACS enter ACS history code: ACS: TOC0,30,RDPND or TOS0,30,RDPND or FA: TOC0,21,RDPND or TOS0,21,RDPND.http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm • Inform taxpayer by telephone or correspondence they are required to file a Form 2678, <i>Employer/Payer Appointment of Agent</i>, to request for a payer agent to file and pay taxes. • Inform taxpayer we cannot close their FR until verification is received that Form 2678 has been received and processed. • Document AMS of actions taken, including deadline date to taxpayer. • If the account is on ACS, input history OADT,45,F2678. http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
<p>Taxpayer indicates will file (Correspondence Only)</p>	<p>CSCO employees</p> <p>ACS employees</p>	<p>A. Send a Letter 2255C or appropriate letter.</p> <p>Note:</p> <p>If the correspondence does not specify a date, do not input mddd.</p> <p>B. If the taxpayer does provide a date, do not allow more than 60 days. If the taxpayer does not provide a date, allow 30 days to file with a 45 day follow-up.</p> <p>C. For Form 940 ,Form 941 ,Form 943 and Form 944 only, advise the taxpayer that failure to file by the specified date, employment returns may be processed under IRC 6020(b) if not filed voluntarily.</p> <p>D. Input a C08 using CC ASGNB (see <i>IRM 2.4.27, CC ASGNI/ASGNB formerly TSIGN</i>). To accelerate to ACS, see <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i></p> <p>Note:</p> <p>If the account has a subsequent balance due issue, ensure any STAUP's and delays are equivalent.</p> <p>E. Document AMS of actions taken, including deadline date to file.</p> <p>A. Send a Letter 2255C or other appropriate letter.</p> <p>B. If the taxpayer does provide a date, do not allow more than 60 days. If the taxpayer does not provide a date, allow 30 days to file with a 45 day follow-up.</p> <p>C. For Form 940 ,Form 941 ,Form 943 and Form 944 only, advise the taxpayer that failure to file by the specified date, employment returns may be processed under IRC 6020(b) if not filed voluntarily. Follow guidelines below for 6020(b) criteria:</p> <p>D. If the account does not have Employment code F, G, or T, and</p> <ul style="list-style-type: none"> • Has a module with MFT 01, 10 or 11 within the last three years, • LRA data with the same MFT of delinquent module between \$250 - \$1500, and/or • A delinquent module has a credit balance between \$250-\$1500, • Reassign "TOI7,XX,TFRO" where XX stands for the deadline plus 30 days. <i>IRM 5.19.22.1.1, Return Delinquency Overview</i> for information on determining follow-up dates. <p>E. If the module delinquency is over \$1500, reassign case "TOI7,XX,TFQU" , where XX stands for the deadline plus 30 days. <i>IRM 5.19.22.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p> <p>F. If the account contains Employment Code G or T, reassign the account for managerial approval for TFRO assignment: TOC0,,TFRO or TOS0,,TFRO (ASC Sites)</p> <p>G. If the account has an Employment Code F (Federal Agency), assign the account to TOR1,60,FAD. Document comments of actions taken.</p> <p>Note:</p> <p>FAD accounts are handled at the Brookhaven Campus-CSCO Operations. Refer to: FEDERAL AGENCY DELINQUENCY CONTACTS for contact information.</p>

		<p>H. If the account does not meet 6020(b) criteria enter "TOI7,XX,TFQU" XX stands for the deadline plus 30 days. See <i>IRM 5.19.22.4.3.4, BMF Substitute for Return A6020(b) Program Referrals (Forms 940, 941, 943 or 944)</i>, for additional guidance to determine if module meets 6020(b) criteria. <i>IRM 5.19.22.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p> <p>I. Document AMS and ACS of actions taken, including the target date and warning of enforcement action.</p> <p>Note:</p> <p>If the correspondence does not specify a date, do not input mmdd.</p>
States return was filed less than ten weeks ago and research does not show a TC 150	Account is in Notice Status 02	<p>Allow time for the return to post by inputting a delay of 8 weeks using a "C08" on CC ASGNB (see <i>IRM 2.4.27</i>).</p> <p>Note:</p> <p>The delay prevents the module from going to TDI status.</p> <p>Exception:</p> <p>PC-B modules cannot be delayed, as these modules do not go into TDI status.</p>
	Account is in TDI Status 03	<p>A. Document AMS with actions taken, including date the taxpayer filed, as "mmdd" with mmdd for the month and date.</p> <p>B. If the account is on ACS, enter ACS history code "OADT,45,CMNTS" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p>
States return was filed more than ten weeks ago and research does not show a TC 150	AP150 or PN150 has posted to the account,	Take no action.
	RJ 150 or UNP 150 has posted to the account,	Take no action.
	Return posted under another TIN or Business Name,	<p>A. Control or refer case, see <i>IRM 5.19.22.4.4.1, TIN and Entity Problems</i> for additional guidance.</p> <p>B. Input a TC 594 cc 083/033/040.</p> <p>C. Document AMS of actions taken.</p> <p>D. If on ACS, move to the appropriate inventory.</p>
	Return posted to different tax period (same TIN),	<p>A. Control or refer case accordingly, see <i>IRM 5.19.22.4.4, Return Delinquency TIN and Entity Research</i>.</p> <p>B. Transfer to the appropriate Accounts Management BMF Unit. Notate the routing slip (e.g., Form 4442 , Form 3210, etc.) "Return posted to incorrect tax period" .</p> <p>C. Input a TC 594 cc 083/033/022.</p> <p>D. Document AMS of actions taken.</p> <p>E. If on ACS, move to the appropriate inventory.</p>
	Cancelled check was submitted and encoder information matches the notice,	<p>A. If the payment is not on the module, follow the procedures in <i>IRM 21.5.7, Payment Tracers</i>.</p> <p>B. If research leads you to a module with the return posted, then follow the procedures above for a return posted under another TIN, Name or Tax Period.</p> <p>C. If the payment is on the module, follow the procedures in paragraph 5 below and request a copy of the return from the taxpayer.</p>
	Cancelled check was submitted and encoder information does not match the notice,	<p>A. Research the account module listed on the encoder information (TIN, MFT and Tax Period) to see if the return posted.</p> <p>B. If the payment is located, then follow the procedures above for a return posted under another TIN, Name or Tax Period.</p> <p>C. If the payment is not located, follow the procedures in <i>IRM 21.5.7, Payment Tracers</i>.</p> <p>D. If research leads you to a module with the return posted, then follow the procedures above for a return posted under another TIN, Name or Tax Period.</p> <p>E. If research does not lead you to a module with the return posted, ask the taxpayer for a copy of the return.</p> <p>F. Document AMS of information secured and target date given to taxpayer to file.</p>
	None of the above conditions is present.	See <i>IRM 5.19.22.4.3.1.3, BMF taxpayer Liable</i> .
Form 941 was filed instead of a Form 944, or vice versa,	See <i>IRM 5.19.22.4.3.1.2.4, BMF Response Form 941 (Employer's Quarterly Federal Tax Return)</i> or <i>IRM 5.19.22.4.3.1.2.6, BMF Response Form 944, Employer's Annual Federal Tax Return</i> .	
Response states they are an LLC filer,	Left intentionally blank	See <i>IRM 5.19.22.4.3.1.2.2, BMF Response Limited Liability Company (LLC)</i> .
Only information provided is that the taxpayer is in bankruptcy	Left intentionally blank	See <i>IRM 5.19.22.4.3.3, BMF Special Handling Responses</i>

Response has only a signature, and the delinquent module can not be resolved	The account is in Status 02,	<p>A. Input a delay code of "C08" using CC ASGNB to accelerate the account to ACS. See <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i> for additional guidance.</p> <p>Exception:</p> <p>PC-B's cannot be accelerated.</p> <p>B. Destroy the notice.</p> <p>C. Document AMS</p> <p>Note:</p> <p>This delay code will allow any return that might have been detached from the notice to post before the next notice cycle.</p>
	Account is in TDI Status 03.	Destroy the Notice.

2. When you are unable to determine the taxpayer's intent, based on the information they provided and can not resolve through research. Contact the taxpayer to request additional information. Follow the table below for general case resolution guidance:

Note:

If a telephone number is provided on the response or already available on CC ENMOD, attempt to contact the taxpayer (do not leave a call back message), before sending a letter to the taxpayer (telephone attempt must be documented on AMS).

If	And	Then
Telephone contact is made with the taxpayer,	it is determined the taxpayer is not liable,	See <i>IRM 5.19.22.4.3.1.1, BMF Response Taxpayer Not Liable</i> .
	Taxpayer is liable,	A. See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .
Unable to make telephone contact.	For CSCO Employees,	<p>A. Send Letter 2255C or other appropriate letter requesting information required to close the module.</p> <p>B. Input delay C08 using CC ASGNB, refer to <i>IRM 2.4.27, Command Code ASGNI/ASGNB formerly TSIGN</i>, for guidance. See <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i> for guidance on referring case to ACS.</p> <p>C. Document AMS of research completed and actions taken, including information requested and date given to taxpayer to file.</p>
	For ACS, ACSS and FA Employees.	<p>A. Send Letter 2255C or other appropriate letter.</p> <p>B. Enter history code "TOI7,XX,TFQU" (XX stands for the deadline plus 30 days). http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm <i>IRM 5.19.22.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p> <p>Note:</p> <p>If the module meets 6020(b) criteria do not send/assign to TOI7. See <i>IRM 5.19.22.4.3.4, BMF Substitute for Return 6020(b) Program Referrals</i>.</p>

**5.19.22.4.3.1.2.1 (01-02-2015)
BMF Response Taxpayer Deceased**

- This section will provide procedural guidance on identified decedent accounts related to sole proprietor businesses and husband and wife partnerships.
- All procedures apply to contacts via telephone, correspondence or in person unless otherwise noted.
- All information secured and/or actions taken must be documented on AMS. If original documents are secured, make copies and return the originals to provider.
- When speaking to or corresponding with third parties, refer to *IRM 11.3.2.4.11, Deceased Individuals*.
 - See *IRM 5.19.2.5.4.5.6, IMF Response Taxpayer Deceased* for procedures on identifying decedent entities.
 - See *IRM 5.19.1.4.3.2, Deceased Taxpayers - Entity Changes* for guidance on any Entity issues.
- If a telephone call is received from a third party stating taxpayer is deceased and the business is no longer in business:
 - Probe to secure date of death
 - Request a copy of the death certificate
 - Research IDRS to determine if taxpayer is liable to file the return
 - Take necessary closing actions, if applicable
- If there is an indication the delinquent module will have a potential liability or there is a balance due module existing on the entity or an associated module, attempt to secure the following information to be forwarded to the Advisory Unit.
 - Date of Death (unless there is a prior TC 540 already on the module). If there is no date of death present on CC INOLES, attempt to secure a copy of the death certificate.
 - County in which the taxpayer resided at time of death, and County in which taxpayer died, if different.
 - Name, address, telephone number of the fiduciary (executor or administrator), if any.
 - If speaking to third party on telephone, secure name and telephone number of person, if different than fiduciary.
 - If combo account, inquire for open probate and assets. See *IRM 5.19.1.4.3, Deceased Taxpayers* for guidance.

- Probe to determine if an EIN has been requested for the Estate, if applicable. If an EIN was requested, ask if a Form 1041 has been filed

Note:

It is not necessary to request documentation on modules meeting Little or No Tax Due or there are no other open modules or balance due issues.

If ...	And ...	Then ...
The business was a sole proprietorship	Taxpayer died before the notice period or indicates they were out of business before the notice period.	<ul style="list-style-type: none"> • Probe to secure date of death • Request a copy of the death certificate <p>Note:</p> <p>If a notarized or original death certificate is received, document the entity and return the original to the sender.</p> <ul style="list-style-type: none"> • Research IDRS to determine if taxpayer is liable to file the return • Take necessary closing actions, if applicable <p>Note:</p> <p>If there is an indication the deceased taxpayer has an estate, request the EIN of the estate and if they filed a Form 1041.</p>
	The taxpayer died during or subsequent to the delinquent periods	<ul style="list-style-type: none"> • Probe and secure documentation to establish if there is an estate. • If an estate exists, secure supporting documentation and EIN of Estate. • Forward any secured documentation to the Advisory Area for follow up.
Return delinquency is for a partnership	One of the partners is deceased	The other partner(s) are liable for the return and any taxes due, the remaining partner(s) are still liable to file. See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> for resolution guidelines.
Return delinquency is on a corporation	One of the responsible officers is deceased	Contact the other officers for the return and any taxes due. See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> , for resolution guidelines
The corporation had only one officer	He/She is deceased	<ul style="list-style-type: none"> • Probe to secure date of death • Request a copy of the death certificate <p>Note:</p> <p>If a notarized or original death certificate is received, document the entity and return the original to the sender.</p> <ul style="list-style-type: none"> • Research IDRS to determine if taxpayer is liable to file the return • Take necessary closing actions, if applicable <p>Note:</p> <p>If there is an indication the deceased taxpayer has an estate, request the EIN of the estate and if they filed a Form 1041.</p>

7. Refer to the If/Then table below for documenting and closing the module:

If	And	Then
The tax liability does not exceed the minimum tax due, see <i>IRM 5.19.22.4.3.1.1.1, BMF Little or No Tax Due</i> , for criteria,	For CSCO Employees,	<p>A. On delinquent modules, input TC 590 cc 077 using CC FRM49.</p> <p>B. Close all open Filing Requirements on the next tax period using a TC 591 cc 075.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For ACS and ACSS Employees,	<p>A. On the delinquent modules, input TC 590 cc 027 using CC FRM49.</p> <p>B. Close all open Filing Requirements on the next tax period using a TC 591 cc 025.</p> <p>C. If account is on ACS, enter history code, "TOC0,30, RDPND" or "TOS0,30, RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For FA Employees,	<p>A. On delinquent modules, input TC 590 cc 020 using CC FRM49.</p> <p>B. Close all open Filing Requirements on the next tax period using a TC 591 cc 040.</p> <p>C. Document AMS of actions taken, including the taxpayer's date of death and tax computation. If the account is on ACS, enter history code "TOC0,21, RDPND" or "TOS0,21, RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p>

		<p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
<p>The tax liability exceeds minimum tax due, see <i>IRM 5.19.22.4.3.1.1.1 BMF Little or No Tax Due</i>, for criteria.</p>	<p>For CSCO Employees</p>	<p>A. Close all open Filing Requirements on the next tax period using a TC 591 cc 075.</p> <p>B. Determine all the tax returns that may be due and request returns be filed. If a telephone number is provided attempt to call the responder. If fiduciary (executor or administrator) cannot be reached by telephone or no telephone number is available send Letter 2255C or other appropriate letter.</p> <p>Note:</p> <p>If contact is made by telephone and you determine the taxpayer is liable for the return(s), request fiduciary (executor or administrator) to file all delinquent tax returns.</p> <p>C. Document AMS of information secured, including any information indicating the taxpayer is deceased.</p> <p>D. For Employment Tax returns (Trust Fund) only, view the last return filed. If the liability is above \$1,500 (last return filed multiplied by the number of delinquent modules), see <i>IRM 5.19.22.4.1.2, Accelerate to Compliance Territory Office (Revenue Officer)</i>.</p> <p>E. If module is in Status 02, accelerate to ACS, see <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i>.</p>
	<p>For ACS Employee</p>	<p>A. Close all open Filing Requirements on the next tax period using a TC 591 cc 025.</p> <p>B. Determine all the tax returns that may be due and request returns be filed. If a telephone number is provided attempt to call the responder. If fiduciary (executor or administrator) cannot be reached by telephone or no telephone number is available send Letter 2255C or other appropriate letter.</p> <p>Note:</p> <p>If contact is made by telephone and you determine the taxpayer is liable for the return(s), request fiduciary (executor or administrator) to file all delinquent tax returns.</p> <p>C. Document AMS of information secured, including any information indicating the taxpayer is deceased.</p> <p>D. For Employment Tax returns (Trust Fund) only, view the last return filed. If the liability is above \$1,500 (last return filed multiplied by the number of delinquent modules), see <i>IRM 5.19.22.4.1.2, Accelerate to Compliance Territory Office (Revenue Officer)</i>.</p> <p>E. If module is in Status 02, accelerate to ACS, see <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i>.</p> <p>F. Contact the administrator or executor and request the following information. Document AMS of information secured:</p> <ul style="list-style-type: none"> • Date of death, • County in which the taxpayer died, • Name/address; telephone number of fiduciary, • Did the taxpayer own property at the time of death? What type of property and estimated value of property? <p>G. Ask if Estate has been settled and date, if known. If an Estate has been established, request EIN number. Probe and document if a Form 1041 was filed or will be filed.</p> <p>H. Determine if there is an estate, the type of assets, court location, and docket number of the proceeding.</p> <p>I. Document AMS of pertinent information secured.</p> <p>J. If the account is on ACS, enter history code "TOR4,XX,DECD" (XX stand for the deadline the death certificate is to be sent, plus 30 days).http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5-5.htm<i>IRM 5.19.22.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.</p>
	<p>For FA Employees</p>	<p>A. Close all open Filing Requirements on the next tax period using a TC 591 cc 023.</p> <p>B. Determine all the tax returns that may be due and request returns be filed. If a telephone number is provided attempt to call the responder. If fiduciary (executor or administrator) cannot be reached by telephone or no telephone number is available send Letter 2255C or other appropriate letter.</p> <p>Note:</p> <p>If contact is made by telephone and you determine the taxpayer is liable for the return(s), request fiduciary (executor or administrator) to file all delinquent tax returns.</p> <p>C. Document AMS of information secured, including any information indicating the taxpayer is deceased.</p> <p>D. For Employment Tax returns (Trust Fund) only, view the last return filed. If the liability is above \$1,500 (last return filed multiplied by the number of delinquent modules), see <i>IRM 5.19.22.4.1.2, Accelerate to Compliance Territory Office (Revenue Officer)</i>.</p> <p>E. If module is in Status 02, accelerate to ACS, see <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i>.</p> <p>F. Contact the administrator or executor and request the following information. Document AMS of information secured:</p> <ul style="list-style-type: none"> • Date of death,

		<ul style="list-style-type: none"> • County in which the taxpayer died, • Name/address; telephone number of fiduciary, • Did the taxpayer own property at the time of death? What type of property and estimated value of property? <p>G. Ask if Estate has been settled and date, if known. If an Estate has been established, request EIN number. Probe and document if a Form 1041 was filed or will be filed.</p> <p>H. Determine if there is an estate, the type of assets, court location, and docket number of the proceeding.</p> <p>I. Document AMS of pertinent information secured.</p> <p>J. If the account is on ACS, enter history code "TOR4,XX,DECD" (XX stand for the deadline the death certificate is to be sent, plus 30 days). http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htmIRM 5.19.22.1.1, <i>Return Delinquency Overview</i> for information on determining follow-up dates.</p>
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**5.19.22.4.3.1.2.2 (01-02-2015)
 BMF Response Limited Liability Company (LLC)**

1. A Limited Liability Company (LLC) is an unincorporated business entity created under state law that has characteristics of both a partnership and a corporation.

Note:
 It is similar to a corporation in that the owners have limited personal liability for negligent acts and LLC debts, yet it is similar to a partnership as it provides management flexibility and may provide benefits of a pass-through reporting of tax of income. Refer to **IRM 5.1.21, *Collecting From Limited Liability Companies***, for additional information. Owners of an LLC are called members, without a maximum number of members.

2. An LLC with two or more members has the option of filing, under certain conditions, as a partnership, or as a corporation.
- A single member LLC has the option under certain conditions, of either filing as a corporation, or be disregarded for tax purposes, in which case the single owner reports the LLC's income tax items directly on their own personal tax return. Refer to Publication 3402, *Tax Issues for Limited Liability Companies*, for additional information.
 - For tax years after January 1, 2009, a single member LLC is treated as a separate corporation for employment tax and excise tax purposes, even if it has elected disregarded entity status for federal income tax purposes.
 - For periods after January 1, 2009, a single member LLC must file employment tax and excise tax returns under its own EIN.
 - For years prior to 2009, a single member LLC can file employment and excise tax returns either under its own EIN or the EIN of the single member owner.

Note:
 For more information, see IRM 5.1.21.7.6, *Employment and Excise Taxation for the Disregarded Entity*.

3. If a RD response states they are an LLC and have filed an employment, partnership or corporation return under another EIN or MFT, research the other account module. If LLC did file under another EIN, MFT, then follow the table below:

Note:
 AM employees: See IRM 5.19.22.4.3(3), *BMF Return Delinquency Responses and Inquiries*

If	And	Then
The response doesn't state this EIN will no longer be used	CSCO Employees,	<p>A. If the TP does not state or you can't determine via research that the EIN will no longer be used, then inform the TP the payer TIN and the employee tax return must match unless they use a Payer Agent to file and pay on their behalf.</p> <p>Note: Validate payer TIN via CAWR.</p> <p>Exception: If working a Form 1065 response and research indicates income has been claimed under a cross reference TIN for at least the last 3 years, input a TC 591 cc 075),</p> <p>B. Document AMS of actions taken, including the EIN the LLC filed under.</p> <p>Note: If a credit balance remains on the account, you must follow all procedures in IRM 5.19.22.4.6, <i>Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
	For ACS and ACSS Employees,	<p>A. Input TC 590 cc 025 using CC FRM49.</p> <p>Exception: If working a Form 1065 response and research indicates income has been claimed under a cross reference TIN for at least the last 3 years, input a TC 591 cc 025),</p> <p>B. Document AMS of actions taken, including the EIN the LLC filed under.</p> <p>C. If the account is on ACS, enter history code, "TOC0,30, RDPND" or "TOS0,30, RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note: If a credit balance remains on the account, you must follow all procedures in IRM 5.19.22.4.6, <i>Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>

	For FA Employees,	<p>A. Input TC 590 cc 020 using CC FRM49.</p> <p>Exception:</p> <p>If working a Form 1065 response and research indicates income has been claimed under a cross reference TIN for at least the last 3 years, input a TC 591 cc 020),</p> <p>B. Document AMS of actions taken, including the EIN of the LLC.</p> <p>C. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
The response states this EIN will no longer be used.	For CSCO Employees,	<p>A. Input TC 591 cc 075 using CC FRM49.</p> <p>B. Document AMS of information secured, including the EIN the LLC filed.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For ACS and ACSS Employees,	<p>A. Input TC 591 cc 025 using CC FRM49.</p> <p>B. Document AMS of information secured, including the EIN the LLC filed.</p> <p>C. If the account is on ACS, enter history code, "TOC0,30,RDPND" or "TOS0,30,RDPND " .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For FA Employees.	<p>A. Input TC 591 cc 020 using CC FRM49.</p> <p>B. Document AMS of information secured, including the EIN the LLC filed.</p> <p>C. If the account is on ACS, enter history code, "TOC0,21,RDPND" or "TOS0,21,RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>

4. If taxpayer responds they filed all the LLC income or employment taxes under their personal Form 1040 tax return, research IDRS to confirm if a Schedule H was filed under a Form 1040 for the correct tax period, then close the module accordingly. See below table for guidance:

If	Then
For CSCO Employees,	<p>A. Input TC 590 cc 075 using CC FRM49.</p> <p>Exception:</p> <p>TC 591 cc 075 can be used if the taxpayer indicates the income is being report or has been and continues to be reported on their individual 1040 tax returns, verified through research.</p> <p>B. If cross reference SSN is not on ENMOD, input SSN using CC ENREQ.</p> <p>C. Document AMS of action taken.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
For ACS and ACSS Employees,	<p>A. Input TC 590 cc 025 using CC FRM49.</p> <p>Exception:</p> <p>TC 591 cc 025 can be used if the taxpayer indicates the income is being report or has been and continues to be reported on their individual 1040 tax returns, verified through research.</p> <p>B. If cross reference SSN is not on ENMOD, input SSN using CC ENREQ.</p> <p>C. Document AMS of action taken.</p> <p>D. If the account is on ACS, enter history code, "TOC0,30,RDPND " , "TOS0,30,RDPND " . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p>

	If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i> .
For FA Employees.	<p>A. Input TC 590 cc 020 using CC FRM49.</p> <p>Exception:</p> <p>TC 591 cc 020 can be used if the taxpayer indicates the income is being reported or has been and continues to be reported on their individual 1040 tax returns, verified through research.</p> <p>B. If cross reference SSN is not on ENMOD, input SSN using CC ENREQ.</p> <p>C. Document AMS of actions taken.</p> <p>D. If the account is on ACS, enter history code, "TOC0,21,RDPND" or "TOC0,21,RDPND " , whichever is appropriate.http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>

5. If the response states they are an LLC and have filed an employment, partnership or corporation return under another EIN, MFT or Form 1040 Individual Return, research the other account module, if it does not indicate a return was filed, or the response does not provide the EIN the return was filed under, see *IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable*.

**5.19.22.4.3.1.2.3 (01-02-2015)
BMF Response Form 940 Employer's Annual Federal Unemployment (FUTA) Tax Return**

1. Taxpayers are required to file Form 940 if they answer "**yes**" to either one of these questions for the year at issue or the preceding year:

- Did they pay wages of \$1,500 or more to employees in any calendar quarter?
- Did they have one or more employees for at least some part of a day in any 20 or more different weeks?

Note:

For most cases, research CC BRTVUE on Form 941/943/944 to verify wages, and number of employees to determine if taxpayer is required to file Form 940.

2. Taxpayers need to include all full-time, part-time, and temporary employees. However, if the business is a partnership, advise they do not count its partners.
3. If the Employment Code (EC) of the Entity is W, F or G (identified on CC ENMOD) the taxpayer is generally not liable to file. Forward any inquiries related to a Federal Agency as indicated by EC "F", to the centralized FAD team in Brookhaven Campus. See
4. Agricultural employers are liable if they meet either of the tests below:
- They paid cash wages of \$20,000 or more to agricultural workers in any calendar quarter in the current or preceding calendar year.
 - They employed 10 or more agricultural workers for some portion of a day during any 20 different weeks in the current or preceding calendar year.
5. Employers with household employees are liable and have the option to file either a Form 940 or Schedule H (Form 1040) if they paid \$1,000 or more in any calendar quarter during the current or preceding year for work in:
- A private home
 - A local college club
 - A local chapter of a college fraternity or sorority

Note:

Generally, employers of household employees must file Schedule H (Form 1040) Household Employment Tax instead of Form 940. See also *IRM 21.7.3.3.1, Form 940 Filing Requirements* for more information, if necessary.

6. For additional guidance see *IRM 21.7.3, Unemployment Taxes* and **Publication 15 , (Circular E) Employer's Tax Guide** for further guidance on filing requirements.
7. When addressing Form 940, research and address all applicable employment tax returns for the same year by the wages reported on the Form 940. If research indicates taxpayer is liable to file a related employment tax return(s) for the same year, taxpayer contact is required to address delinquency, either by telephone or appropriate letter.
8. If the taxpayer states he/she is not liable because no wages or insufficient wages were paid, review the Forms 941/943/944 filing history. Follow If and Then chart:

Note:

If taxpayer states only employees are family members (spouse, child under 18) then taxpayer is not required to file a 940 return.

If	Then
If notice response is received stating they did not pay at least \$1,500 in non-agricultural wages,	<p>A. Input TC 590 with appropriate closing code on the appropriate Form 940 modules.</p> <p>B. Research and address all other delinquent associated returns in the same tax year to determine if liable to file. If research determines the taxpayer is not liable to file an associated module, by inputting a TC 590 with appropriate closing code.</p> <p>C. Document AMS of actions taken.</p>
Form 941, Form 943, Form 944 filing history shows no wages paid or wages below the filing requirement,	See <i>IRM 5.19.22.4.3.1.1, BMF Response Taxpayer Not Liable</i> .
Form 941, Form 943, Form 944 filing history shows wages paid meets the Form 940 filing requirement,	See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .
If the taxpayer of business sends an annual return	

such as a Form 1120 showing no wages were paid.

See *IRM 5.19.22.4.3.1.1, BMF Response Taxpayer Not Liable*.

9. Some organizations, such as religious, charitable, and educational organizations, are exempt from FUTA taxes. If an organization claims to be exempt from FUTA taxes research the entity through CC ENMOD for possible TC07X/09X indicator. The transaction code indicates taxpayer made an election and has been granted church exemption from Social Security tax or small business election. If an entity has been identified as an exempt organization, follow the general guidelines below:

If	And	Then
IDRS research does not indicate exempt status,	For CSCO Employees,	<p>A. Input delay C08 using CC ASGNB to accelerate to ACS. See <i>IRM 5.19.22.4.1.1, Accelerate or Delay To TDI Status 03</i>, for guidance on accelerating account.</p> <p>B. Route the taxpayer's written response or Form 4442 to Entity area for determination of exempt status.</p> <p>C. Document AMS of actions taken, indicating forwarding to Entity Control area for exempt status assistance.</p>
	For ACS, ACSS and FA Employees,	<p>A. Route the taxpayer's written response or Form 4442 to Entity Control for determination of exempt status.</p> <p>B. Document AMS of actions taken, indicating forwarding to the Entity Control area for exempt status assistance.</p> <p>C. Enter code "TOR1,45,CMNTS" .</p>
IDRS research shows exempt status.	For CSCO Employees,	<p>A. Input TC 591 cc 075 to indicate the business is no longer required to file Form 940.</p> <p>B. Document AMS of completed research and actions taken including findings of exempt status.</p> <p>Note: If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For ACS and ACSS Employees,	<p>A. Input a TC 591 cc 025 to indicate the business is no longer required to file Form 940.</p> <p>B. Document AMS of actions taken.</p> <p>C. If module on ACS input "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p> <p>Note: If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For FA Employees.	<p>A. Input TC 591 cc 020 to indicate the business is no longer required to file Form 940.</p> <p>B. Document AMS of action taken.</p> <p>Note: If a credit balance remains on the account, you must follow credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>

10. If the taxpayer states he/she is not liable because the business is closed, see *IRM 5.19.22.4.3.1.2, BMF Response "Other"*.

11. If the taxpayer states he/she is not liable because the business is an LLC, see *IRM 5.19.22.4.3.1.2.2, BMF Response Limited Liability Company (LLC)*.

12. If the business merely had a change in the method of operation (e.g., sole proprietor to corporation or partnership to sole proprietor) during the notice period, so that the new entity is a successor employer see *IRM 4.19.5.4.7.14, Successor Employer* review accounts before requesting a Form 940 .

13. For case resolution, the taxpayer can file a combined Form 940 on either TIN.

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

If	And	Then
Form 940 was filed on the "old" TIN which included wages and tax liability for both TINs,	For CSCO Employees,	<p>A. Input a TC 590 cc 075 on the delinquent module on the "new" TIN.</p> <p>Note: If a credit balance remains on the account, you must follow credit balance research before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p> <p>B. Close all open FR on the "old" TIN.</p> <p>C. Document AMS of actions taken including the TIN of combined return.</p>
	For ACS and ACSS Employees,	<p>A. Input a TC 590 cc 025 using CC FRM49 on the delinquent module on the "new" TIN.</p> <p>Note: If a credit balance remains on the account, you must follow credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p> <p>B. Close all open FR on the "old" TIN.</p> <p>C. Document AMS of closing actions, including the TIN of combined return.</p>

		D. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
	For FA Employees,	A. Input a TC 590 cc 020 using CC FRM49 on the delinquent module on the "new" TIN. Note: If a credit balance remains on the account, you must follow credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i> . B. Close all open FR on the "old" TIN. C. Document AMS of closing actions, including the TIN of combined return. D. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
Form 940 was filed on the "new" TIN which included wages and tax liability for both TINs,	For CSCO Employees,	A. Input a TC 591 cc 075 using CC FRM49 on the delinquent module on the "old" TIN. B. Close all open FR on the "old" TIN. C. Document AMS of actions taken, including the "new" TIN. Note: If a credit balance remains on the account, you must follow all credit balance procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i> .
	For ACS and ACSS Employees,	A. Input a TC 591 cc 025 using CC FRM49 on the delinquent module on the "old" TIN. B. Close all open FR on the "old" TIN. C. Document AMS of actions taken, including the TIN of combined return. D. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm Note: If a credit balance remains on the account, you must follow credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i> .
	For FA Employees.	A. Input a TC 591 cc 020 using CC FRM49 on the delinquent module on the "old" TIN. B. Close all open FR on the "old" TIN. C. Document AMS of actions taken, including the TIN of combined return. D. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm Note: If a credit balance remains on the account, you must follow credit balance research procedures before closing the module with a TC 590, 591 or 593.
Form 940 was not filed (but research indicates wages paid).	Intentionally left blank	A. See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> . Note: If research (per above IRM guidelines) indicates taxpayer filed a Form 940 but did not claim all wages paid, inform taxpayer of discrepancy and how to correct.

14. If a taxpayer with household employees states they now report all wages on Schedule H with their Form 1040, take the following actions.

If	And	Then
For CSCO Employees,	Research on RTVUE shows a Schedule H was filed on the taxpayer's Form 1040 return.	<ul style="list-style-type: none"> Input a TC 591 cc 075 to document the business is no longer required to file a Form 940. Document AMS of completed research and actions taken. Note: If a credit balance remains on the account, you must follow credit balance procedures, see <i>IRM 5.19.22.4.6.1, Credit Balance Research Procedures</i> , before closing the module with a TC 590, 591 or 593.
	Research on RTVUE shows a Schedule H was not filed on the taxpayer's Form 1040 return.	<ul style="list-style-type: none"> Send Letter 282C or appropriate letter to inform taxpayer our records do not indicate they reported the FUTA taxes on their Form 1040. They have the option to file a Form 940 or correct and file their Form 1040. See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i>. Document AMS of completed research and actions taken.
For ACS and ACSS Employees,	Research on RTVUE shows a Schedule H was filed on the taxpayer's Form 1040 return.	A. Input a TC 591 cc 025 to document the business is no longer required to file a Form 940.

		<p>B. Document AMS of actions taken.</p> <p>C. If the module is on ACS, enter the ACS history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	Research on RTVUE shows a Schedule H was not filed on the taxpayer's Form 1040 return.	Inform taxpayer our records do not indicate they reported the FUTA taxes on their Form 1040. They have the option to file a Form 940 or correct and file their Form 1040. See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .
For FA Employees.	Research on RTVUE shows a Schedule H was filed on the taxpayer's Form 1040 return.	<p>A. Input a TC 591 cc 040 to indicate the business is no longer required to file a Form 940.</p> <p>B. Document AMS of actions taken.</p> <p>C. If the module is on ACS, enter the ACS history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures in before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	Research on RTVUE shows a Schedule H was not filed on the taxpayer's Form 1040 return.	<p>A. Inform taxpayer our records do not indicate they reported the FUTA taxes on their Form 1040. They have the option to file a Form 940 or correct and file their Form 1040. See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i>.</p> <p>B. Document AMS of actions taken.</p>

**5.19.22.4.3.1.2.4 (01-02-2015)
BMF Response Form 941 (Employer's QUARTERLY Federal Tax Return)**

1. If the taxpayer states he/she is not liable because the business is closed, see *IRM 5.19.22.4.3.1.2, BMF Response "Other"*.
2. If the business responds it is a seasonal or intermittent filer but does not indicate if they are liable, verify the filing requirements on ENMOD or INOLE. Document or change filing requirements to denote a casual/intermittent filer, if appropriate, using CC ENREQ.
3. If the business responds indicating they are a seasonal or intermittent filer and therefore not liable use the table below for guidance on updating filing requirements:

Note:

Refer to Document 6209 for BMF Filing Requirements.

If	And	Then
	For CSCO Employees,	<p>A. Input a TC 590 cc 075 using CC FRM49 only on the quarters the business is responding to.</p> <p>B. For all other open return delinquency modules, see <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i>.</p> <p>C. Document AMS of actions taken.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
Response does not provide the dates of operation (i.e. open during summer months only, open during holiday season),	For ACS and ACSS Employees,	<p>A. Input a TC 590 cc 025 using CC FRM49 only on the quarters the business is responding to.</p> <p>B. For all other open return delinquency modules, see <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i>.</p> <p>C. Document AMS of actions taken including season/months of operation, if applicable.</p> <p>D. If the module is on ACS, enter history code, "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For FA Employees,	<p>A. Input TC 590 cc 020 (using CC FRM49) only on the quarters the business is responding to.</p> <p>B. For all other open return delinquency modules follow procedures in <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i>.</p> <p>C. Document AMS of actions taken.</p> <p>D. If the module is on ACS, enter history code, "TOC0,21,RDPND" "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p>

		If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.
Response does provide the dates of operation (i.e. open during summer months only, open during holiday season).	For CSCO Employees,	<p>A. Close all open return delinquency modules for all periods the business was not in operation by inputting a TC 590 cc 075 using CC FRM49.</p> <p>B. Document AMS with information secured by taxpayer and actions taken, including the dates of operation if secured.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For ACS, ACSS Employees,	<p>A. Close all open return delinquency modules for all periods the business was not in operation by inputting a TC 590 cc 025 using CC FRM49.</p> <p>B. Document AMS of actions taken including season/months of operation. If the account is on ACS, enter history code, "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For FA Employees	<p>A. Close all open return delinquency modules for all periods the business was not in operation by inputting a TC 590 cc 020 using CC FRM49.</p> <p>B. Document AMS of actions taken including season/months of operation. If the account is on ACS, enter history code, "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>

4. If a taxpayer with household employees states they currently report all their employment taxes on Schedule H with their Form 1040, research CC RTVUE to verify if they reported as stated and take the following actions:

	If	Then
For CSCO Employees,	Research indicates the taxpayer filed a Schedule H on their individual Form 1040 tax return,	<p>A. Input a TC 591 cc 075 to show the business is no longer required to file a Form 941.</p> <p>Note:</p> <p>Close all FR's for Form 940, if appropriate.</p> <p>B. Document AMS of completed research and actions taken.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	Research on RTVUE shows a Schedule H was not filed on the taxpayer's Form 1040 return.	See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .
For ACS and ACSS Employees,	Research on RTVUE shows a Schedule H was filed on the taxpayer's Form 1040 return.	<p>A. Input a TC 591 cc 025 indicating the business is no longer required to file a Form 941.</p> <p>Note:</p> <p>Close all FR's for Form 940 if appropriate.</p> <p>B. Document AMS of action taken.</p> <p>C. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	Research on RTVUE shows a Schedule H was not filed on the taxpayer's Form 1040 return.	See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .
For FA Employees.	Research on RTVUE shows a Schedule H was filed on the taxpayer's Form 1040 return.	<p>A. Input a TC 591 cc 020 to indicate the business is no longer required to file Form 941.</p> <p>Note:</p> <p>Close all FR's for Form 940 if appropriate.</p> <p>B. Document AMS of actions taken.</p>

		<p>C. If the account is on ACS, enter the ACS history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
Research on RTVUE shows a Schedule H was not filed on the taxpayer's Form 1040 return.		See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .

Note:

See Publication 926 , *Household Employer's Tax Guide*, and, Schedule H (Form 1040), *Household Employment Taxes* for additional information regarding filing requirements.

5. If the Return Delinquency notice is requesting a delinquent Form 941 , but the taxpayer states that they are a Form 944 filer for that year, research and verify via Form 944 cache indicator on CC BMFOLE to determine the correct FR for year of the delinquent tax period. The filing requirement for Form 941/944 can change based on whether the employers annual employment tax liability (that is, social security, Medicare, and withheld Federal income taxes) is \$1,000 or less. However, the taxpayer is sent prior notification if their filing requirement is changed. See *IRM 5.19.22.4.3.1.2.BMF Response Form 944, Employer's ANNUAL Federal Tax Return*, for additional information regarding the requirements for Form 944 criteria.

If	And	Then
The taxpayer has Form 941 FR for that calendar year, and the taxpayer states they meet the criteria for Form 944 FR, and did not have employees for the delinquent quarter,	For CSCO Employees,	<ul style="list-style-type: none"> Inform the taxpayer that our records indicate they are required to file Form 941 for the delinquent year, as based on a look-back period for that calendar year, although their tax for that year meets the Form 944 criteria. Input TC 590, with appropriate closing code on the Form 941 quarter(s) the taxpayer states had no employees. Document AMS of actions taken. <p>Note:</p> <p>If a credit balance remains on account, see <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with TC 590, 591 or 593.</p>
	For ACS, ACSS Employees.	<ul style="list-style-type: none"> Follow procedures above. If account is on ACS, input history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
	For FA Employees.	<ul style="list-style-type: none"> Follow procedures above. If account is on ACS, input history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm

6. If a response is from an agricultural employer and he/she states Form 943 was filed instead of Form 941 , research CC BMFOLI for filing history. If research validates taxpayers response:

If ...	And ...	Then ...
Form 943 posted for delinquent period,	CSCO Employee	<p>A. Input a TC 591 CC 075 using CC FRM49 on the Form 941 delinquent module.</p> <p>B. Transfer any credits misapplied from Form 941 module(s) to the Form 943.</p> <p>C. If any Form 941 were filed in error, follow procedures in <i>IRM 21.7.2, Employment and Railroad Tax Returns</i>.</p> <p>D. Document AMS of actions taken, including where income was reported.</p> <p>Note:</p> <p>If there is a credit balance on the module, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
	ACS/ACSS Employee	<p>A. Input a TC 591 CC 025 using CC FRM49 on the Form 941 delinquent module.</p> <p>B. Transfer any credits misapplied from Form 941 module(s) to the Form 943.</p> <p>C. If any Form 941 were filed in error, follow procedures in <i>IRM 21.7.2, Employment and Railroad Tax Returns</i>.</p> <p>D. Document AMS of actions taken, including where income was reported.</p> <p>E. If the account is on ACS, enter the ACS history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If there is a credit balance on the module, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
		<p>A. Input a TC 591 CC 020 using CC FRM49 on the Form 941 delinquent module.</p> <p>B. Transfer any credits misapplied from Form 941 module(s) to the Form 943.</p>

	FA Employee	<p>C. If any Form 941 were filed in error, follow procedures in IRM 21.7.2, <i>Employment and Railroad Tax Returns</i>.</p> <p>D. Document AMS of actions taken, including where income was reported.</p> <p>E. If the account is on ACS, enter the ACS history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If there is a credit balance on the module, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
Form 941 posted for delinquent period,	Intentionally left blank	Control or refer the case, see <i>IRM 5.19.22.4.4, Return Delinquency TIN and Entity Research</i> .
Neither Form 941 or Form 943 has posted	Intentionally left blank	See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .

7. If research indicates taxpayer had wages paid over \$1,500 for a Form 941, in any given quarter (per tax period), the taxpayer may be liable to file a Form 940 for the applicable tax year. Complete research to determine if taxpayer needs to file a Form 940, whether it is in an open TDI status or not see *IRM 5.19.22.4.3.1.2.3, BMF Response Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return*. If there is no indication the taxpayer filed under another EIN send a letter to the taxpayer requesting the return.

8. Effective January 1, 2012, monthly filing and special deposit procedures became obsolete.

5.19.22.4.3.1.2.5 (01-02-2015)
BMF Response Form 943 (Employer's Annual Federal Tax Return for Agricultural Employees)

1. If taxpayer states not liable for Form 943 as they reported under their Individual return Form 1040 (Schedule F), research cross reference SSN on Form 1040 Schedule F for wages paid. Input TC 590 cc 075 on module if applicable.
2. If a response is from an agricultural employer and he/she states Form 941 was filed instead of Form 943, research CC BMFOLI for filing history:

If	And	Then
Form 941 posted for delinquent period,	CSCOEmployee	<p>A. Input a TC 591 CC 075 using CC FRM49 on the Form 943 delinquent module.</p> <p>B. Transfer any credits misapplied from Form 943 module(s) to the Form 941.</p> <p>C. If any Form 943 returns were filed in error, follow procedures in IRM 21.7.2, <i>Employment and Railroad Tax Returns</i>.</p> <p>D. Document AMS of actions taken.</p> <p>Note:</p> <p>If there is a credit balance on the module, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
	ACS/ACSS Employees	<p>A. Input a TC 591 CC 025 using CC FRM49 on the Form 943 delinquent module.</p> <p>B. Transfer any credits misapplied from Form 943 module(s) to the Form 941.</p> <p>C. If any Form 943 returns were filed in error, follow procedures in IRM 21.7.2, <i>Employment and Railroad Tax Returns</i>.</p> <p>D. Document AMS of actions taken.</p> <p>E. If the account is on ACS, enter the ACS history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If there is a credit balance on the module, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
	FA Employees	<p>A. Input a TC 591 CC 020 using CC FRM49 on the Form 943 delinquent module.</p> <p>B. Transfer any credits misapplied from Form 943 module(s) to the Form 941.</p> <p>C. If any Form 943 returns were filed in error, follow procedures in IRM 21.7.2, <i>Employment and Railroad Tax Returns</i>.</p> <p>D. Document AMS of actions taken.</p> <p>E. If the account is on ACS, enter the ACS history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If there is a credit balance on the module, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
If taxpayer responds indicating he has agricultural employees and filed a Form 941,	Intentionally left blank	Control or refer the case, see <i>IRM 5.19.22.4.4, Return Delinquency TIN and Entity Research</i> .
Neither Form 943 nor Form 941 has posted.	Intentionally Left blank	See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .

3. If the taxpayer states he/she is not liable because the business is an LLC, *IRM 5.19.22.4.3.1.2.2, BMF Response Limited Liability Company (LLC)*.

5.19.22.4.3.1.2.6 (01-02-2015)
BMF Response Form 944, Employer's ANNUAL Federal Tax Return

1. If the taxpayer states that during the period in question the total tax liability is \$2,500 or more, notify the taxpayer they are still required to file the Form 944 for the delinquent tax period and can **only** change their filing requirement for the current tax year.

Note:

To assist and prevent taxpayer burden educate the taxpayer on the business rules for the Form 944 program. Inform the taxpayer they can only change the filing requirement from a Form 941 to Form 944 or vice-versa during a specified period of time prior to the filing of the return. For additional information see IRM 21.7.2.4.9, *Form 944, Employer's ANNUAL Federal Tax Return*.

2. An entity cannot have an open FR for both Form 941 and Form 944 within the same tax year. However, if a return posts (TC 150) to the incorrect FR for the year in question, input a TC 590 on the open TDI. If a TC 291 is present on the module indicating the return was reversed, forward to AM to add tax back onto the module.

Note:

When forwarding request to AM clearly notate actions to be taken and reason.

3. Entities that are exempt to the Form 944 program:

- Household and agricultural employers,
- Taxpayers with a LB&I BOD code,
- Employment code A or F indicators.

4. Since Form 944 is considered interchangeable or a successor to Form 941, Form 944 information can be discussed with a valid Form 2848 or Form 8821 that states "Employment taxes" as type, or Form 941/944 indicated. Reporting agents do not have the authority to opt-out of the program for their clients.

5. As of January 2009, a "F944 CACHE" field was created on CC ENMOD and BMFOLE to indicate tax years (2006-2015) for Form 944 filing requirement.

- CC BMFOLE displays the cache on the second page, with an indicator "1" on each year the taxpayer is liable to file Form 944, and "blank" if the filing requirement is other than Form 944.
- CC BMFOLE displays the cache with an indicator "2" , An indicator "2" in a cache field means that the taxpayer is liable for a Form 944 for the current year and will be liable for a Form 941 in the following year. At the close of a current year, an indicator "2" automatically updates to an indicator "1" .
- CC ENMOD displays the cache on the first page, with a "1" under the tax years the taxpayer has a Form 944 FR, and "9" if the FR is other than Form 944.

Note:

The FR indicator on CC ENMOD displays the current tax year filing requirement and is not necessarily indicative for prior tax years due to the unique programming of the Form 944 .

Note:

This is an exception to the rule to prevent any further confusion to the taxpayer. This exception "**only**" applies when a return is **already** posted to an account.

If	And	Then
Form 944 FR was not effective for the calendar year of the RD module	The taxpayer is liable to file Form 941 for the delinquent module, and there were wages or withholding for the RD tax period.	<ul style="list-style-type: none"> • See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i>.
Form 944 FR was effective for the calendar year and they are not liable to file.	CSCO Employee	<ul style="list-style-type: none"> • Input TC 590 cc 075 on the RD module, and any other open RD Form 941 modules for the RD calendar year. • Document AMS of actions taken. • If the taxpayer's current FR is Form 944, input TC 590 cc 075 on the Form 941 RD module. <p>Note: If a credit balance remains on the account, you must see <i>IRM 5.19.22.4.6, Credit Balance Overview</i>, before closing the module with a TC 590, 591 or 593.</p>
	ACS/ACSS Employee	<ul style="list-style-type: none"> • Input TC 590 cc 025 on the RD module, and any other open RD Form 941 modules for the RD calendar year. • Document AMS of actions taken. • If the account is on ACS, enter the ACS history code "TOC0,30,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm • If the taxpayer's current FR is Form 944, input TC 590 cc 025 on the Form 941 RD module. <p>Note: If a credit balance remains on the account, you must see <i>IRM 5.19.22.4.6, Credit Balance Overview</i>, before closing the module with a TC 590, 591 or 593.</p>
	FA Employee	<ul style="list-style-type: none"> • Input TC 590 cc 020 on the RD module, and any other open RD Form 941 modules for the RD calendar year. • Document AMS of actions taken. • If the account is on ACS, enter the ACS history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm

- If the taxpayer's current FR is Form 944, input TC 590 cc 020 on the Form 941 RD module.

Note:

If a credit balance remains on the account, **you must** see *IRM 5.19.22.4.6, Credit Balance Overview*, before closing the module with a TC 590, 591 or 593.

6. **Do not change filing requirements from a Form 944 to Form 941 or vice versa on a subsequent year based on a prior year filing.** See *IRM 21.7.2.4, Employment Tax Returns Procedures* for additional guidance.

7. If research determines the taxpayer is not liable to file Form 944 for the tax period indicated, *IRM 5.19.22.4.3.1.1, BMF Response Taxpayer Not Liable*.

Note:

If additional information is needed on Form 944 issues not covered in this section see *IRM 21.7.2.4.9, Form 944, Employer's ANNUAL Federal Tax Return*.

**5.19.22.4.3.1.2.7 (01-02-2015)
BMF Response Forms 966/964 (Corporate Dissolution or Liquidation)**

1. A corporation must file **Form 966 /Form 964**, Corporate Dissolution or Liquidation, if it adopts a resolution or plan to dissolve the corporation or liquidates any of its stock.
2. Form 966 /Form 964 is required to be filed within 30 days after the resolution or plan is adopted to dissolve the corporation or liquidate any of its stock.
3. If **line 10** of Form 966 refers to "**Sec.1361(b)(3)(B)**" the form should be referred to the appropriate Entity area for review of intent of Q-sub election.
4. If a Form 966 is received with the statement, "**Filed Pursuant to Notice 97-4**" refer the form to the appropriate Entity area.
5. If a Form 966 is received "**without**" the statement "**Filed Pursuant to Notice 97-4** ", or if the taxpayer refers to line 10 "Section 331 or 332" on the Form 966 (which identifies a partial or complete liquidation), refer to the table below to close the filing requirements and forward the Form 966 to files:
 - A. Code the top of each Form 966 received with name control, and tax period.
 - B. Review CC ENMOD to identify if there are open filing requirements (FR) on the entity. If there are open FR on the entity, use the date in Box 7A as the dissolution date to close filing requirements. If there is no final year indicated, no date on Box 7A, use the current year as the final year.
 - C. Input the "date business closed" on CC ENMOD.
 - D. Take the following actions to close the applicable filing requirements. Note: It is not necessary to research to validate whether the taxpayer is liable to file or not since the taxpayer signed the Form 966 /Form 964 validating their dissolution of the corporation:

If	Then
For CSCO,	<p>A. Input TC 591 cc 75 (using CC FRM49) on period subsequent to dissolution date.</p> <p>B. If the taxpayer <i>is on the telephone</i> and states there is a liability on the current year return, inform the taxpayer they are required to file a final return. However, do not remove the filing requirements.</p> <p>C. Document AMS of actions taken, including the dissolution date.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, BMF Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
For ACS and ACSS Employees,	<p>A. Input TC 591 cc 25 (using CC FRM49) on periods subsequent to the dissolution date.</p> <p>B. If the taxpayer <i>is on the telephone</i> and states there is a liability on the current year return, and inform the taxpayer they are required to file a final return. However, do not remove the filing requirements.</p> <p>C. Document AMS of actions taken, including the dissolution date.</p> <p>D. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, BMF Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
For FA Employees.	<p>A. Input TC 591 cc 20 (using CC FRM49) on period subsequent to dissolution date.</p> <p>B. If you are speaking to the taxpayer <i>on the telephone</i> and states there is a liability on the current year return, and inform the taxpayer they are required to file a final return. However, do not remove the filing requirements.</p> <p>C. Document AMS of actions taken, including the dissolution date. If the account is on ACS, enter the history code "TOC0,21,RDPND" or "TOS0,21,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, BMF Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>

E. These forms do not get processed or assigned a DLN as the form is only used to inform the Service of the dissolution of their corporation. Forward the Form 966 / Form 964 directly to appropriate Campus Support site (files) via Form 3210 . See also *IRM 3.5.61.1.9 , Ramped Down Campuses - Processing of Documents*, for additional information.

Note:

Form 966 for various years can be sent to Files using one (or the same) Form 3210. Complete a Form 3210, in the "remarks" section, write: "Form 966 - file and maintain in the alpha files" .

If received in Philadelphia forward form(s) along with Form 3210 to:
 IRS, Ogden Submission Processing Center
 1973 N. Rulon White Blvd., Mail Stop 6722
 Ogden, UT 84201-1000.

OR

If received in either Memphis and Brookhaven forward form(s) along with Form 3210 to:
 IRS, Cincinnati Submission Processing Center,
 201 W Rivercenter Blvd., Mail Stop 2800F
 Covington, KY 41011-1454

6. If Form 964 is received, use current year as last return due. If form not secured, request it from taxpayer, and close the following years as explained above.
7. Input "Out of Business date on CC ENMOD" if date is provided on Form 966 . An "Out of Business date" can not be input or created more than 12 months after the current date.

Note:

For documenting the taxpayer is closing the business more than 12 months in the future, document AMS with future closing date and forward to files area within Submission Processing. Do not close the filing requirements.

8. On all actions above, document AMS of all pertinent information including actions taken.

5.19.22.4.3.1.2.8 (01-02-2015)

BMF Response Form 1041, U.S. Income Tax Return for Estates and Trusts

1. If taxpayer responds stating he/she files a Form 990 instead of a Form 1041 . Review the account, if research shows a TC 598 cc 032 or cc 097, this indicates the taxpayer's exempt status has been revoked and they are required to file Form 1041. For additional information see *IRM 5.19.22.4.3.1.2.11, BMF Response Form 990, Return of Organization Exempt From Income Tax*.
2. All return delinquency issues and coding, along with the preparation of the return for processing are completed at the receiving site, and only the "Form 1041 Return" is sent to CSPC for processing.
3. The type of trusts reported on Form 1041 are:
 - Decedent's Trust - The fiduciary must file for the estate of a domestic.
 - Trust - The fiduciary must file for domestic trust taxable under IRC Sec 641.
 - Bankruptcy Estate - The fiduciary must file for an estate of an individual involved in bankruptcy proceeding under Chapter 7 or 11.

Note:

See **IRM 21.7.4.4.1, Form 1041, U.S. Income Tax for Estates and Trusts**, for additional information.

4. If response indicates no liability for Form 1041 because the trust did not have sufficient income, take the following actions.

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

If	Then
For CSCO Employees,	A. Input TC 590 cc 075 using CC FRM49. B. Document AMS of actions taken. Note: If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i> .
For ACS and ACSS Employees,	A. Input TC 590 cc 025 using CC FRM49. B. Document AMS of actions taken. C. If the account is on ACS, enter ACS history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm Note: If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>
For FA Employees.	A. Input TC 590 cc 020 using CC FRM49. B. Document closing actions in a AMS narrative. C. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm Note: If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i> .

5. If response indicates there is no current or future liability for Form 1041 or it describes a trust with any of the following terms, then take the necessary actions per the table below:

Note:

- Unfunded Trust (trust set up but no money credited)
- Grantor Trust (taxpayer filed for information purposes only)
- Charitable Remainder (taxpayer files for information purposes only)
- Revocable Trust (filing for information purposes only)
- Keogh Plan (retirement plan for self-employed individuals)
- Retirement Plan
- Custody Account
- Agency Account
- Employee Benefit Account
- Life Insurance Trust
- Guardian and Conservator
- Ancillary Trust
- Charitable Revocable Unfunded Trust (CRUT)
- Substantial Owner (taxpayer files for information purposes only)

If	Then
For CSCO Employees,	<p>A. Input TC 591 cc 075 using CC FRM49.</p> <p>B. Document AMS of actions taken.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
For ACS and ACSS Employees,	<p>A. Input TC 591 cc 025 using CC FRM49.</p> <p>B. Document AMS of actions taken.</p> <p>C. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND"</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
For FA Employees.	<p>A. Input TC 591 cc 020 using CC FRM49.</p> <p>B. Document AMS of actions taken.</p> <p>C. If the account is on ACS, enter history code "TOC0,21,RDPND" "TOS0,21,RDPND" .</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>

5.19.22.4.3.1.2.9 (01-02-2015)
BMF Response Form 1065, U.S. Return of Partnership Income

1. If the taxpayer states the partnership only consists of a husband and wife partnership, they may opt to file as a " **Qualified Joint Venture- Husband and Wife**" on their personal tax return. For tax years beginning after December 31, 2006, the Small Business and Work Opportunity Tax Act of 2007 (Public Law 110-28) provides that a "qualified joint venture" whose only members of the partnership are husband and wife have the option to report their partnership income on their joint tax return and elect not to be treated as a partnership for Federal tax purposes. Taxpayers can report their business earnings, expenses, etc. as sole proprietors under Schedule C on their 1040 tax return. The taxpayer must divide all items of income, gain, losses, deductions, and credit between them in accordance with their respective interests in the business, and report the income and deductions on their jointly filed federal tax return. Refer to **IRM 21.7.4.4.2, Form 1065, U.S. Return of Partnership Income** for additional information.
 - A. If a taxpayer states they are a husband and wife partnership and/or they filed the delinquent year as a "qualified joint venture" and reported their business income on their joint individual Federal tax return - verify if taxpayer reported the income on their individual tax return.
 - B. If it is determined by research the taxpayers included their partnership income on their personal joint tax return, input TC 590, with the appropriate closing code on the delinquent tax year for the Form 1065 .
 - C. If the taxpayer states they will no longer file as a partnership, or dissolving partnership, and will continue to file as a joint venture, input a TC 591 with the appropriate closing code.
2. Taxpayer states he/she has not filed Form 1065 but is filing Form 1120 or vice versa, input a TC 591 on the inappropriate MFT to close the FR for that form. Document AMS of actions taken.
3. If taxpayer states he/she is not liable because the partnership has dissolved, see (Link to other response section)
4. If the response indicates no liability for filing based on any of the following situations:

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

- A. Joint venture (an association for investment purposes only that conducts no business),
- B. Doctors and lawyers who have a common secretary, office manager, etc.,
- C. Husband and wife partnership,
- D. IRC 761(a) election was made,
- E. Partnership for investment only, not active business,
- F. Partnership for joint production, extraction, or use of property, not for selling services or property produced or extracted, or
- G. Partnership made up of dealers in securities for a short period for the purpose of underwriting, selling, or distributing a particular security,
- H. Disregarded Entity (for additional information see *IRM 21.7.13.4.3.5, Disregarded Entities*),

Note:

If a disregarded entity has employees they may still be required to file employment taxes.

- I. If the taxpayer states he/she is not liable because the business is an LLC, see *IRM 5.19.22.4.3.1.2.2 BMF Response Limited Liability Company (LLC)*.

Take the following actions.

If	Then
For CSCOEmployees,	<ul style="list-style-type: none"> • Input TC 591 cc 075 using CC FRM49. • Document closing actions in a narrative on AMS <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
For ACS and ACSS Employees,	<ul style="list-style-type: none"> A. Input TC 591 cc 025 using CC FRM49. B. Document closing actions in a narrative on AMS. C. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
For FA Employees.	<ul style="list-style-type: none"> A. Input TC 591 cc 020 using CC FRM49. B. Document AMS of actions taken. C. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>

- 5. If the partnership states they did not receive any income and did not pay or incur any expenses, they are not considered to engage in a trade or business, and are not required to file a Form 1065, take the following actions:

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

If	Then
For CSCO Employees,	<ul style="list-style-type: none"> A. Input TC 590 cc 075 using CC FRM49. <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
For ACS and ACSS Employees,	<ul style="list-style-type: none"> A. Input TC 590 cc 025 using CC FRM49. B. Document AMS of actions taken. C. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
For FA Employees.	

A. Input TC 590 cc 020 using CC FRM49.

B. Document AMS of actions taken.

C. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND"
<http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm>

Note:

If a credit balance remains on the account, **you must** follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. *IRM 5.19.22.4.6, Credit Balance Overview.*

5.19.22.4.3.1.2.10 (01-02-2015)

BMF Response Form 1120 (Series), U.S. Corporation Income Tax Return

1. If the taxpayer states the corporation is a Form 1120S filer and TC 090 is not present on ENMOD, take the following actions:

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

If	And	Then
A return was filed and a UPC310/RJ150 is on module,	The account is in Notice Status 02,	A. Input delay C15 using CC ASGNB, see <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i> for additional information on accelerating to ACS.
	Account is in TDI Status 03,	A. If the account is on ACS, enter history code "OADT,45,CMNTS" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
No return has been filed.	Account is in Notice Status 02,	A. Refer taxpayer's correspondence or Form 4442 to Entity Control. B. Input delay C08 using CC ASGNB to accelerate account to ACS. See <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i> for additional information. C. Document AMS of actions taken, D. Send Letter 86C to taxpayer to inform their account was referred to Entity, if applicable.
	Account is in TDI Status 03.	A. Refer the taxpayer's correspondence or Form 4442 to Entity. B. Document AMS of actions taken. C. Send Letter 86C to taxpayer to inform their account was referred to Entity, if applicable. D. If the account is on ACS, enter history code "OADT,45,CMNTS" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm

Note:

If research indicates a TC 090 present on the module the Filing Year Month (FYM) now becomes a 12.

A. If the corporation states a Form 990 series has been or will be filed instead of Form 1120, take the following actions:

If	And	Then
No previous filing history,	Account is in Notice Status 02,	A. Refer account to Entity. Note: Attach any pertinent information on Form 4442 or appropriate form. B. Document AMS of actions taken. C. Input delay C08 using CC ASGNB. to accelerate to ACS, see <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i> D. Send Letter 86C to taxpayer to inform them of referral to Entity, if applicable.
	Account is in TDI Status 03,	A. Refer account to Entity. Note: Attach any pertinent information on Form 4442 or appropriate form. B. Send Letter 86C to taxpayer to inform them of referral to Entity, if applicable. C. Document AMS of actions taken. D. If the account is on ACS, enter history code "OADT,45,CMNTS" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
Research indicates Exempt Status (Form 990) has been revoked (TC 598 cc 032 or cc 97).	For CSCO, ACS, ACSS and FA employees,	Inform the taxpayer their exempt status has been revoked and they are required to file Form 1120.
Form 990 (MFTs 33, 34, 44, 56, or 67) has been filed.	For CSCO Employees,	Input TC 591 cc 075 using CC FRM49 (on the Form 1120 module). Note:

		If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.
	For ACS and ACSS Employees,	<p>A. Input TC 591 cc 025 using CC FRM49 (on the 1120 module).</p> <p>B. Document AMS of actions taken.</p> <p>C. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all procedures in <i>IRM 5.19.22.4.6, Credit Balance Overview</i> before closing the module with a TC 590, 591 or 593.</p>
	For FA Employees.	<p>A. Input TC 591 cc 020 using CC FRM49 (on the Form 1120 module).</p> <p>B. Document AMS of actions taken.</p> <p>C. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>

2. Corporations that are connected to a parent corporation by stock ownership in a chain of corporations are considered subsidiaries. The parent corporation files one Form 1120 for all corporations involved as a consolidated return. If taxpayer's response states a consolidated Form 1120 tax return was or will be filed by a parent corporation, take the following actions:

Note:

AM employees: See *IRM 5.19.22.4.3(3), BMF Return Delinquency Responses and Inquiries*

If	And	Then
Parent TIN is provided and there is a Form 1120 or Form 990C FR,	For CSCO Employees,	<p>A. Input TC 590 cc 014 using CC FRM49. Research CC BMFOLE to determine the parent NAICS code [North American Industry Classification System]. If unavailable use 999000.)</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For ACS, ACSS and FA Employees,	<p>A. Input TC 590 cc 014 using CC FRM49. Research CC BMFOLE to determine the parent NAICS code. If unavailable use 999000.)</p> <p>B. Document AMS of actions taken, including the parent company TIN, if secured.</p> <p>C. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" . .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
No Parent TIN is provided, or there is no Form 1120 or 990C FR on the parent TIN.	Not available on BMFOLE.	See <i>IRM 5.19.22.4.3.1.2, BMF Response "Other"</i> .

3. If the taxpayer states the corporation merged with another corporation and all returns will be filed under merged corporation's TIN, take the following actions.

If	And	Then
The merge date is prior to the notice period	For CSCO Employees,	<p>A. Input TC 591 cc 075 using CC FRM49.</p> <p>B. Close all open FR on the notice (old) TIN.</p> <p>C. Transfer any credits to the merged (new) TIN.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For ACS and ACSS Employees,	<p>A. Input TC 591 cc 025 using CC FRM49.</p> <p>B. Close all open FR on notice (old) TIN.</p> <p>C. Transfer any credits to the merged (new) TIN.</p> <p>D. Document AMS of actions taken, including the TIN of the merged corporation.</p> <p>E. If the account is on ACS, enter history code, "TOC0,30,RDPND" or "TOS0,30,RDPND" . http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p>

		<p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593.</p>
	For FA Employees,	<p>A. Input TC 591 cc 020 using CC FRM49.</p> <p>B. Close all open FR on notice (old) TIN.</p> <p>C. Transfer any credits to the merged (new) TIN.</p> <p>D. Document AMS of actions taken, including the TIN of merged corporation.</p> <p>E. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures. before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
The merge date is after the beginning of the notice period,	Intentionally left blank	A short period return is due, see <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i> .
No merge date is given.	Intentionally left blank	See <i>IRM 5.19.22.4.3.1.2, BMF Response "Other"</i> .

4. For all other responses, follow the chart below:

If ...	And...	Then ...
Taxpayer indicates the corporation was closed	Intentionally left blank	see <i>IRM 5.19.22.4.3.1.2, BMF Response "Other"</i> .
Taxpayer indicates the corporation became inactive or dormant (i.e. no activity, no income, no gains, no losses)	Provides a date	see <i>IRM 5.19.22.4.3.1.2, BMF Response "Other"</i> .
Taxpayer indicates the corporation was inactive or dormant during the tax period on the notice	Does not provide a date	Input a TC 590 with appropriate CC on the notice module only using command code FRM49. See <i>IRM 5.19.22.4.3.1, BMF Response with No Returns</i> .
Taxpayer states he/she is not liable because the business is an LLC or disregarded entity	Intentionally left blank	<p>see <i>IRM 5.19.22.4.3.1.2.2, BMF Response Limited Liability Company (LLC)</i>.</p> <p>Note:</p> <p>If a disregarded entity has employees they may still be required to file employment taxes.</p>
Taxpayer states they file the income information on their Schedule C of Form 1040	Intentionally left blank	<ul style="list-style-type: none"> • They are still required to file a Form 1120. • See <i>IRM 5.19.22.4.3.1.3, BMF Taxpayer Liable</i>.

5. If a credit balance remains on the account, research and attempt to resolve the credit balance by following credit balance research procedures. See *IRM 5.19.22.4.6, Credit Balance Research Overview*.

5.19.22.4.3.1.2.11 (01-02-2015)

BMF Response Form 990, Return of Organization Exempt from Income Tax

1. Use the following Chart to resolve responses on Form 990.

If ...	And ...	Then ...
<p>A. Exempt Organization status code 97 appears on ENMOD (EO-STAT), INOLES (STS-CD) or BMFOLO (Current Status CD), the exempt status has been systemically recognized as revoked.</p> <p>B. The taxpayer has not filed the required Form 990 series for three consecutive years, beginning with tax year 2007 and if the due date (or extended due date) of the third year's filing has passed, the tax exempt status will be revoked even though status code 97 has not been generated.</p>	Determine whether the tax-exempt status has been revoked or will be revoked because the organization has failed to file its Form 990 series for three consecutive years and the due date (or extended due date) of the third year's filing has passed:	<ul style="list-style-type: none"> • If the tax exempt status has been or will be revoked, no further action is required to secure a return or initiate a referral. Close the delinquent return modules by inputting: TC 598 cc 032 for ACS/ACSS TC 598 cc 082 for CSCO • Document action on AMS <p>Note:</p> <p>A prior closed delinquent return does not indicate a return was filed.</p>
The tax-exempt status has been or will be revoked,	Intentionally left blank	<ul style="list-style-type: none"> • No further action is required to secure a Form 990 return or initiate a referral. • Close the delinquent Form 990 modules by inputting TC 598 cc 032 for ACS/ACSS TC 598 cc 082 for CSCO. • Document action taken on AMS <p>Note:</p> <p>The Form 990 filing requirement will convert to a Form 1120 or Form 1041 effective beginning with the tax year after the revocation.</p>
		<ul style="list-style-type: none"> • Contact the taxpayer and request the filing of the appropriate Form 990

The taxpayer has filed a Form 990 series for one or more of the three previous years, the exempt status is retained	A Form 990 is due for the un-filed years.	<ul style="list-style-type: none"> Use the filing threshold chart and information obtained from the taxpayer to determine which Form 990 series filing is required (Form 990, Form 990-EZ, Form 990-PF, Form 990-N) <p>Note:</p> <p>If the taxpayer is a Form 990-N filer <u>do not secure a return.</u></p> <ul style="list-style-type: none"> For current year Form 990-N filings ask the taxpayer to submit the electronic Form 990-N, or "e-Postcard", online by visiting the IRS website at Tax Information for Charities & Other Non-Profits. The e-Postcard online process can only be used for the current tax year (i.e., an organization's tax year 2009 Form 990-N can only be filed after its tax year 2009 has ended and before its next tax year ends.) For more information regarding the IRM 990-N (e-Postcard), visit the frequently asked questions (FAQs) at: Annual Electronic Filing Requirement for Small Exempt Organizations — Form 990-N (e-Postcard).
All applicable Form 990 series filings are not secured,	Intentionally left blank	<ul style="list-style-type: none"> Warn the taxpayer of possible revocation if the organization fails to file for three consecutive years Close the delinquent return modules by inputting TC 598 cc 032 for ACS/ACSS TC 598 cc 082 for CSCO It is not necessary to set a deadline date or to confirm filing. If the taxpayer does not file, TE/GE will revoke the tax-exempt status.
The taxpayer is liable	Intentionally left blank	<ul style="list-style-type: none"> Request the returns be filed and mailed to: 1 973 Rulon White Blvd, Ogden, UT 84404, Close the return delinquency modules by inputting TC 598 cc 032 for ACS/ACSS TC 598 cc 082 for CSCO/AM Document AMS comments that the open TDIs were shelved per Collection Policy Interim Guidance SBSE-05-0711-052. If the account is on ACS, input a 30-day follow-up time frame for the open modules to drop off ACS.

5.19.22.4.3.1.2.12 (01-02-2015)

BMF Response Form 2290, Heavy Highway Vehicle Use Tax Return

- All Form 2290 correspondence received in Collection Operations and the module is **not** in Status 02 or 03 should be sent to the:
Cincinnati Campus, CIRSC Excise,
Stop 5701G
- If the taxpayer is liable for filing a Form 2290, take the following actions:

If	And	Then
Vehicle was in use in July,	Intentionally left blank	See <i>IRM 5.19.22.4.3.1.3BMF Taxpayer Liable</i>
Vehicle was first used after July and the short period return (the beginning year and month the vehicle is registered. If the first month of use is January, 2011, the tax module would be '201101') has been filed.	For CSCO Employees,	<p>A. Input TC 590 cc 075 on the full (12 month) tax period beginning module (TXYRO7).</p> <p>B. For the short period return, see <i>IRM 5.19.22.4.3.1.2, BMF Response "Other"</i>.</p> <p>C. Document AMS of actions taken, and the date vehicle was first used during the taxable period, if applicable.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For ACS and ACSS Employees,	<p>A. Input TC 590 cc 025 on full (12 month) tax period beginning module (TXYRO7).</p> <p>B. For the short period return, see <i>IRM 5.19.22.4.3.1.2, BMF Response "Other"</i>.</p> <p>C. Document AMS of actions taken, and the date vehicle was first used during the taxable period, if applicable.</p> <p>D. If the account is on ACS, enter history code "TOC0,30,RDPND" or "TOS0,30,RDPND" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>

Intentionally left blank	For FA Employees,	<p>A. Input TC 590 cc 020 on full (12 2 month) tax period beginning module (TXYR07).</p> <p>B. For the short period return, follow procedures in <i>IRM 5.19.22.4.3.1.2, BMF Response "Other"</i>.</p> <p>C. Document AMS of actions taken, and information secured, including the date vehicle was first used during the taxable period, if applicable.</p> <p>D. If the account is on ACS, enter ACS history code "TOC0,21,RDPND" or "TOS0,21,RDPND" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
Vehicle was put in use after July and the short period return (the beginning year and month the vehicle is registered. If the first month of use is January, 2011, the tax module would be '201101') has not been filed.	For CSCO Employees,	<p>A. Input TC 590 cc 075 on full (12 2 month) tax period beginning module (TXYR07).</p> <p>B. If unable to contact the taxpayer by telephone, send Letter 2255C or other appropriate letter. Instruct the taxpayer to file the short period return.</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For ACS and ACSS Employees,	<p>A. Input TC 590 cc 025 on full (122 month) tax period beginning module (TXYR07).</p> <p>B. Instruct the taxpayer to file the short period return. If unable to contact the taxpayer by telephone, send Letter 2255C or other appropriate letter.</p> <p>C. Document AMS of actions taken and information secured, including the date the vehicle was put into use, if secured.</p> <p>D. If the account is on ACS, enter ACS history code "TOC0,30,RDPND" or "TOS0,30,RDPND" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
	For FA Employees,	<p>A. Input TC 590 cc 020 on full (12 month) tax period beginning module (TXYR07).</p> <p>B. Instruct the taxpayer to file the short period return. If unable to contact the taxpayer by telephone, send Letter 2255C or other appropriate letter.</p> <p>C. Document AMS of actions taken and information secured, including the date vehicle was put into.</p> <p>D. If the account is on ACS, enter history code "TOC0,21,RDPND" or "TOS0,21,RDPND" http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p> <p>Note:</p> <p>If a credit balance remains on the account, you must follow all credit balance research procedures before closing the module with a TC 590, 591 or 593. See <i>IRM 5.19.22.4.6, Credit Balance Overview</i>.</p>
The original return was previously filed and is AP/PN posted on IDRS,	The taxpayer permanently takes the Heavy Vehicle off the road during the year, and requests a refund of the pre-paid tax,	Refer the case to: CIRSC Excise, stop 5701G.
The taxpayer states they are not liable due to limited use, gross weight was below 55,000 lbs, or the previous owner paid the tax.	The heavy vehicle 55,000 lbs or more was on the road 5,000 miles or less during the year (7,500 miles or less for agricultural use).	See <i>IRM 5.19.22.4.3.1.1, BMF Response Taxpayer not Liable</i> .

5.19.22.4.3.1.3 (10-15-2012) BMF Taxpayer Liable

1. If research indicates the taxpayer is liable to file, follow the guidance in this section.
2. If the taxpayer has sent correspondence and provided a telephone number or a telephone number is available on the account attempt to call the taxpayer before sending a letter to the taxpayer.

Note:

CSCO and ACSS employees will not be required to leave a message on an answering machine or voice mail, telephone attempt(s) must be documented on AMS

3. Always advise the taxpayer to:

- "sign and date" the return(s),
- use current address on the return,
- include all required schedules and documents,
- **CSCO and AM employees** If phone contact has been made, encourage them to fax the return. CSCO e-fax number 1-855-800-5944 will be operational on January 2015. CSCO and AM employees can use this e-fax number so the returns can be uploaded directly to the CSCO inventory and will require no routing.
- If they can not fax the returns, provide the taxpayer with the appropriate IRS CSCO return address to mail the return. For CSCO addresses see *Exhibit 5.19.22-3, CSCO Non-Filer Campus Addresses* .
- Document AMS comments accordingly.

Note:

ACS employees can accept tax return(s) through fax while on the telephone with the taxpayer. If the taxpayer does not have the documents necessary during telephone contact the taxpayer should be directed to send the tax return and all required schedules to the appropriate ACS Support site.

4. If necessary, provide the required tax forms or request them through SERP. If the taxpayer has Internet access, provide him/her with the IRS website address <http://www.irs.gov/formspubs/index.html?portlet=3>. You can also provide the Toll-Free number to order forms 1-800-829-3676.

Note:

On AMS use "ELITE" to directly mail forms to the taxpayer's address on entity.

5. When responding to the taxpayer by written response (all employees), follow the guidelines below:

If	Then
For CSCO Employees,	<p>A. Instruct the taxpayer to file and set a deadline date for 30 days, with a follow up date 45 days to take next action, allowing mail time.</p> <p>B. Send a Letter 2255C , Letter 2284C , or appropriate letter that advises the taxpayer failure to file by the specified date could subject the taxpayer to a fine and/or criminal penalties and Form 940, Form 941, Form 943 and Form 944 employment returns may be processed under IRC 6020(b), if not filed voluntarily.</p> <p>C. If the taxpayer states they are a victim of Identity theft, see IRM 5.19.2.6, <i>Identity Theft Procedures</i> for additional guidance on Identity Theft.</p> <p>D. Document AMS of actions taken, including the target date.</p> <p>E. Input a delay "C08" using CC ASGNB (see IRM 2.4.27, <i>CC ASGN/ASGNB formerly TSIGN</i>). See IRM 5.19.22.4.1.2, <i>Accelerate to Compliance Territory Office (Revenue Officer)</i>, for additional guidance.)</p> <p>Note:</p> <p>If also addressing a balance due issue for the taxpayer, ensure all STAUPs and delays are equal.</p>
For ACS, ACSS and FA Employees	<p>A. Instruct the taxpayer to file and set a deadline of 30 days, with a follow up date of 45 days to take next action allowing mail time.</p> <p>B. Send LT18, or appropriate letter advising the taxpayer that failure to file by the specified date could subject the taxpayer to a fine and/or criminal penalties. Furthermore, if the delinquent module is Form 940, Form 941, Form 943 and Form 944 employment returns, they may be processed under IRC 6020(b) if not filed voluntarily.</p> <p>C. If the account is on ACS, enter history codes with "XX" stands for the deadline plus 30 days as follows:</p> <ul style="list-style-type: none"> • If the account does not have Employment code F, G or T, and • Has a module with MFT 01, 10 or 11 within last three years, and • LPS data with the same MFT of delinquent modules of \$1500 or less, and/or • A delinquent module has a credit balance of \$1500 or less, • Then reassign to "TOI7,XX,TFRO8600" (where XX stands for the deadline plus 30 days) See IRM 5.19.22.1.1, <i>Return Delinquency Overview</i> for information on determining follow-up dates. <p>Note:</p> <p>The LPS data must be within 3 years of the earliest delinquent period. If the data is older, it does not meet 6020(b) criteria.</p> <p>D. If the account does not meet 6020(b) criteria enter, "TOI7,XX,TFQU" . (XX stands for the deadline plus 30 days) See IRM 5.19.22.1.1, <i>Return Delinquency Overview</i> for information on determining follow-up dates.</p> <p>Exception:</p> <p>If the account contains Employment Code, G, or T, reassign the account for Managerial approval for TFRO assignment: TOC0,,TFRO (ASC Sites) or TOS0,,TFRO.</p> <p>E. If the account has an Employment Code F; Federal Agency Delinquency (FAD), re-assign the account to TOR1,60,FAD. Document AMS of actions taken.</p> <p>Note:</p> <p>FAD accounts (Employment Code F) are worked at the Brookhaven CSCO Operation. Refer to: FEDERAL AGENCY DELINQUENCY CONTACTS for FAD contact information.</p>

6. When on the telephone with the taxpayer follow the procedures below:

If ...	And ...	Then ...
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Contact is made with the taxpayer	CSCO	<ul style="list-style-type: none"> • Determine if the taxpayer has the necessary information and forms to file the delinquent return(s). Provide necessary income and forms for taxpayer to file, if requested. Instruct the taxpayer to file and set a deadline of 30 days (allow more time if needed, taking into consideration the complexity of the delinquent return(s), and other pertinent circumstances), but not more than 60 days. • For Form 940, Form 941, Form 943 and Form 944 only, advise the taxpayer failure to file by the specified date, employment returns may be processed under IRC 6020(b) if not filed voluntarily. • Document AMS of actions taken. • Input a delay C08, using CC ASGNB (see IRM 2.4.27, <i>Command Code ASGN/ASGNB formerly TSIGN</i>) to accelerate to ACS, see <i>IRM 5.19.22.4.1.1, Accelerate and/or Delay To TDI Status 03</i>. <p>Note:</p> <p>If also addressing a balance due issue for the taxpayer, ensure any STAUP's and delays equivalent.</p> <p>Note:</p> <p>If there are other modules in balance due, See IRM 5.19.1, <i>Balance Due</i> to address the TDA modules.</p> <p>Exception:</p> <p>If you are not trained on TDA modules, complete a Form 4442 for the TDA issue and forward to the appropriate area to resolve.</p>
They do not have a balance due module	ACS/FA employee	<p>A. Ask the taxpayer for explanation why the return(s) was not filed, (e.g., the taxpayer owed money and could not pay, so they did not file; taxpayer could not find tax records, health/family issues, etc.).</p> <p>B. Determine if the taxpayer has the necessary data and forms to file the return(s) and provide data, if needed.</p> <p>C. Instruct the taxpayer to file the return and set a deadline (see table in paragraph below) taking into consideration the complexity of the delinquent return(s) and other pertinent circumstances, but generally not more than 30 days.</p> <p>D. For Form 940, Form 941, Form 943 and Form 944 only, advise the taxpayer that failure to file by the specified date, employment returns may be processed under IRC 6020(b) if not filed voluntarily.</p> <p>E. Document AMS of information secured, see <i>IRM 5.19.22.4.3.4, BMF Substitute for Return 6020(b)</i> , along with the deadline date for filing and warning of enforcement actions.</p> <ul style="list-style-type: none"> • If the account is on ACS, enter ACS history codes with "XX" stands for the deadline plus 30 days, (<i>IRM 5.19.22.1.1, Return Delinquency Overview</i> for information on determining follow-up dates.) • IF: the account does not have Employment code F, G or T, and, • Has a module with MFT 01, 10 or 11 within last three years, and • LPS data with the same MFT of delinquent modules of \$1500 or less, and/or there is a delinquent module has a credit balance of \$1500 or less, • Reassign to "TOI7,XX,TFRO8600" where XX stands for the deadline plus 30 days <p>F. If the account "does not" meet 6020(b) criteria enter, "TOI7,XX,TFQU" where XX stands for the deadline plus 30 days.</p> <p>G. If the account contains Employment Code G or T, reassign the account for managerial approval for TFRO assignment: "TOC0,,TFRO" or "TOS0,,TFRO" .</p> <p>H. If the account has an Employment Code F (Federal Agency), assign the account to TOR1,60,FAD. Document comments of actions taken.</p> <p>Note:</p> <p>FAD accounts (Employment Code F) are worked in CSCO at the Brookhaven Campus. Refer to: FEDERAL AGENCY DELINQUENCY CONTACTS for additional contact information.</p>
The taxpayer has another module in TDA Status 22.	ACS/FA employee	<p>A. Ask the taxpayer for reasons why the return was not filed (e.g., the taxpayer owed money and could not pay, so they did not file; taxpayer could not find tax records, health/family issues, etc.). Determine if the taxpayer has the necessary data and forms to file the return(s) and provide data as needed. Instruct the taxpayer to file the return and set a deadline date, taking into consideration the complexity of the delinquent return(s) and other pertinent circumstances, but generally not more than 30 days.</p> <p>B. If the taxpayer has been given a previous deadline, allow only a 10-day extension, document the additional justification for the second extension and advise the taxpayer no further extensions will be granted.</p> <p>C. For Form 940, Form 941, Form 943 and Form 944 only, advise the taxpayer failure to file by the specified date, employment returns may be processed under IRC 6020(b) if not filed voluntarily.</p> <p>D. Warn the taxpayer of potential enforcement action (lien/levy).</p> <p>Note:</p> <p>If taxpayer is unable to pay, refer to IRM 5.19.1.7.1.5, <i>CNC Unable to Pay - Hardship</i>, to further analyze and verify for CNC criteria, otherwise follow items 5 through 8 below.</p> <p>E. Verify and document existing levy sources and add new levy sources.</p> <p>F. If on ACS, document comments with the information secured, see <i>IRM 5.19.22.4.3.4, BMF Substitute for Return A6020(b) Program Referrals (Forms 940, 941 or 943)</i> along with the deadline date for filing and warning of enforcement actions on AMS.</p> <p>G. Set the case up for the next enforcement action and enter a follow up date 30 days after the deadline given to the taxpayer.</p> <p>Note:</p> <p>See IRM 5.19.1, <i>Balance Due</i> to address the TDA modules).</p> <p>Exception:</p>

If you are not trained on TDA modules, transfer the call or ask the taxpayer if you can have someone call them and complete a Form 4442 for the TDA issue and forward to the appropriate area to resolve.

7. If you are an ACS employee use the following table to determine the time frame to allow the taxpayer to file a return:

Circumstance/Complexity	Establish Deadline
Taxpayer has tax forms completed but has not mailed return(s)	10 days
Taxpayer has not completed tax forms but has all necessary information for easy filing (no schedules)	10 days
Taxpayer has most tax forms and must file a return with schedules	30 days
Taxpayer is in need of all necessary tax forms	30 days
Taxpayer has multiple returns that should be filed	30 days
Taxpayer has multiple returns to be filed and has no forms or wage information	30 days
Taxpayer has medical hindrance, POA issues, catastrophic event, or needs to reconstruct records	<p>Note:</p> <p>Allow more time if the information gathered above shows it is needed, taking into consideration the complexity of the delinquent return(s), and other pertinent circumstances</p>

5.19.22.4.3.2 (01-02-2015)

BMF Responses with Original or Copy of Return

- The following IRM section will provides directive guidance on reviewing, coding and resolving responses where a return or a copy of a return was provided.
- When working RD issues with balance due accounts, refer to IRM 5.19.1, *Balance Due*, for resolution of the balance due account.

Note:

If you are not trained to work balance due cases, route the case to the balance due function in our site, after you have completed the RD request.

- When corresponding with the taxpayer and addressing multiple years only send one letter whenever possible. it may be necessary to send more than one letter when addressing multiple MFT's.
- When working a module in Status 06 previously closed with a TC 590 CC 019, 593, 597 or 598, follow the procedures throughout this section for the status (Notice-02 or TDI-03) the module was in when the 59X code was entered.
- If the taxpayer/business provides a personal business telephone number on a response to a notice, Return or RD correspondence, document the entity with the telephone number secured. If the area code is not available, look it up using Area Code/Time Zone Search on SERP.

5.19.22.4.3.2.1 (06-28-2013)

BMF Response with Original Return(s)

- This section provides the instructions to process original taxpayer returns. Employees are required to:
 - Review AMS, and IDRS for any pertinent information regarding the TDI module prior to forwarding the return for processing.
 - Document AMS of research and action taken.
- It is not necessary to send delinquent **original** returns to the Statute Control Unit prior to being sent for processing if the return is the "**initial**" original return secured and we have coded the return with a TC 59X or we secured return(s) prepared under the authority of IRC 6020(b), per IRMs 3.11.xx, i.e. for example, IRM 3.11.154.3.6, *Statute Returns*, and IRM 25.6.1.8, *Original Delinquent Returns*,
- This process does not apply to certain types of statute year tax returns, as a result the following types of tax returns **need** to be routed to the Statute Control Unit:
 - Tax return being **reprocessed** with an "Original IRS Received Date"
 - Reprocessed** a tax return for a different tax period and/or incorrect tax form (i.e., F941 to F944, F1120 to F1120S or vice versa)
 - A previous TC 610 payment on a statute year module and no indication a return was previously processed
 - Previous unpostable condition on the module (DC/DU 150, DC 976, U301, etc.) and the original return has not been processed and it is now more then 33 months from its original received date. Forward to Statute Unit requesting a quick assessment.
 - Credits/payments previously moved to Excess Collection (XSF)**, see IRM 25.6.1.8.4(6), *Processing Original Delinquent Returns*
 - If the prior (unpostable, rejected, etc.) return is over 2 years and nine months. Attach a print of the CC TRDBV screen to substantiate taxpayer's intent to the secured return. Forward to Statute Unit requesting a quick assessment.
- Research is required on all returns received. Use the following procedures before preparing the return to go to processing:

If	Then
Secured return is a Form 941 /Form 944	<ul style="list-style-type: none"> Verify the Form 944 "cache" on CC BMFOLE or CC ENMOD to verify the filing requirement and to ensure the secured return is the accurate return for the tax period. Document AMS of actions taken
Taxpayer files a frivolous return: <ul style="list-style-type: none"> See IRM 4.10.12 for a list of frivolous arguments. 	A. Input TC 595 cc 082/024 and Refer on Form 3210 to: Ogden Compliance Services ATTN: FRP, m/s 4450 1973 N. Rulon White Blvd. Ogden, UT 84404

<ul style="list-style-type: none"> the return or attached schedules must be altered or falsified to reflect a frivolous argument. For example, reducing percentage of taxable income associated with war efforts <p>Note:</p> <p>The most common frivolous argument taken by BMF accounts is the Fuel Tax Credit (FTC), when the business has no basis for FTC.</p>	<p>B. Document AMS of information secured and actions taken.</p> <p>C. For "ACS/FA/ACS-Support" employees only: If the account is on ACS, enter history code "TOR3,30,CMNTS " http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm</p>
<p>Taxpayer files an accurate return but has attached frivolous correspondence:</p>	<p>A. Process the return in the normal manner</p> <p>B. Send the correspondence to Ogden by referring to: Ogden Compliance Service ATTN: FRP, m/s 4450 1973 N. Rulon White Blvd. Ogden, UT 84404</p> <p>C.</p>
<p>The taxpayer sends in a return that just states they had no income, no tax due, or not liable,</p>	<p>Prepare the return for processing.</p>
<p>A "0" (zero) return is secured with a credit on the module, that is not indicated on the return,</p>	<p>A. Verify to determine if credit was applied correctly to the tax period by:</p> <ul style="list-style-type: none"> Researching credit per <i>IRM 5.19.22.4.6.1, Credit Balance Research Procedures.</i> <p>B. If credit is verified.</p> <ul style="list-style-type: none"> Write "Not Liable" across the top of the return. Input credit amount along side the appropriate line of the tax return in "green" ink to allow the credit during processing. Prepare return for processing. Send a Letter 2358C or appropriate letter informing taxpayer of actions taken. Document AMS of actions taken. <p>C. If the credit is not verified.</p> <ul style="list-style-type: none"> Contact taxpayer via telephone (if number available) to verify credit, and/or send Letter 112C or other appropriate letter. <p>Note:</p> <p>If Letter 112C letter is sent, place the secured return in Unit SDSF file for follow up (taxpayer response/follow up date) and input a case control for monitoring.</p> <ul style="list-style-type: none"> If taxpayer does not respond by the follow up date forward to Submission Processing (SP) following normal processing procedures. Document AMS of actions taken.
<p>A "0" return is secured on an entity that has a TC 591 on a prior tax period indicating "Out of Business", or "last wages paid", and the subsequent module was open due to a CP 259 issued,</p>	<ul style="list-style-type: none"> Forward the signed "zero" to SP. Input a TC 591 on the subsequent tax period to re-close the FR. Notate AMS of actions taken. <p>Note:</p> <p>This situation may occur if there is a delay in processing of the prior input and the issuance of the newer module. If a "0" return is sent for processing, it will re-open the FR, which is not the intent.</p>
<p>An "un-signed "0" return is secured on an entity that has a TC 591 on a prior tax period indicating "Out of Business", or "last wages paid",</p>	<ul style="list-style-type: none"> Take no action, discard the "0" return. <p>Note:</p> <p>This type of return is not considered a valid return per legal standpoint due to no signature on a non-taxable return.</p>
<p>If a TC 150 is already on the account,</p>	<ul style="list-style-type: none"> If the secured return is an exact duplicate of the posted TC 150, then destroy the return. If the secured return does not match the TC 150 route to the appropriate Accounts Management. Document AMS with pertinent information and actions taken. <p>Note:</p> <p>Prior to forwarding to AM write "TC 150 posted" in the top margin on the left hand side of the return.</p> <ul style="list-style-type: none"> For additional information refer to <i>IRM 5.19.22.4.4.2, Return Delinquency Due to Posting Errors.</i>

If there is a TC 610, indicating a payment posted, but return has not posted,	See <i>IRM 5.19.22.4.3.2.2, BMF Response with Copy of Return(s)</i> .
If multiple returns are received through taxpayer response for the same MFT and period.	Research to determine if all returns are true duplicates, route one of the returns for processing and destroy duplicate returns.
If duplicate return is received within four weeks of TC 599.	See <i>IRM 5.19.22.4.3.2.2, BMF Response With Copy of Return(s)</i> .

5. Compare TIN, name, tax period, and MFT on the return with the notice or inquiry,

If	Then
The TIN or name is different,	See <i>IRM 5.19.22.4.4.1.1, BMF TIN and Entity Problems</i> .
The tax period is different,	See <i>IRM 5.19.22.4.4.2, Return Delinquencies Due to Posting Errors</i> .

6. If none of the above conditions are present:

- Code and prepare **"all"** secured return(s) (including any current year returns) for processing.

Exception:

Form 944/941 filing issues. If we are requesting a Form 941 and the taxpayer submitted a Form 944, do not input a TC 599 on the Form 944 or if we requested a Form 944 and they filed a Form 941, then do not input the TC 599 on the Form 941 return going to SP. This creates issues when the return will not process due to filing requirements of the Form 944/941. Same applies to the Form 1120/1102S and Form 1065 incorrect filing issues.

Note:

Submission processing will send appropriate letter to taxpayer that the incorrect Form was submitted. Add an additional delay of 8 cycles to allow Submission processing to resolve incorrect filing issues.

- This includes secured returns not in TDI status, or identified on CC BMFOLI.
- Any edits to a return must be done in **"green"** pen/pencil only.
- A block indicator of "BB" should be used with CC FRM49 for all TC 594 and 599 transactions. See *IRM 2.4.26.3 (1) (c), Command Code FRM49*, for more information.
- If an original return is received via fax, date stamp or write the date on the return prior to forwarding for processing.

7. Prior to forwarding returns for processing follow guidance below for editing:

If	And	Then
Information in the entity area of the return is correct (per <i>IRM 5.19.22.1.1, Return Delinquency Overview</i>),	Intentionally left blank	<p>A. Code the return as normal</p> <p>B. Forward for processing as no editing is needed</p> <p>Note:</p> <p>If a return is received with RD in the top margin, circle the RD prior to submitting for processing.</p>
Information in the entity area of the return is incorrect.	Name/name control is incorrect,	<p>A. Code the return as normal.</p> <p>B. Circle the incorrect name/name control and write the correct one beneath the circled information.</p> <p>C. Forward for Processing.</p> <p>Note:</p> <p>It is not necessary to underline name control or correct In care of or Sort name lines.</p> <p>Note:</p> <p>If a return is received with RD in the top margin, circle the RD prior to submitting for processing.</p>
	Address is incorrect,	<p>A. Code the return as normal.</p> <p>B. If Master file indicates the current address, circle the old address on the form and edit the return to match Master File.</p> <p>C. If determined the address on the return is more current than entity information, Document Master File using CC ENREQ.</p> <p>D. For 94X Series (including Form 940) put an * on the left side of address opposite the first line being changed, (e.g., street, city, or ZIP) and write the correct information on the return.</p> <p>Note:</p> <p>When processing returns, it is not necessary to address minor name differences (for example, INC. versus INCORPORATED or Co. versus Company) unless the name control is affected.</p> <p>E. Forward for Processing.</p> <p>Note:</p> <p>If a return is received with RD in the top margin, circle the RD prior to submitting for processing.</p>

	Tax year is incorrect,	<p>A. Code the return as normal.</p> <p>B. Circle the incorrect tax year and write the correct one beneath the circled information.</p> <p>C. Forward for Processing.</p> <p>Note:</p> <p>If a return is received with RD in the top margin, circle the RD prior to submitting for processing.</p>
	The incorrect tax quarter box is checked,	<p>A. Code the return as normal.</p> <p>B. Circle the incorrect box and check the correct one.</p> <p>C. Forward for Processing.</p> <p>Note:</p> <p>If a return is received with RD in the top margin, circle the RD prior to submitting for processing.</p>
Research per CC TRDBV indicates a prior return was not processible (unpostable condition/deleted) due to a submission of incorrect filing of return (i.e.; Form 941/944 issues, Form 1120/1120S, or incorrect filing month).	The taxpayer's intent was to file the correct tax return.	<p>The received date of the original return is to be used on the "new" correct tax return being sent for processing.</p> <ul style="list-style-type: none"> Input the date of the unprocessable return (per CC TRDBV) as the IRS Received date on the secured return. Attach a print of the CC TRDBV screen to substantiate taxpayer's intent to the secured return.
No IRS received date present on the return	Intentionally left blank	Either date stamp or write the date (in green ink) on the return prior to forwarding for processing.
Return is unsigned	Intentionally left blank	<p>Send the return for processing and Submission Processing will contact the taxpayer for a signature.</p> <p>Note:</p> <p>Do not attach any correspondence, or notice to the front of the return as may cause confusion during processing.</p>
Notated as "copy" or there is an indication that the return is a possible duplicate	The return is being forwarded for processing as the original	Circle out the word "copy" or "duplicate return" (first page only) prior to sending to processing.
Return secured is considered a Short Period return (example: TP states business closed and submits a return in an earlier month as final)	Intentionally left blank	<p>A. Code the return as normal</p> <p>B. Leave a history on IDRS "SHRTPDRTRN"</p>
Taxpayer requests relief from Failure to File, Failure to Pay, or Failure to Deposit penalties	Due to reasonable cause or taxpayer is deceased	<ul style="list-style-type: none"> Document the information on a routing slip (e.g., Form 4227, Intra-SC Reject or Routing Slip) and attach to the front of the return Attach any written requests secured from taxpayer requesting relief to the back of the return. <p>Note:</p> <p>This will alert "Code and Edit" of the taxpayer request</p> <ul style="list-style-type: none"> Do not input any Computer Condition Codes (CCC) on the return, including an "F" for a final return. <p>Note:</p> <p>If speaking to the taxpayer on the telephone, inform the taxpayer requests for relief from penalties and interest can not be considered until after the return is posted with penalty and interest. The taxpayer must submit their request for abatement at that time. For additional information see IRM 20.1, <i>Penalty Handbook</i>.</p>

8. The following should also be addressed or reviewed prior to sending to processing if submitted return is marked final:

- A. Close filing requirements on the Notice module with a TC 591.
- B. Input the Business Closed date & Last Wage Paid date on CC ENMOD, if secured.

9. Input TC 599 with the appropriate closing code on "all" secured returns, whether the module is in open RD status or not on CC BMFOLI. Follow the chart below for guidance:

If	And	Then
Taxable return (return shows a tax liability before prepaid credits)	For CSCO Employees,	Input a TC 599 cc 094 using CC FRM49.
	For ACS and ACSS Employees,	<p>A. Input a TC 599 cc 044 using CC FRM49.</p> <p>B. Document comments when return was filed, balance due/refund amount, full paid, installment agreement request in a narrative on AMS.</p>

		C. If the account is on ACS, enter ACS history code "OADT,30,599044 " .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
	For FA Employees,	A. Input a TC 599 cc 024 using CC FRM49. B. Document AMS of information secured: when return was filed, balance due/refund amount, full paid, installment agreement request. C. If the account is on ACS, enter history code, "OADT,21,599040 " .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
Non-taxable return (return shows no tax liability before prepaid credits)	For GSCO, TF and Employees,	Input a TC 599 cc 096 using CC FRM49.
	For ACS and ACSS Employees,	A. Input a TC 599 cc 046 using CC FRM49. B. Document closing actions including refund amount in a narrative on AMS. C. If the account is on ACS, enter ACS history code "OADT,30,599046 " .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm
	For FA Employees.	A. Input a TC 599 cc 024 using CC FRM49. B. Document AMS of actions taken, including refund amount. C. If the account is on ACS, enter ACS history code "OADT,21,599041 " .http://serp.enterprise.irs.gov/databases/irm.dr/current/5.dr/5.19.dr/5.19.5.dr/5.19.5-5.htm

10. Once the return is coded and perfected as stated above, forward for processing.
11. If any type of return is forwarded to Submission Processing Center for processing, all return delinquency issues and coding, along with the preparation of the return for processing must be completed at the receiving site.
12. Send **only** the "Return" to the Submission Processing Center for processing. See IRM 3.10.72–12, *Submission Processing Contacts (Batching Function)* for routing stops or contacts.
13. If the taxpayer requests an installment agreement (IA), refer to IRM 5.19.1, *Balance Due* for guidance.

**5.19.22.4.3.2.1.1 (01-02-2015)
BMF Specific Return Filing Requirements**

1. This section will provide guidance on specific forms that may need to be processed outside the normal process. Unless stated, all returns will follow normal research and processing procedures. For a more detail explanation of the filing requirements for the forms listed see (link to exhibit)
2. Use the following chart to determine if a return is required to be filed in a specific SP center.

If ...	And ...	Then ...
Form CT-1	Intentionally left blank	<ul style="list-style-type: none"> • Coded and worked at the receiving site. • Forward only the Form CT-1 tax return to CPSC for processing IRS Cincinnati, OH 45999-000
Form 11-C	Return received and research shows information under another TIN, name, or different tax period, whether or not a return has posted,	Refer the case to the Cincinnati Campus CIRSC Excise Stop 5701G
Form 706 and Form 709	In RD notice Status 02 and Notice Status 03	Work in receiving campus following normal processing procedures.
	Not in RD notice Status 02 or Notice Status 03	Send to (E&G) centralized processing in Cincinnati Campus: Estate and gift Tax Operation 201 W Rivercenter Boulevard Covington, KY 41011 Attention: Stp 824G
Form 720	Intentionally left blank	Follow normal processing procedures, but send return to Cincinnati Submission Processing Center (CSPC).
Form 730	Claims a credit for Laid-off wagers	Refer to Examination
	Return received and research shows information under another TIN, name, or different tax period, whether or not a return has posted,	Refer the case to the Cincinnati Campus CIRSC Excise Stop 5701G
Form 941 and Form 944	Submitted all 4 quarters of Form 941, but should be filing Form 944	<ul style="list-style-type: none"> • Complete a Form 944 • Attach all Form 941's behind the Form 944 • Follow normal processing procedures.
	Submitted Form 944 but should have filed Form 941	<ul style="list-style-type: none"> • Send the return to be processed. Do not input a TC 599. • Document actions taken on AMS • If account is on ACS, document history, and input history code with appropriate parameter for follow up actions. • Take no action on the 941 RD module. Add an additional delay of 8 cycles to allow Submission Processing to resolve MFT issue. <p>Note:</p>

		Submission processing will send appropriate letter to taxpayer that the incorrect Form was submitted.
Form 990	Intentionally left blank	Forward to: Ogden Campus 1973 North Rulon white Blvd. Ogden, Utah 84404
Form 1041	Coding and preparation are done at the receiving site	Send return only to CSPC for processing.
Form 1042	Form 1042 follow normal processing procedures	Forward to OSPC for processing
	Form 1042-S and Form 1042-T are received	Forward to OSPC for processing
	Form 1042-T received alone	Return it to the taxpayer and request they resubmit with the appropriate Form 1042-S
	Form 1042-S received alone	Forward to SP
Form 2290	In Status 02 or Status 03	Follow normal processing procedures and send to CSPC for processing
	Not in Status 02 or Status 03	Send to the Cincinnati Campus CIRSC Excise Stop 5701G
Form 8752	Intentionally left blank	<ul style="list-style-type: none"> • This form is not considered a tax return, and is not processed through the normal TDI module process. • Code the form • Do not input the TC 59X • Document actions taken on AMS
Form 8804 and Form 8805	Should be coded and prepared by receiving area then,	Forward to: Ogden submission Processing Stop 6110
	Amended Form 8804-C	Do not work. Route to Exam in Philadelphia Campus.

[Next](#)

[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 19. Liability Collection

Section 23. Restitution - Based Assessments Processing

5.19.23 Restitution - Based Assessments Processing

- 5.19.23.1 [GENERAL](#)
- 5.19.23.2 [TRANSCRIPTS](#)
- 5.19.23.3 [Payment Application](#)

Manual Transmittal

July 31, 2015

Purpose

(1) This transmits revised IRM 5.19.23, Liability Collection, Restitution-Based Assessments Processing.

Material Changes

- (1) IRM 5.19.23.2.1(8) Procedures clarified to input TC 290 RC 141/142 to MFT 30 modules when the RBA posted after Jan. 31, 2014
- (2) IRM 5.19.2.2 Added duplicate Fraudulent Failure to File Penalty as a condition to code AC 182/183
- (3) IRM 5.19.23.2.4.5 verbiage added to clarify example is for foreign corporation where defendant does not have SSN.
- (4) IRM 5.19.23.2.4.9 Subsection added for example to illustrate TC 971 AC 18X linkage when restitution is asserted against a Corporation instead of an individual.
- (5) IRM 5.19.23.2.5 Moved requirement to create an EXCEL spreadsheet to IRM 5.19.23.2.7
- (6) IRM 5.19.23.2.6 REMINDER revised to include *...and the amount does not exceed the tax assessed on the Civil module*.
- (7) IRM 5.19.23.2.7 Added paragraph (2) for perfecting and processing Forms 3177 for RPP case types and renumbered remaining paragraphs.
- (8) IRM 5.19.23.2.7 (3) Added instructions to reject Forms 3177 received where the tax module is not present on IDRS
- (9) IRM 5.19.23.2.7 (3) Added instructions to use post delay code 1 and re-input TC 971 AC 18X when reversing transactions on BMF tax modules.
- (10) IRM 5.19.23.3.1 Second bullet deleted to remove instructions to delay cross-referencing for Co-Defendants with different assessment amounts.
- (11) IRM 5.19.23.3.2 Paragraph and example added to reconcile accounts when the MMA can't be matched.
- (12) IRM 5.19.23.3.3.2 Examples added for Single Defendant and/or Married Taxpayers Filing Separate Returns with Co-Defendant with Different Assessment Amount.
- (13) IRM 5.19.23.3.3.4 Example added for Married Taxpayers Filing Joint with Co-Defendant with Different Assessment Amount.
- (14) IRM 5.19.23.3.3.5 Example added for Married Taxpayers Filing Joint With More Than One Co-Defendant with Different Assessment Amount
- (15) IRM 5.19.23.3.4.7 Example added for BMF case type with More Than One Co-Defendant with Different Assessment Amount
- (16) IRM 5.19.23.3.5 REMINDER updated to include use of RBA GII Tool.
- (17) IRM 5.19.23.3.5.4 Example added for Return Preparer with Co-Defendant with Different Assessment Amount
- (18) IRM 5.19.23.3.5.5 Tridoc added for Return Preparer with Co-Defendant / Duplicate Client Civil Assessment
- (19) IRM 5.19.23.3.5.6 Tridoc renumbered and example added for Return Preparer with More Than One Co-Defendant with Duplicate Client Civil Assessment with Different Assessment Amount
- (20) IRM 5.19.23.3.6 Paragraph added to exclude TC 848 as allowable credit for cross-referencing to RBA
- (21) IRM 5.19.23.3.6.1 Revised Example #2 to demonstrate cross-referencing when refunded tax credits are reversed.
- (22) IRM 5.19.23.3.6.2 Clarified instructions and included what forms to use when updating accounts transferred to ANMF.
- (23) IRM 5.19.23.3.6.2.1 Subsection added with instructions for completing a Master File Account Transfer
- (24) IRM 5.19.23.4 CAUTION added for FTP and FTF assessed as restitution.
- (25) IRM 5.19.23.8.1 Subsection added to provide guidance for Undeliverable Mail
- (26) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.2.1(7) Revised to clarify input of STAUP.
- (27) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.2.1(9) Included the last posting date of the pair of TC 971 AC 18X linkage for timely processing, and added instruction to close case and request F3177 when account linkage is missing or broken.
- (28) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.2.1(10) Empty paragraph deleted
- (29) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.2.3 Tridoc deleted and renumbered to IRM 5.19.23.2.7
- (30) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.2.6(2) Changed 2nd REMINDER from "The MMA" to "The RBA"

- (31) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.2.6(3) Updated IF AND THEN chart to include requirement for control and cross-referencing of payments.
- (32) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.2.6(3) Added to IF AND THEN chart instructions to close case if TC 18X posted less than 60 days and no pending or posted TC 29X.
- (33) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.3.1(1) Added bullet - Payments are not cross-referenced to defendant/co-defendant accounts with different restitution assessment amounts until the entire amount of restitution has been collected
- (34) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.3.2(1) Added example for determining payments and credits considered in the RBA
- (35) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.3.6 Paragraphs deleted and section restructured to add subsection
- (36) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.3.6.1 Subsection added for duplicate RBA where TC 150 is designated as duplicate Civil assessment
- (37) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.3.6.2 Subsection added for Non-Master File accounts
- (38) IPU 14U1666 issued 12-10-2014 IRM 5.19.23.5.1(3) Hyperlink updated
- (39) IPU 14U1397 issued 09-30-2014 IRM 5.19.23 Various editorial updates throughout
- (40) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.1.3 Added subsection for the Restitution Assessment Database (CC RAPID)
- (41) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.1(5) Added REF766337 Transcript
- (42) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.1(7) Paragraph added for requirement to input TC 472 and CC STAUP
- (43) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.1(8) Added requirement to input TC 290 \$.00 with applicable reason codes to MFT 30 for BMF and RPP case types
- (44) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.1(9) Revised statement to include TC 971 AC 18X posting cycle
- (45) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.1(10) Removed redundant statement
- (46) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.2 Action Code 187 updated to include assessments made to Corporation
- (47) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.3 Added procedures for processing Forms 3177
- (48) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.4 Added description of IMF Case Type
- (49) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.4.1 Editorial changes
- (50) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.4.5 Added linkage for duplicate fraud penalty to Example 15
- (51) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.5 Added description of BMF Case Type
- (52) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.5.5 Added linkage example for TC 971 AC 187 when Corporation is assessed restitution and when no EIN has been established
- (53) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.5.8 Added linkage example for BMF Tax Liability when No BMF TIN has been established
- (54) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.6 Added description of RPP Case Type
- (55) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.6 Added linkages examples for Return Preparer (RPP) case types
- (56) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.6 Added subsections 1 through 6 to provide linkage examples for RPP case types
- (57) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.7(2) Added reminder that the MMA for RPP case types may include amounts for multiple duplicate client Civil assessments
- (58) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.7(2) Added NOTE and EXAMPLE for MMA that includes combined total of assessments with TC 971 AC 188/189
- (59) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.7(3) Revised into IF & THEN chart to clarify procedures for requesting Form 3177 and removed EXCEPTION
- (60) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.2.7(3) Added procedures to IF & THEN chart to request and process Form 3870 when TC 971 AC 18X posted and no RBA
- (61) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.3.2 Revised to add section and subsections for payment cross-referencing for IMF case types
- (62) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.3.3 Added section and subsections 1 through 5 to provide cross-reference examples for IMF case types
- (63) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.3.4 Added section and subsections 1 through 7 for payment cross-referencing for BMF case types
- (64) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.3.5 Added section and subsections 1 through for 5 for payment cross-referencing for RPP case types
- (65) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.4 Added paragraph for waiver of FTP if 90% of the tax is paid on or before the due date and a valid extension to file was submitted
- (66) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.5 Added paragraph to exclude IRC 6404(g) Interest Suspension from RBA
- (67) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.5 Added paragraph for Large Corporate Underpayment (LCU) interest
- (68) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.5 Added examples for BMF case types and modules with multiple assessments
- (69) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.5.1 Added procedures and example for computation of interest for credit elects (May/Sequa)
- (70) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.5.2 Added NOTE to consider Telephone Excise Tax Refund (TETR) credit when computing interest
- (71) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.5.3 Paragraph added for interest computation start date for RBA that is based on Trust Fund Recovery Penalty
- (72) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.6 Added procedures to request and process Form 3870 when overpayment is the result of a missing RBA
- (73) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.6 Added procedures to request and process Forms 3177 when TC 971 AC 18X and associated assessment is not posted
- (74) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.6(5) Added a reference to the NOTE to see IRM 21.4.5 for information about Erroneous Refunds
- (75) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.6(12) Added requirement to document AMS with case action
- (76) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.8 Added paragraph to include resolution procedures for F4442 received for credit balance on restitution module
- (77) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.8 Added clarification to use F3210 and provide a thorough explanation when a case is routed to another area

(78) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.9 Added procedures for processing Forms 3870 for RBA

(79) IPU 14U1397 issued 09-30-2014 IRM 5.19.23.10.1(2) Added clarification for daily transcript closure review requirements

Effect on Other Documents

This supersedes IRM 5.19.23 dated 06-06-2014, All interim guidance issued since that date has been incorporated into this document.

Audience

This document is intended for use by Small Business Self Employed (SB/SE) Compliance campus employees who process Collection work.

Effective Date

(07-31-2015)

Kristen Bailey, Director
SBSE Headquarters Collection
Collection Policy

5.19.23.1 (06-06-2014) GENERAL

1. This section contains instructions for the Restitution Assessments Program within the Collection Operation.

5.19.23.1.1 (06-06-2014) Compliance Services Collection Operation (CSCO) Program Overview

1. The CSCO program discussed in this section involves both paper and telephone contact with internal and external customers. This program may require research specific to that program including accessing Integrated Data Retrieval System (IDRS), the Accounts Management System (AMS), and the Automated Insolvency System (AIS).
2. All CSCO programs will follow additional guidelines set forth in the Taxpayer Advocate Program and other relevant Internal Revenue Manuals (IRM) referenced in this document.

5.19.23.1.2 (06-06-2014) Restitution-Based Assessment Overview

1. In a criminal case, a court can require a defendant to pay the losses incurred by the government by ordering restitution be paid to the IRS. The amount of the tax loss is calculated from evidence admitted at trial or from information contained in the plea agreement and presented to the court at sentencing.
2. Public Law No. 111-237 amended IRC § 6201 to provide that the IRS shall assess and collect the amount of restitution ordered in a criminal case for failure to pay any tax imposed by the Internal Revenue Code in the same manner as if such amount were such tax. The law applies to restitution orders entered after August 16, 2010.
3. In addition to the actual tax liability for the tax period at issue in the criminal case, when restitution is ordered payable to the IRS, it can create two additional, separate debts.
 - A. The first debt is the restitution judgment which the Department of Justice Financial Litigation Unit (DOJ FLU) is responsible for collecting.
 - B. The second debt is the Restitution-Based Assessment (RBA) which may be collected in the same manner as a tax.
4. Because these debts stem from the same underlying tax liability, the full amount can only be collected once. Therefore, any payments that wholly or in part satisfy the Restitution-Based Assessment (RBA) and any associated Fraud penalty must also be applied against the underlying tax liability for the same type of tax and tax periods (e.g. duplicate Civil and/or co-defendant assessments), provided the RBA and/or Fraud penalty relates to the underlying tax liability. Conversely, any payments/credits that wholly or in part satisfy the underlying tax liability and any associated Fraud penalty for the same type of tax and tax periods will be applied against the RBA and/or Fraud penalty.
5. The defendant ordered to pay restitution may be one or more of, but is not limited to the following:
 - Individual Taxpayer
 - Spouse on a joint account
 - Officer or employee of a corporation
 - Partner or employee of a partnership
 - Employee of a sole proprietorship
 - Corporate Director
 - Client of Return Preparers
 - Return Preparers
 - Tax Shelter Promoter
6. Duplicate assessments include the RBA made on MFT 31 accounts, and Civil tax and/or Fraud penalties assessed on each respective party's underlying tax account. Two defendants may owe different duplicate assessment amounts for the same period. The duplicate assessment may or may not be equal to the RBA amount. Those accounts include, but are not limited to, the following forms:
 - Form 1040 US Individual Income Tax Return (MFT 30)
 - Form 720 Excise Tax Return (MFT 03)
 - Form 941 Employer's Quarterly Federal Tax Return (MFT 01, 17*)
 - Form 940 Employer's Annual Federal Unemployment Tax Return (MFT 10)
 - Form 1120 US Corporation Income Tax Return (MFT 02)

Note:

*Indicates Non-Master File (NMF)

5.19.23.1.3 (09-30-2014)

Restitution Assessment Database (CC RAPID)

1. The Restitution Assessment Database (commonly referred to as RAPID) contains a record of the duplicate amount of the restitution assessment for the defendant taxpayer; and the related Civil and/or business entities for each tax period where a duplicate RBA/Civil tax assessment exists. The file is established by Exam CCP during assessment processing using IDRS CC RAPID.
2. CC RAPID, along with one of four definers, will allow an individual to research, establish, change and delete restitution assessment cross-reference information on the Restitution Assessment Database using IDRS. The four definers are space, "R", "C" and "D".
3. CC RAPID with definer space is used to establish a primary assessment record or related account record on the Restitution Assessment Database. The first step will be to enter the CC RAPID, the definer space, a TIN, and Request Type of "P" (Primary) or "R" (Related) on line 1. In response, one of two screen formats will be displayed. The information that will be input with each of these screen formats must be input on designated line numbers. See IRM 2.4.60.3 for the designated line numbers.
4. CC RAPID with definer "R" is used to research restitution assessment cross-reference information on the Restitution Assessment Database utilizing IDRS. Information can be researched about a primary assessment or about any of the related account of an assessment.
5. CC RAPID with definer "C" is used to change information on or add information to the Restitution Assessment Database for a primary or related account that is presently on the Restitution Assessment Database. The information that is being input must be entered on designated line numbers. See IRM 2.4.60.3 for the designated line numbers. The CC RAPID with definer space is a prerequisite for using the CC RAPID with definer "C".
6. CC RAPID with definer "D" is used to delete information from the Restitution Assessment Database for a primary or related account. The information that is being deleted must be entered on designated lines. See IRM 2.4.60.3 for the designated line numbers. The CC RAPID with definer "R" is a prerequisite for using the CC RAPID with definer "D".

5.19.23.1.4 (07-31-2015)

Criminal Restitution Functional Responsibilities

1. **Criminal Investigation (CI)** notifies Examination and the Collection Advisory Probation Liaison when they close a case with a judgment that may require Examination and/or Collection action(s).
2. **Examination Technical Services.** All closed CI cases are routed to SBSE Examination Technical Services (TS) for appropriate Civil disposition. In a case with restitution ordered payable to the IRS by the court, this may include the assessment of the restitution ordered by the court and a possible Civil examination. TS is responsible for the following actions for assessable restitution cases:
 - creation of the MFT 31 accounts for the Restitution-Based Assessment (RBA)
 - ensure the assessments are posted to IDRS
 - determine duplicate assessment amounts
 - generation and input the necessary TC 971/18X transaction codes with Memo Money Amounts (MMA) to denote the dollar amount of the duplicate assessment
3. **Kansas City Restitution Unit (KC)** is responsible for processing restitution payments that are typically submitted to the courts and then forwarded to them. See IRM 3.17.243.7.9. If an MFT 31 account exists, KC applies the payments directly to IDRS with a Designated Payment Code (DPC) 26. If an MFT 31 account does not exist, the payments are placed in a Revenue Account Control System (RACS) 6400 account until Exam advises them that the MFT 31 account is being established.
4. **Field Collection** is comprised of Collection Advisory and Collection Field Areas. **Collection Advisory** has designated points of contacts that coordinate and monitor probation and restitution cases and ensure timely exchange of information. The Advisor, or Advisory Probation Liaison (APL) performs the following tasks:
 - monitors the conditions of probation and,
 - reports noncompliance with the conditions to the Department of Justice,
 - provides technical guidance to Collection Field employees,
 - requests collection investigations by Field Area revenue officers (ROs), and
 - coordinates Civil and criminal aspects of probation and restitution cases with Field Area ROs, other internal customers, U.S. Probation, and the Department of Justice Financial Litigation Units.

Collection Field Areas consist of RO groups that investigate balance due and delinquent return cases received systemically or requested by Advisory.. Their responsibilities include:

 - making collectability determinations in restitution cases.
 - taking administrative actions to collect the assessed restitution or other amounts owed by the taxpayer.
5. **Compliance Services Collection Operation (CSCO).** MFT 31 accounts are established to separate assessment modules to ensure that collection action is taken individually against joint accounts. Each defendant may be liable for different amounts, and each defendant may have different penalty and/or interest suspension periods. When duplicate assessments have been identified against an individual or defendant, those assessments can only be collected once. Campus Collection responsibilities include:
 - Process RBA Transcripts
 - Cross-reference all payments and credits to the related duplicate assessment(s), penalties, and interest for all MFT(s) and tax period(s).
 - Respond directly to taxpayers and/or their representatives on inquiries regarding these accounts.
6. **Taxpayer Advocate Service (TAS)** is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. TAS criteria include economic burden, systemic burden, best interest of the taxpayer, and public policy (as determined solely by the National Taxpayer Advocate (NTA)). TAS is responsible for assisting taxpayers who have unresolved problems with the IRS. See IRM 13.1.7, *Taxpayer Advocate Service (TAS) Case Criteria*, if additional information is required.

5.19.23.2 (06-06-2014)

TRANSCRIPTS

1. Restitution-Based Assessments are identified by a tax adjustment TC 290 or TC 298 containing an Adjustment Reason Code 141 through 150. See the chart below for code definitions.

Reason Code	Definition
	Criminal restitution assessment with IMF client returns of the preparer the basis for the underlying tax liability, with duplicate or possible duplicate Civil

141	assessments Note: Prior to January 2014, RC 141 represented restitution assessments with IMF underlying tax liability, no duplicate assessment.
142	Criminal restitution assessment with BMF client returns of the preparer the basis for the underlying tax liability, with duplicate or possible duplicate Civil assessments Note: Prior to January 2014, RC 142 represented restitution assessments with BMF underlying tax liability, no duplicate assessment.
143	Criminal restitution assessment with IMF underlying tax liability, with duplicate or possible duplicate Civil assessment
144	Criminal restitution assessment with BMF underlying tax liability, with duplicate or possible duplicate Civil assessment
145	Criminal restitution assessment with IMF underlying tax liability, with duplicate criminal restitution assessment
146	Criminal restitution assessment with BMF underlying tax liability, with duplicate criminal restitution assessment
147	There is reasonable cause to waive the FTP penalty, if known.
148	There is NO reasonable cause to waive the FTP penalty, if known.
149	RESERVED
150	Used with CRN 337 to mirror payments

**5.19.23.2.1 (07-31-2015)
Restitution Case Processing Overview**

1. A Restitution-Based Assessment (RBA) case is defined as all related accounts that are associated with specific MFT(s) and tax period(s) that have been ordered by the court to pay unpaid taxes and/or restitution resulting from criminal conduct. Payments and/or credits that have posted to the account(s) require manual cross-referencing to ensure the amount owed is collected only once.
2. Ogden CSCO Operation is responsible for the RBA program actions pertaining to the cross-referencing of payments and credits that are applied to those accounts on IDRS.
3. RBA transcript case processing consists of transcripts delivered either by paper, Control-D, or AMS, and as a result, any transactions(s) required to be input must be input directly to IDRS.
4. Generally, for assessments related to Individual Income Tax returns, the TC 971 AC 102 is input on the underlying tax liability account in order to establish the MFT 31 accounts (for jointly filed accounts, this will be the primary taxpayer). The TC 971 AC 102 is not input to an associated BMF tax module. TC 971 AC 18X is used to link accounts and identify duplicate assessment amounts, if any, in the Memo Money Amount (MMA) field.
5. Campus RBA inventory is initiated by the following computer generated transcripts:
 - **ORIGINALCR** – generated to notify CSCO that a RBA posted to an account;
 - **CRPAYMTMIR** – generated to notify CSCO that a payment/debit or credit posted to an Individual Master File account with a RBA.
 - **RESTPAYT** - generated to notify CSCO that a payment/debit or credit posted to a Business Master File account with a RBA.
 - **REF766337** - generated to notify CSCO that a payment or credit has posted to a module containing a TC 766 REF 337 and the module balance is credit.
6. Transcripts will systemically generate when a RBA TC 29X RC 14X posts to an account, and when an un-reversed TC 971 AC 18X and/or TC 29X RC 14X is posted to the module and:
 - A. A payment transaction, debit or credit posts to the module (TC 6XX through TC 8XX), excluding TC 76X AC 337
 - B. Any TC 29X, 30X or 32X for an amount more than \$.00 posts to the module,
 - C. A module goes Status 12 or becomes full paid including accruals
7. Upon receipt of an ORIGINALCR; BMFORGNLCR; or RPPORGNLCR transcript, input a STAUP 22 for 9 Cycles. See SERP Job Aids for CC STAUP input information. Review the account and input a TC 472 if an unreversed TC 470 CC 90/93 is posted.
8. Upon receipt of any RBA transcript, review the Adjustment Reason Code associated with the RBA to determine the case type, i.e., IMF, BMF or RPP. If MFT 31 has a posted TC 971 AC 184/185 with a cross reference MFT 30 for the same TIN and Tax Period, input TC 290 as indicated below:

If RBA Adj RC contains	Then input to the associated MFT 30
141 or 142 and the TC 290 posted after Jan. 31, 2014	TC 290 \$.00 with same RC, 141 or 142. Input with hold code (HC) 4 and priority code (PC) 5.
144 or 146	TC 290 \$.00 with same RC, 144 or 146. Input with hold code (HC) 4 and priority code (PC) 5.

9. Payments and credits must be cross-referenced to all related accounts within 9 cycles from the payment posting date (43 days from the date of the transcript); the assessment posting date, or the last posting date of the **pair** of TC 971 AC 18X linkage that is in accordance with IRM 5.19.23.2.6; whichever is later.

Note:

If the related TC 971 AC 18X is not posted to the account, or the MMA is not in accordance with IRM 5.19.23.2.6, perform all case actions that can be accomplished and close the transcript case. Request Form 3177 in accordance with IRM 5.19.23.2.6.

Reminder:

All related cross-referencing resulting from a transfer or offset of the originating payment or credit must be completed within 14 days of the date of the initial case action.

10. When processing RBA payments and or credits; take all necessary actions to ensure that posted payments have been cross-referenced to all appropriate accounts. A history item input to AMS to document the payment application method is required for all closed RBA transcript cases.

Example:

A payment was made for tax period 2006 in the amount of \$1,000.00 of which \$300.00 was applied to pay the remaining duplicate assessment balance for the 200612 tax period and was cross-referenced to related accounts. \$700.00 of the \$1,000 payment was transferred to tax period 200712 and cross-referenced to the duplicate assessment. History AMS as follows:

"\$300 from pmt dtd MMDDYY for \$1,000 xref'd to MFT 30= \$200 RA; \$100 int; \$700 from pmt dtd MMDDYY transferred to 200712 and xref'd to MFT 30 = RA"

Example:

A payment for \$1,000.00 has posted to the RBA module. The duplicate RBA and Civil assessment balance for 2006 is paid in full. A duplicate Fraud penalty in the amount of \$775.00 and a Failure to Pay (FTP) penalty of \$225.00 remain on the 200612 RBA module. FTP computed on the Civil assessment is \$125.00. \$900.00 is cross-referenced to fully pay the duplicate Fraud penalty and the computed FTP on the Civil assessment. Since the amount cross-referenced for FTP is limited to the amount computed for the Civil assessment, only \$125.00 can be cross-referenced. The remaining \$100.00 of the \$1,000 payment is applied to FTP on the RBA. History the account as follows:

"\$900 from pmt dtd MMDDYY for \$1,000 xref'd to MFT 30= \$775 FP; \$125 FTP"

11. The Integrated Automation Technologies (IAT) provides tools that simplify research, reduce keystrokes, eliminates repetitive typing, and increases the accuracy of regular work processes.
12. The use of IAT is mandatory and limited to the certain IAT Tools listed below. Additional IAT tools will be added to the list when one is deemed beneficial and seen as adding quality to Campus Collection work processes. For User Guides, see the IAT web site at <http://iat.web.irs.gov/JobAids/iat.asp>
 - Manual Refund
 - Erroneous Refund
 - Credit Transfer
 - Fill Forms
13. If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, following established procedures. See the IAT Website at <http://iat.web.irs.gov/> for how to report/fix problems with IAT tools.
14. IAT tool users can visit the IAT Website, to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.

5.19.23.2.2 (07-31-2015)

Initial Case Creation

1. TC 971 AC 18X action codes are used to define and link Restitution-Based Assessments (RBA) and associated Fraud penalties to duplicate and non-duplicate RBA, Civil, and Fraud penalty assessments and/or to underlying tax liabilities for a specific TIN, MFT, and tax period. The linkages are applied to the accounts in pairs (i.e. TC 971 "points" to a TIN / MFT / tax period and the corresponding TIN / MFT / tax period "points" back). The Memo Money Amount (MMA) field, see IRM 5.19.23.2.6, is used to identify the duplicate dollar amount of the common tax issues

Exception:

For co-defendants where the only duplicate assessment is the co-defendants restitution assessments and there is no duplicate Civil tax assessment on the individual income tax module(s), a TC 971 AC 180/181 should not be coded.

TC 971 / Action Code 18X Definitions

ACTION CODE	NO DUPLICATE ASSESSMENT
180	Input on RBA module (MFT 31) to cross-reference the module with the underlying tax liability (MFT 30, 01, 02, 10, etc.). No duplicate assessment (MMA = Zero). Taxes Receivable
181	Input on module with underlying tax liability (MFT 30, 01, 02, 10, etc.) to cross-reference the RBA module (MFT31) where the tax is assessed and collected as Restitution-Based Assessment. No duplicate assessment (MMA = Zero).
187	Input on RBA module (MFT 31) to cross-reference the module with the underlying BMF tax liability (MFT 03, 64 etc.) with NO established Taxpayer Identification Number or business tax module. Input on RBA module (BMF) to cross-reference the module with the underlying BMF tax liability when a Corporation is assessed restitution. No duplicate assessment (MMA = Zero). Taxes Receivable.
Action Codes	DUPLICATE FRAUD PENALTY ASSESSMENT
182	Input on module with duplicate Fraud Penalty or duplicate Fraudulent Failure to File Penalty assessment, where module assessment(s) is smaller, to cross-reference module(s) with duplicate Civil assessment where module assessment(s) is larger. If assessments are the same, put the TC971/AC183 on either the primary SSN (TPH/TPW) or the Lead Co-Defendant account and the TC971/AC182 on the remaining duplicates. (MMA = \$\$\$ amount of the duplicate) *TC971/AC182 not used by CFO, SBSE CCS needs code for MMA info. Code not used unless a duplicate exists.
183	Input on module with the duplicate Fraud Penalty or duplicate Fraudulent Failure to File Penalty assessment, where module assessment(s) is larger, to cross-reference module(s) with duplicate Civil assessment where module assessment(s) is smaller. If assessments are the same, put the TC971/AC183 on either the primary SSN (TPH/TPW) or the Lead Co-Defendant account and the TC971/AC182 on the remaining duplicates. (MMA = \$\$\$ amount of the duplicate) *TC971/AC183 not used by CFO, SBSE CCS needs code for MMA info. Code not used unless a duplicate exists.
Action Codes	DUPLICATE RBA/CIVIL ASSESSMENT
184	Input on module with duplicate RBA/Civil assessment, where module assessment(s) is smaller, to cross-reference module(s) with duplicate RBA/Civil assessment where module assessment is larger. (MMA = \$\$\$ amount of the duplicate) EXCEPTION: On cases with multiple co-defendants where one or more parties are Civilly assessed, link Civil to co-defendant with TC971/AC184 to TC971/AC184.
185	Input on module with the duplicate RBA/Civil assessment, where module assessment(s) is larger, to cross-reference module(s) with duplicate RBA/Civil assessment where module assessment(s) is smaller. (MMA = \$\$\$ amount of the duplicate) Taxes Receivable. **When RBA and Civil assessment amounts are equal, normally the TC971/AC185 will be on the MFT 31 module - EXCEPTION: if the Fraud Penalty (TC320) or Fraudulent Failure to File Penalty (TC 240 PRN 686) has been assessed on MFT 30 creating a larger assessed balance, then Action Code TC971/AC185 will be used on MFT 30 and TC971/AC184 will be on MFT 31.
Action Codes	DUPLICATE RBA WITH CO-DEFENDANT
188	Input on Co-Defendant module with duplicate RBA, where module assessment(s) is the same or smaller, to cross-reference module(s) with duplicate RBA on the Lead (primary) co-defendant assessment is the same or larger. (MMA = \$\$\$ amount of the duplicate) EXCEPTION: On cases with multiple co-defendants, the Lead co-defendant will have the TC971/AC189 and linked to all co-defendants, and all co-defendants will have a TC971/AC188 linked to another TC971/AC188 on each other's co-defendant.
189	Input on RBA module(s) of Lead (primary) defendant to cross-reference duplicate RBA module to all other co-defendants, (MMA = \$\$\$ amount of the duplicate). Taxes Receivable

5.19.23.2.3 (09-30-2014)**Linking IMF Restitution Accounts**

1. IMF case types are the result of a tax loss to the government where the basis for the RBA is an individual income tax return. IMF case types are identified by an Adjustment Reason Code 143 or 145 associated with the RBA TC 290. The following examples demonstrate how TC 971 action codes are applied for IMF RBA cases.

5.19.23.2.3.1 (09-30-2014)**Single Defendant and/or Married Taxpayers Filing Separate Returns with No Co-defendant**

1. See Examples 1 through 5 below.

Example:

#1

RBA/No Duplicate Civil Assessment

MFT 30	MFT 31
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
	TC 290 \$10,000.00
TC 971 AC 181 to point to MFT 31	TC 971 AC 180 to point to MFT 30

Example:

#2

RBA with Duplicate Civil Assessment

MFT 30	MFT 31
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
TC 300 \$10,000.00	TC 290 \$10,000.00
TC 971 AC 184 to point to MFT 31	TC 971 AC 185 to point to MFT 30

Example:

#3

Duplicate RBA and Civil Assessments Fraud Penalty that is not a Duplicate

MFT 30	MFT 31
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
TC 300 \$10,000.00	TC 290 \$8,000.00
TC 320 \$3,000.00	
TC 971 AC 185 to point to MFT 31	TC 971 AC 184 to point to MFT 30

Example:

#4

Duplicate RBA and Civil Assessments Fraud Penalty that is not a Duplicate

MFT 30	MFT 31
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
TC 300 \$10,000.00	TC 290 \$8,000.00
	TC 320 \$3,000.00
TC 971 AC 184 to point to MFT 31	TC 971 AC 185 to point to MFT 30

Example:

#5

Duplicate RBA and Civil Assessments Duplicate Fraud Penalty

MFT 30	MFT 31
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
TC 300 \$9,000.00	TC 290 \$10,000.00
TC 320 \$2,000	TC 320 \$3,000.00
TC 971 AC 184 to point to MFT 31	TC 971 AC 185 to point to MFT 30
TC 971 AC 182 to point to MFT 31	TC 971 AC 183 to point to MFT 30

5.19.23.2.3.2 (06-06-2014)**Single Defendant and/or Married Taxpayers Filing Separate Returns with Co-Defendant**

1. In cases where taxpayers file separate returns, the Civil assessment is a duplicate only to the same individual's RBA.

Example:

#6

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) Liable No Duplicate Civil Assessment Duplicate RBA TPH = Taxpayer Husband; Lead-Defendant TPW = Taxpayer Wife-Co-Defendant

TPH MFT 30 TC 971 AC 102 to create TPH MFT 31	TPW MFT 30 TC 971 AC 102 to create TPW MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$15,000.00 TC 971 AC 189 to point to TPW MFT 31	TPW MFT 31 TC 971 AC 102 generated from TPW MFT 30 TC 290 \$10,000.00 TC 971 AC 188 to point to TPH MFT 31

Example:

#7

Taxpayer #1 and Taxpayer #2 Liable No Duplicate Civil Assessment Duplicate RBA Fraud Penalty that is not Duplicate TP1 = Taxpayer; Lead-Defendant TP2 = Taxpayer; Co-Defendant

TP1 MFT 30 TC 971 AC 102 to create TP1 MFT 31	TP2 MFT 30 TC 971 AC 102 to create TP2 MFT 31
TP1 MFT 31 TC 971 AC 102 generated from TP1 MFT 30 TC 290 \$15,000.00 TC 320 \$3,000.00 TC 971 AC 189 to point to TP2 MFT 31	TP2 MFT 31 TC 971 AC 102 generated from TP2 MFT 30 TC 290 \$10,000.00 TC 971 AC 188 to point to TP1 MFT 31

Example:

#8

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) Liable No Duplicate Civil Assessment Duplicate RBA Duplicate Fraud Penalty TPH = Taxpayer Husband; Lead-Defendant TPW = Taxpayer Wife-Co-Defendant

TPH MFT 30 TC 971 AC 102 to create TPH MFT 31	TPW MFT 30 TC 971 AC 102 to create TPW MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$15,000.00 TC 320 \$3,000.00 TC 971 AC 189 to point to TPW MFT 31 TC 971 AC 183 to point to TPW MFT 31	TPW MFT 31 TC 971 AC 102 generated from TPW MFT 30 TC 290 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 188 to point to TPH MFT 31 TC 971 AC 182 to point to TPH MFT 31

5.19.23.2.3.3 (06-06-2014)

Single Defendant and/or Married Taxpayers Filing Separate Returns with More Than One Co-Defendant

1. In cases where taxpayers file separate returns, the Civil assessment is a duplicate only to the same individual's RBA.

Example:

#9

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) Liable Duplicate RBA No Duplicate Civil Assessment Fraud Penalty that is not Duplicate TPH = Taxpayer Husband-Lead-Defendant TPW = Taxpayer Wife-Co-Defendant TP3 = Taxpayer-Co-Defendant

TPH MFT 30 TC 971 AC 102 to create MFT 31	TPW MFT 30 TC 971 AC 102 to create MFT 31	TP3 MFT 30 TC 971 AC 102 to create MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 189 to point to TPW MFT 31 TC 971 AC 189 to point to TP3 MFT 31	TPW MFT 31 TC 971 AC 102 generated from TPW MFT 30 TC 290 \$10,000.00 TC 971 AC 188 to point to TPH MFT 31 TC 971 AC 188 to point to TP3 MFT 31	TP3 MFT 31 TC 971 AC 102 generated from TP3 MFT 30 TC 290 \$10,000.00 TC 971 AC 188 to point to TPW MFT 31 TC 971 AC 188 to point to TPH MFT 31

5.19.23.2.3.4 (06-06-2014)

Married Taxpayers Filing Joint Returns with No Co-Defendant

1. See Examples 10 and 11 below.

Example:

#10

Taxpayer Husband (TPH) Liable Duplicate RBA and Civil Assessment

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPH MFT 31	TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$11,000.00 TC 971 AC 185 to point to TPH MFT 30
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Example:

#11

Taxpayer Wife (TPW) Liable Duplicate RBA and Civil Assessment

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPW MFT 31	
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TC 300 \$10,000.00 TC 971 AC 184 to point to TPW MFT 31	
	TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 185 to point to TPH MFT 30

5.19.23.2.3.5 (09-30-2014)

Married Taxpayers Filing Joint Returns with Co-Defendant

1. See Examples 12 through 15 below.

Example:

#12

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) Liable Duplicate RBA and Civil Assessment TPH = Taxpayer Husband; Lead-Defendant TPW = Taxpayer Wife; Co-Defendant

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPH MFT 31 TC 971 AC 184 to point to TPW MFT 31	
TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 971 AC 185 to point to TPH MFT 30 TC 971 AC 189 to point to TPW MFT 31	TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 184 to point to TPH MFT 30 TC 971 AC 188 to point to TPH MFT 31

Example:

#13

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) Liable Duplicate RBA and Civil Assessment Fraud Penalty That is Not Duplicate TPH = Taxpayer Husband; Primary, Lead-Defendant TPW = Taxpayer Wife; Co-Defendant

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPH MFT 31 TC 971 AC 184 to point to TPW MFT 31	
TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 185 to point to TPH MFT 30 TC 971 AC 189 to point to TPW MFT 31	TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 184 to point to TPH MFT 30 TC 971 AC 188 to point to TPH MFT 31

Example:

#14

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) Liable Duplicate RBA and Civil Assessment Fraud Penalty That is Not Duplicate TPH = Taxpayer Husband; Co-Defendant TPW = Taxpayer Wife; Primary, Lead Defendant

	TPW (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 102 to create TPH MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPH MFT 31 TC 971 AC 184 to point to TPW MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPW MFT 30 TC 290 \$10,000.00 TC 971 AC 184 to point to TPW MFT 30 TC 971 AC 188 to point to TPW MFT 31	TPW MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 185 to point to TPW MFT 30 TC 971 AC 189 to point to TPH MFT 31

Example:

#15

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) Liable Duplicate RBA and Civil Assessment Duplicate Fraud Penalty TPH = Taxpayer Husband; Primary, Lead Defendant TPW = Taxpayer Wife; Co-Defendant

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$8,000.00 TC 320 \$2,000.00 TC 971 AC 184 to point to TPH MFT 31	
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TC 971 AC 184 to point to TPW MFT 31 TC 971 AC 182 to point to TPH MFT 31 TC 971 AC 182 to point to TPW MFT 31	
TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 320 \$2,000.00 TC 971 AC 185 to point to TPH MFT 30 TC 971 AC 189 to point to TPW MFT 31 TC 971 AC 183 to point to TPH MFT 30 TC 971 AC 182 to point to TPW MFT 31	TPW MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 320 \$2,000.00 TC 971 AC 184 to point to TPH MFT 30 TC 971 AC 188 to point to TPH MFT 31 TC 971 AC 183 to point to TPH MFT 30 TC 971 AC 182 to point to TPH MFT 31

5.19.23.2.3.6 (06-06-2014)

Married Taxpayers Filing Joint Returns with More Than One Co-Defendant

- See Examples 16 through 18 below.

Example:

#16

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) Liable Duplicate RBA TPH = Taxpayer Husband-Lead-Defendant TPW = Taxpayer Wife-Co-Defendant TP3 = Taxpayer Co-Defendant

TPH (Primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31		TP3 MFT 30 TC 971 AC 102 to create MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 189 to point to TPW MFT 31 TC 971 AC 189 to point to TP3 MFT 31	TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 188 to point to TPH MFT 31 TC 971 AC 188 to point to TP3 MFT 31	TP3 MFT 31 TC 971 AC 102 generated from TP3 MFT 30 TC 290 \$10,000.00 TC 971 AC 188 to point to TPW MFT 31 TC 971 AC 188 to point to TPH MFT 31

Example:

#17

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) Liable Duplicate RBA and Civil Assessments TPH = Taxpayer Husband-Co-Defendant TPW = Taxpayer Wife-Lead-Defendant TP3 = Taxpayer Co-Defendant

TPH (Primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPH MFT 31 TC 971 AC 184 to point to TPW MFT 31		TP3 MFT 30 TC 971 AC 102 to create MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 184 to point to TPH MFT 30 TC 971 AC 188 to point to TPW MFT 31 TC 971 AC 188 to point to TP3 MFT 31	TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 185 to point to TPH MFT 30 TC 971 AC 189 to point to TPH MFT 31 TC 971 AC 189 to point to TP3 MFT 31	TP3 MFT 31 TC 971 AC 102 generated from TP3 MFT 30 TC 290 \$10,000.00 TC 971 AC 188 to point to TPW MFT 31 TC 971 AC 188 to point to TPH MFT 31

Example:

#18

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) Liable Duplicate RBA and Civil Assessments Duplicate Fraud Penalty TPH = Taxpayer Husband-Co-Defendant TPW = Taxpayer Wife-Co-Defendant TP3 = Taxpayer Lead-Defendant

TPH (Primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$15,000.00 TC 320 \$11,250.00 TC 971 AC 185 to point to TPH MFT 31 TC 971 AC 184 to point to TPW MFT 31 TC 971 AC 183 to point to TPH MFT 31		TP3 MFT 30 TC 971 AC 102 to create MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 320 \$7,500.00 TC 971 AC 184 to point to TPH MFT 30 TC 971 AC 188 to point to TPW MFT 31 TC 971 AC 188 to point to TP3 MFT 31 TC 971 AC 182 to point to TPH MFT 30	TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 184 to point to TPH MFT 30 TC 971 AC 188 to point to TPH MFT 31 TC 971 AC 188 to point to TP3 MFT 31	TP3 MFT 31 TC 971 AC 102 generated from TP3 MFT 30 TC 290 \$10,000.00 TC 971 AC 189 to point to TPW MFT 31 TC 971 AC 189 to point to TPH MFT 31

5.19.23.2.4 (09-30-2014)

Linking BMF Restitution Accounts

- BMF case types are the result of a tax loss to the government where the basis for the RBA is a business tax return. BMF case types are identified by an Adjustment Reason Code 144 or 146 associated with the RBA TC 298. RBA modules containing assessments for BMF tax liabilities are classified as BMF case types even if other assessment types have posted. The following examples demonstrate how TC 971 action codes are applied for BMF RBA cases.

5.19.23.2.4.1 (06-06-2014)
Employment Tax – Form 941

1. See Examples 1 through 4 below.

Example:

#1

Employment Tax – Form 941
No Duplicate RBA/Civil Assessment

MFT 01 XX-XXX1234/200703	MFT 31 XXX-XX-0987/200703
TC 971 AC 181 points to MFT 31 XXX-XX-0987/200703	TC 971 AC 102 to x-ref MFT 01 TC 298 \$10,000.00 TC 971 AC 180 points to MFT 01 XX-XXX1234/200703

Example:

#2

Employment Tax - Form 941 Duplicate RBA/Civil Assessment

MFT 01 XX-XXX1234/200703	MFT 31 XXX-XX-0987/200703
TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200703	TC 971 AC 102 to x-ref MFT 01 TC 298 \$10,000.00 TC 971 AC 185 points to MFT 01 XX-XXX1234/200703

Example:

#3

Employment Tax – Form 941 Multiple Tax Periods No Duplicate RBA/Civil Assessment Tax Period 200703

MFT 01 XX-XXX1234/200703	MFT 31 XXX-XX-0987/200703
TC 971 AC 181 points to MFT 31 XXX-XX-0987/200703	TC 971 AC 102 to x-ref MFT 01 TC 298 \$10,000.00 TC 971 AC 180 points to MFT 01 XX-XXX1234/200703

Tax Period 200706

MFT 01 XX-XXX1234/200706	MFT 31 XXX-XX-0987/200706
TC 971 AC 181 points to MFT 31 XXX-XX-0987/200706	TC 971 AC 102 to x-ref MFT 01 TC 298 \$10,000.00 TC 971 AC 180 points to MFT 01 XX-XXX1234/200706

Example:

#4

Employment Tax - Form 941 Multiple Tax Periods Duplicate RBA/Civil Assessment Tax Period 200703

MFT 01 XX-XXX1234/200703	MFT 31 XXX-XX-0987/200703
TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200703	TC 971 AC 102 to x-ref MFT 01 TC 298 \$10,000.00 TC 971 AC 185 points to MFT 01 XX-XXX1234/200703

Tax Period 200706

MFT 01 XX-XXX1234/200706	MFT 31 XXX-XX-0987/200706
TC 971 AC 102 to x-ref MFT 31 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200706	TC 971 AC 102 to x-ref MFT 01 TC 298 \$10,000.00 TC 971 AC 185 points to MFT 01 XX-XXX1234/ 200706

5.19.23.2.4.2 (06-06-2014)
Federal Unemployment Tax Act – Form 940

1. See Examples 5 through 7 below.

Example:

#5

Federal Unemployment Tax Act Tax – Form 940 No Duplicate RBA/Civil Assessment

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MFT 10 XX-XXX1234/200812	MFT 31 XXX-XX-0987/200812 TC 971 AC 102 to x-ref MFT 10
TC 971 AC 181 points to MFT 31 XXX-XX-0987/200812	TC 298 \$15,000.00 TC 971 AC 180 points to MFT 10 XX-XXX1234/200812

Example:

#6

Federal Unemployment Tax Act Tax – Form 940 Duplicate RBA/Civil Assessment

MFT 10 XX-XXX1234/200812	MFT 31 XXX-XX-0987/200812 TC 971 AC 102 to x-ref MFT 10
TC 300 \$15,000.00 TC 971 AC 185 points to MFT 31 XXX-XX-0987/200812	TC 298 \$10,000.00 TC 971 AC 184 points to MFT 10 XX-XXX1234/200812

Example:

#7

Federal Unemployment Tax Act Tax – Form 940 Duplicate RBA/Civil Assessment Duplicate Fraud Penalty

MFT 10 XX-XXX1234/200812	MFT 31 XXX-XX-0987/200812 TC 971 AC 102 to x-ref MFT 10
TC 300 \$15,000.00 TC 320 \$ 11,250.00 TC 971 AC 185 points to MFT 31 XXX-XX-0987/200812 MMA = \$10,000 TC 971 AC 183 points to MFT 31 XXX-XX-0987/200812 MMA = \$3,000	TC 298 \$10,000.00 TC 320 \$7,500.00 TC 971 AC 184 points to MFT 10 XX-XXX1234/200812 MMA = \$10,000 TC 971 AC 182 points to MFT 10 XX-XXX1234/200812 MMA = \$3,000

5.19.23.2.4.3 (06-06-2014)

Corporate Tax – Form 1120 Fiscal Year Filer

1. See Examples 8 and 9 below.

Example:

#8

Corporate Tax - Form 1120 Fiscal Year Filer No Duplicate RBA/Civil Assessment

MFT 02 XX-XXX1234/200810	MFT 31 XXX-XX-0987/200810 TC 971 AC 102 to x-ref MFT 02
TC 971 AC 181 points to MFT 31 XXX-XX-0987/200810	TC 298 \$10,000.00 TC 971 AC 180 points to MFT 02 XX-XXX1234/200810

Example:

#9

Corporate Tax - Form 1120 Fiscal Year Filer Duplicate RBA/Civil Assessment

MFT 02 XX-XXX1234/200810	MFT 31 XXX-XX-0987/200810 TC 971 AC 102 to x-ref MFT 02
TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200810	TC 298 \$10,000.00 TC 971 AC 185 points to MFT 02 XX-XXX1234/200810

5.19.23.2.4.4 (06-06-2014)

Corporate Tax – Form 1120 Calendar Year Filer

1. See Examples 10 and 11 below.

Example:

#10

Corporate Tax - Form 1120 Calendar Year Filer No Duplicate RBA/Civil Assessment

MFT 02 XX-XXX1234/200812	MFT 31 XXX-XX-0987/200812 TC 971 AC 102 to x-ref MFT 02
TC 971 AC 181 points to MFT 31 XXX-XX-0987/200812	TC 298 \$10,000.00 TC 971 AC 180 points to MFT 02 XX-XXX1234/200812

Example:

#11

Corporate Tax - Form 1120 Calendar Year Filer Duplicate RBA/Civil Assessment

MFT 02 XX-XXX1234/200812	MFT 31 XXX-XX-0987/200812 TC 971 AC 102 to x-ref MFT 02
TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200812	TC 298 \$10,000.00 TC 971 AC 185 points to MFT 02 XX-XXX1234/200812

5.19.23.2.4.5 (07-31-2015)

Corporate Tax - Corporation is Assessed Restitution

- Example 12 illustrates TC 971 AC 18X linkage when restitution is asserted against a foreign corporation where the defendant is not a US citizen and does not have a Social Security Number.

Example:

#12

Form 1120 No Duplicate Assessment

MFT 02 XX-XXX1234/200812 TC 971 AC 102 to identify Restitution-Based Assessment module (X-ref TIN/MFT/Tax Period is TIN/MFT/Tax period where assessment is posted. TC 300 \$10,000.00 TC 971 AC 187 points to MFT 02 XX-XXX1234/200812	NO MFT 31 Module is established
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5.19.23.2.4.6 (06-06-2014)

Corporate Tax and Individual Income Tax Duplicate RBA/Civil Assessments

- Examples 13–14 illustrate TC 971 AC 18X linkage when there is a duplicate RBA and Civil assessment involving both Corporate tax and Individual Income tax (IMF) returns.

Example:

#13

Form 1120 and Form 1040 Duplicate RBA/Civil Assessment

MFT 30 XXX-XX-0987/200712 TC 971 AC 102 to x-ref MFT 31 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200712 MMA = \$10,000	MFT 02 XX-XXX1234/200712 TC 300 \$15,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200712 MMA = \$15,000
MFT 31 XXX-XX-0987/200712 TC 971 AC 102 to x-ref MFT 30 TC 290 \$10,000.00 TC 298 \$15,000.00 TC 971 AC 185 points to MFT 30 XXX-XX-0987/200712 MMA = \$10,000 TC 971 AC 185 points to MFT 02 XX-XXX1234/200712 MMA = \$15,000	

Note:

TC 971 AC 102 is input to identify the RBA module. It is not necessary to input more than one TC 971 AC 102 to any tax module.

Example:

#14

Form 1120 (Fiscal Year) and Form 1040 (Calendar) Duplicate RBA/Civil Assessments

MFT 30 XXX-XX-0897/200712 TC 971 AC 102 to x-ref MFT 31 XXX-XX-0897/200712 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0897/200712 MMA = \$10,000	MFT 02 XX-XXX1234/200710 TC 300 \$15,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0897/200710 MMA = \$15,000
MFT 31 XXX-XX-0897/200712 TC 971 AC 102 to x-ref MFT 30 TC 290 \$10,000.00 TC 971 AC 185 points to MFT 30 XXX-XX-0897/200712 MMA = \$10,000	MFT 31 XXX-XX-0897/200710 TC 971 AC 102 to x-ref MFT 02 TC 298 \$15,000.00 TC 971 AC 185 points to MFT 02 XX-XXX1234/200710 MMA = \$15,000

5.19.23.2.4.7 (06-06-2014)

Employment Tax, Corporate Tax and Individual Income Tax Duplicate RBA/Civil Assessments

- Example 15 illustrates TC 971 AC 18X linkage when there is a duplicate RBA and Civil assessment involving Employment Tax, Corporate Tax and Individual Income Tax returns.

Example:

#15

Form 941, Form 940, Form 1120 and Form 1040 Duplicate RBA/Civil Assessments

MFT 01 XX-XXX1234/200712	MFT 10 XX-XXX1234/200712	MFT 02 XX-XXX1234/200712
TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200712 MMA = \$10,000.00	TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200712 MMA = \$10,000.00	TC 300 \$15,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200712 MMA = \$15,000.00
MFT 30 XXX-XX-0987/200712 TC 300 \$5,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200712 MMA = \$5,000.00		
	MFT 31 XXX-XX-0987 200712 TC 298 \$10,000.00 TC 298 \$10,000.00 TC 298 \$15,000.00 TC 290 \$5,000.00 TC 971 AC 185 points to MFT 01 XX-XXX1234 200712 MMA = \$10,000.00 TC 971 AC 185 points to MFT 10 XX-XXX1234 200712 MMA = \$10,000.00 TC 971 AC 185 points to MFT 02 XX-XXX1234 200712 MMA = \$15,000.00 TC 971 AC 185 points to MFT 30 XXX-XX-0987 200712 MMA = \$5,000.00	

5.19.23.2.4.8 (09-30-2014)

BMF Tax Liability - No BMF TIN established

- Example 16 illustrates TC 971 AC 18X linkage when there is no BMF TIN established and no return filed.

Example:

#16

Form 730; Monthly filer No Duplicate Assessment

No MFT 64 Module available no returns ever filed (an EIN is required but was never obtained by defendant)	MFT 31 XXX-XX-0987/200801 TC 971 AC 102 to x-ref MFT 64. XREF TIN will be TP SSN and must be entered in BMF TIN format, i.e., XX-XXX0987
There will not be a TC 971 AC 18X	TC 298 \$10,000.00 TC 971 AC 187 points to MFT 64 XX-XXX1234/200801

5.19.23.2.4.9 (07-31-2015)

BMF Tax Liability - Corporation Assessed Restitution

- Example 17 illustrates TC 971 AC 18X linkage when restitution is asserted against a Corporation instead of an individual.

Example:

#17

**Form 941
No Duplicate Assessment**

MFT 01 XX-XXX1234/200812 TC 971 AC 102 to identify Restitution-Based Assessment module (X-ref TIN/MFT/Tax Period is TIN/MFT/Tax period where assessment is posted. TC 298 \$10,000.00 TC 971 AC 187 points to MFT 01 XX-XXX1234/200812	NO MFT 31 Module is established
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5.19.23.2.5 (07-31-2015)

Linking RPP Restitution Accounts

- RPP case types are the result of a tax loss to the government where the basis for the RBA is generally related to a Return Preparer tax scheme. RPP case types are identified by an Adjustment Reason Code 141 or 142 associated with the RBA TC 290.
- Unlike IMF and BMF case types, RPP restitution assessments that are not duplicate to another RBA or Civil assessment are not coded with AC 180/181; only duplicate assessments are coded.

3. IDRS Master File is not able to accept an unlimited number of transactions on any given account module and when the limit is reached, the account is systemically moved to Automated Non Master File (ANMF). Therefore, MFT 31 accounts containing 15 or more clients must be manually transferred to ANMF following the validation and input of TC 971 AC 18X. See IRM 5.19.23.2.7 Form 3177 Processing for instructions regarding Account Transfers

5.19.23.2.5.1 (09-30-2014)

Return Preparer with Duplicate Client Civil Assessments

1. Example 1 illustrates TC 971 AC 18X linkage when there is a duplicate assessment involving the clients of a Return Preparer.

Example:

#1

**RPP Defendant with Client Returns
Duplicate Client Civil Assessments**

<p>RPP MFT 31 TC 971 AC 102 generated from RPP MFT 30 TC 290 \$15,000.00 TC 971 AC 185 to point to Client #1 XXX-XX-XXX1 MFT 30 MMA = \$7,500.00 TC 971 AC 185 to point Client #2 XXX-XX-XXX2 MFT 30 MMA = \$7,500.00</p>	<p>Client #1 MFT 30 XXX-XX-XXX1 / 30 / 200412 TC 767 \$7,500.00 TC 290 \$.00 TC 971 AC 184 to point to RPP MFT 31 MMA = \$7,500.00</p>	<p>Client #2 MFT 30 XXX-XX-XXX2 / 30 / 200412 TC 767 \$7,500.00 TC 290 \$.00 TC 971 AC 184 to point to RPP MFT 31 MMA = \$7,500.00</p>
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5.19.23.2.5.2 (09-30-2014)

Return Preparer with Duplicate and Non-Duplicate Client Civil Assessments

1. Example 2 illustrates TC 971 AC 18X linkage when the RBA includes duplicate Civil assessments of client returns and client returns with no duplicate Civil assessment.

Example:

#2

**RPP Defendant with Client Returns
Duplicate Client Civil Assessments
No Client Civil Assessment**

<p>RPP MFT 31 TC 971 AC 102 generated from RPP MFT 30 TC 290 \$30,000.00 TC 971 AC 185 to point to Client #3 XXX-XX-XXX3 MFT 30 MMA = \$7,500.00 TC 971 AC 185 to point Client #4 XXX-XX-XXX4 MFT 30 MMA = \$7,500.00</p>	<p>Client #3 MFT 30 XXX-XX-XXX3 / 30 / 200212 TC 767 \$7,500.00 TC 290 \$.00 TC 971 AC 184 to point to RPP MFT 31 MMA = \$7,500.00</p>	<p>Client #4 MFT 30 XXX-XX-XXX4 / 30 / 200212 TC 767 \$7,500.00 TC 290 \$.00 TC 971 AC 184 to point to RPP MFT 31 MMA = \$7,500.00</p>
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The defendant was ordered to pay \$30,000.00 of restitution for tax loss involving 4 client returns. Clients #1 and #2 were not audited, therefore there is no TC 971 AC 18X to link their individual income tax account, MFT 30 to the preparer's restitution account, MFT 31. TC 971 AC 184/185 is input to Clients #3 and #4 to link the duplicate assessments.

5.19.23.2.5.3 (09-30-2014)

Return Preparer with Duplicate Civil Assessment and Duplicate Client Civil Assessments

1. Example 3 illustrates TC 971 AC 18X linkage when the RBA includes duplicate Civil assessments of the preparer defendant and client returns.

Example:

#3

**RPP Defendant with Client Returns
Duplicate Defendant Civil Assessment
Duplicate Client Civil Assessments**

<p>RPP MFT 31 XXX-XX-0987/200712 TC 290 \$22,500 TC 971 AC 185 points to RPP MFT 30 XXX-XX-0987/200712 MMA = \$7,500 TC 971 AC 185 points to Client #1 MFT 30 XXX-XX-XXX1 / 200712 MMA = \$7,500 TC 971 AC 185 points to Client #2 MFT 30 XXX-XX-XXX2 / 200712 MMA = \$7,500</p>	<p>RPP MFT 30 XXX-XX-0987 / 200712 TC 300 \$15,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-0987/200710 MMA = \$7,500</p>
<p>Client #1 MFT 30 XXX-XX-XXX1 / 200712 TC 767 \$7,500 TC 290 \$.00 TC 971 AC 184 points to RPP MFT 31 XXX-XX-0987/200712 MMA = \$7,500</p>	<p>Client #2 MFT 30 XXX-XX-XXX2 / 200712 TC 767 \$7,500 TC 290 \$.00 TC 971 AC 184 points to RPP MFT 31 XXX-XX-0987/200712 MMA = \$7,500</p>

The defendant was ordered to pay \$22,500.00 of restitution for tax loss involving his individual income tax return and the tax returns of Clients #1 and #2. Clients #1 and #2 are not duplicate assessments associated to the Civil assessment of the preparer defendant, therefore there is no TC 971 AC 18X to link their individual income tax account, MFT 30 to the preparer's individual income tax account, MFT 30. TC 971 AC 184/185 is input to Clients #1 and #2 to link the accounts to the duplicate restitution assessments.

5.19.23.2.5.4 (09-30-2014)

Return Preparer with Co-Defendant / No Duplicate Client Civil Assessment

1. Example 4 illustrates TC 971 AC 18X linkage when the RBA includes duplicate Civil assessments of the preparer defendant and client returns.

Example:

#4

**RPP Lead Defendant with Co-Defendant
Duplicate RBA**

RPP Lead Defendant MFT 31 XXX-XX-0897/ 200912 TC 290 \$22,500 TC 971 AC 189 points to RPP Co-Defendant MFT 31 XXX-XX-1234 / 200912 MMA = \$15,000	RPP Co-Defendant MFT 31 XXX-XX-1234 / 200912 TC 290 \$22,500.00 TC 971 AC 188 points to RPP Lead-Defendant MFT 31 XXX-XX-0897 / 200912 MMA = \$15,000
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The defendants were ordered to pay restitution based on the tax loss of client returns They each have their own clients but conspired together in filing fraudulent information. Because their restitution assessments were based on the same tax scheme they are duplicate to each other. TC 971 AC 188/189 are input to link the duplicate assessments. The clients returns were not audited and were not assessed additional tax resulting from the tax fraud, therefore, there is no TC 971 AC 18X to link to the client accounts.

5.19.23.2.5.5 (07-31-2015)

Return Preparer with Co-Defendant And Duplicate Client Civil Assessment

1. Example 5 illustrates TC 971 AC 18X linkage when the RBA includes duplicate RBA of the preparer defendant and co-defendant; and duplicate Civil assessments of client returns.

Example:

#5

**RPP Defendant and Co-Defendant with Client Returns
Duplicate RBA
Duplicate Client Civil Assessments**

RPP Lead Defendant MFT 31 XXX-XX-0897/ 200912 TC 290 \$15,000 TC 971 AC 189 points to RPP Co-Defendant MFT 31 XXX-XX-1234 / 200912 MMA = \$15,000 TC 971 AC 185 points to Client #1 MFT 30 XXX-XX-XXX1 / 200912 MMA = \$7,500 TC 971 AC 185 points to Client #2 MFT 30 XXX-XX-XXX2 / 200912 MMA = \$7,500	RPP Co-Defendant MFT 31 XXX-XX-1234/ 200912 TC 290 \$15,000 TC 971 AC 188 points to RPP Lead Defendant MFT 31 XXX-XX-0897 / 200912 MMA = \$15,000 TC 971 AC 184 points to Client #1 MFT 30 XXX-XX-XXX1 / 200912 MMA = \$7,500 TC 971 AC 184 points to Client #2 MFT 30 XXX-XX-XXX2 / 200912 MMA = \$7,500
Client #1 MFT 30 XXX-XX-XXX1 / 200912 TC 767 \$7,500 TC 290 \$.00 TC 971 AC 184 points to RPP Lead Defendant MFT 31 XXX-XX-0897 / 200912 MMA = \$7,500 TC 971 AC 184 points to RPP Co Defendant MFT 31 XXX-XX-1234 / 200912 MMA = \$7,500	Client #2 MFT 30 XXX-XX-XXX2 / 200712 TC 767 \$7,500 TC 290 \$.00 TC 971 AC 184 points to RPP Lead Defendant MFT 31 XXX-XX-0897 / 200912 MMA = \$7,500 TC 971 AC 184 points to RPP Co-Defendant MFT 31 XXX-XX-1234 / 200912 MMA = \$7,500

The defendants were ordered to pay restitution based on the tax loss of client returns. They conspired together in filing fraudulent information. Because their restitution assessments were based on the same tax scheme they are duplicate to each other. TC 971 AC 188/189 are input to link the duplicate assessments. The client returns were audited and assessed additional tax therefore, TC 971 AC 184/185 are input to their individual income tax account, MFT 30 to link the duplicate assessment to the Lead Defendant restitution module, MFT 31 and TC 971 AC 184/184 is input to link their individual income tax account to the Co-Defendant restitution module, MFT 31. .

5.19.23.2.5.6 (09-30-2014)

Return Preparer with Co-Defendant / Duplicate and No Duplicate Client Civil Assessment

1. Example 6 illustrates TC 971 AC 18X linkage when the RBA includes duplicate RBA of the preparer defendant and co-defendant; and duplicate assessments of client returns and client returns with no duplicate Civil assessment

Example:

#6

**RPP Defendant and Co-Defendant with Client Returns
Duplicate RBA
Duplicate Client Civil Assessments
No Client Civil Assessments**

RPP Lead Defendant MFT 31 XXX-XX-0897/ 200912 TC 290 \$85,000 TC 971 AC 189 points to RPP Co-Defendant MFT 31 XXX-XX-1234 / 200912 MMA = \$85,000 TC 971 AC 185 points to Client #8 MFT 30 XXX-XX-XXX8 / 200912 MMA = \$7,500 TC 971 AC 185 points to Client #9 MFT 30 XXX-XX-XXX9 / 200912 MMA = \$7,500	RPP Co-Defendant MFT 31 XXX-XX-1234/ 200912 TC 290 \$85,000 TC 971 AC 188 points to RPP Lead Defendant MFT 31 XXX-XX-0897 / 200912 MMA = \$85,000 TC 971 AC 184 points to Client #8 MFT 30 XXX-XX-XXX8 / 200912 MMA = \$7,500 TC 971 AC 184 points to Client #9 MFT 30 XXX-XX-XXX9 / 200912 MMA = \$7,500
Client #8 MFT 30 XXX-XX-XXX8 / 200912 TC 767 \$7,500 TC 290 \$.00 TC 971 AC 184 points to RPP Lead Defendant MFT 31 XXX-XX-0897 / 200912 MMA = \$7,500 TC 971 AC 184 points to RPP Co-Defendant MFT 31 XXX-XX-1234 / 200912 MMA = \$7,500	Client #9 MFT 30 XXX-XX-XXX9 / 200712 TC 767 \$7,500 TC 290 \$.00 TC 971 AC 184 points to RPP Lead Defendant MFT 31 XXX-XX-0897 / 200912 MMA = \$7,500 TC 971 AC 184 points to RPP Co-Defendant MFT 31 XXX-XX-1234 / 200912 MMA = \$7,500

The defendants were ordered to pay restitution based on the tax loss of client returns. They conspired together in filing fraudulent tax returns. Because their restitution assessments were based on the same tax scheme they are duplicate to each other. TC 971 AC 188/189 are input to link the duplicate assessments. Each Defendant was responsible for the preparation of 15 clients. Tax returns for Clients #8 and #9 were audited and assessed tax based on the fraudulent returns. TC 971 AC 184/185 are

input to their individual income tax account, MFT 30 to link the duplicate assessment to the Lead Defendant restitution module, MFT 31 and TC 971 AC 184/184 is input to link them to the Co-Defendant restitution module, MFT 31.

Note:

TC 971 AC 180/181 is not input to link the accounts of the client returns that were not audited and/or assessed.

**5.19.23.2.6 (07-31-2015)
Memo Money Amount (MMA)**

1. The Memo Money Amount (MMA) field of the TC 971 AC 18X is used to identify the amount of the Restitution-Based Assessment (RBA) and/or Fraud penalty ordered as part of the restitution, that is duplicate. The dollar amount of the MMA is displayed on CC TXMOD only when an amount greater than \$.00 has been entered.
2. Review accounts to determine if:
 - Missing and/or broken links (a broken link is where one link points to a TIN / MFT / tax period, but that corresponding TIN / MFT / tax period does not point back)

Exception:

A TC 971 AC 18X will not be input to a module containing an unreversed TC 400 because the module has been moved to Non -Master File.

Reminder:

For RPP case types, TC 971 AC 180/181 is not input to link the accounts of client returns where no duplicate RBA exists. Therefore, these case types may not have a TC 971 AC 18X posted to the RBA module(s).

- TC 971 AC 180/181 has Memo Money Amount (MMA) more than zero present in the MMA field
- TC 971 AC 182 -185 and 188-189 MMA is zero
- TC 971 AC 182 -185 and 188-189 MMA of the pair of linkages is greater than the smallest duplicate assessment amount

Reminder:

The RBA for RPP case types may include amounts for multiple duplicate client Civil assessments, therefore, the MMA can't be validated. For these case types, confirm that the MMA amount of the linked pairs is the same and the amount does not exceed the tax assessed on the Civil module.

Note:

The MMA for co-defendants linked with TC 971 AC 188/189 may equal the total amount of all restitution assessments that each is jointly responsible for.

Example:

TP husband and wife are each assessed restitution on their MFT 31 tax modules for income related to their jointly filed Form 1040 (TC 290 for \$1,000.00). Each is also assessed restitution on their MFT 31 tax modules for income related to their corporate income tax liabilities (TC 298 for \$5,000.00). The MMA for the TC 971 AC 188/189 linking the MFT 31 modules is \$6,000.00 and includes the assessed amounts for both the TC 290 and TC 298.

- TC 971 AC 18X MMA dollar amounts of pair of linkages do not match

Note:

The combination of a TC 767 posted with the TC 30X or TC 29X amounts may represent the duplicate assessment amount.

3. The transactions for the RBA, MMA amount, and associated TC 971 AC 18X's are initiated by Exam Technical Services (TS) and input by either Exam Centralized Case Processing (CCP), located in the Memphis Campus or Ogden CSCO.

If ...	And ...	Then ...
Missing or broken linkage OR MMA is incorrect as described in IRM 5.19.23.2.6(2) above		A. Send a secure e-mail to *SBSE TECH Svs Criminal Restitution and request Form 3177 to update and/or correct account. B. Close the transcript case. C. Open a monitor control on IDRS and monitor for 5 business days. D. When Form 3177 is received, process in accordance with IRM 5.19.23.2.3 <i>Form 3177 Processing</i> and send Form 3177 to Files as the source document. Perform necessary action(s) to cross-reference available payments and credits in accordance with IRM procedures and close case. E. If no response, send a follow up request, update case control and monitor for 10 business days. F. If no response, elevate to local management.
TC 971 AC 180 is posted on Civil tax module, i.e., MFT 30, 01, 02, etc. (NOT MFT 31)	Subsequent TC 29X / 30X posts to the Civil tax module	A. Send a secure e-mail to *SBSE TECH Svs Criminal Restitution B. In the SUBJECT line, type: <i>Subsequent TC 29X/30X Posted To Module with AC 181</i> C. In the body of the message type: <i>For review and possible action. Subsequent TC 29X/30X posted to TIN / MFT / Tax Period.</i> D. Take necessary action(s) to resolve transcript case in accordance with IRM procedures and close case.
TC 971 AC 188/189 is posted on the	TC 971 AC 184/185 is posted on a Civil tax module, i.e., MFT 30, 01, 02, etc. (NOT MFT 31) for	A. Send a secure e-mail to *SBSE TECH Svs Criminal Restitution B. In the SUBJECT line, type: <i>TC 29X/30X Posted To Module with AC 184/185.</i>

restitution module (MFT 31)	the same restitution assessment liability AND there is no AC 184 linking the co-defendant MFT 31	C. In the body of the message type: : <i>For review and possible action. TC 29X/30X posted to TIN / MFT / Tax Period with duplicate RBA on co-defendant account.</i> D. Take necessary action(s) to resolve transcript case in accordance with IRM procedures and close case.
TC 971 AC 18X is pending or posted and there is no pending or posted TC 29X/30X for the associated RBA.	A history item "3870/RECVD " IS recorded on CC TXMOD for 60 or more days from today's date	A. Input TC 570 on module to hold credits. B. Contact Memphis Centralized Case Processing (CCP) and request Form 3870 for the missing assessment. CCP RBA contact names can be found at http://mysbse.web.irs.gov/examination/cp/cont/21759.aspx the SBSE Centralized Case Processing web site C. Control the case on IDRS and monitor for 10 business days. D. When Form 3870 is received, process in accordance with IRM 5.19.23.9. E. If no response is received within 10 business days, elevate to local management.
TC 971 AC 18X is pending or posted for more than 60 days from today's date and there is no pending or posted TC 29X/30X for the associated RBA.	. A history item "3870/RECVD" IS NOT recorded on CC TXMOD	A. Input TC 570 on module to hold credits. B. Send a secure e-mail to *SBSE TECH Svs Criminal Restitution and request Form 3870 for the missing assessment C. Control the case on IDRS and monitor for 10 business days. D. When Form 3870 is received, process in accordance with IRM 5.19.23.9.I E. If no response is received within 10 business days, elevate to local management.
TC 971 AC 18X is pending or posted for less than 60 days from today's date and there is no pending or posted TC 29X/30X for the associated RBA.	Payments or credits are posted on the account.	Input TC 570 on module to hold credits and close the transcript case.
TC 971 AC 18X is pending or posted for less than 60 days from today's date and there is no pending or posted TC 29X/30X for the associated RBA.	No payments or credits are posted on the account.	Take no action and close the transcript case.

4. Document all actions on AMS history.

**5.19.23.2.7 (07-31-2015)
Form 3177 Processing**

1. Exam TS will forward Form 3177 for TC 971 AC 18X linkage to CCS RBA for input to IDRS. Review the form to validate the following boxes are complete:

- Initiator,
- Date,
- Taxpayer name. This is the name on the account the TC is input to,
- EIN or SSN,
- Transaction Code (TRC),
- Other - must specify Action Code, cross-reference TIN, MFT and tax period, and MMA if AC indicates a duplicate assessment,
- MFT code. This is the MFT the TC is input to.
- Tax Period. This is the tax period the TC is input to.

2. Forms 3177 received for RPP case types must be reviewed and perfected in accordance with IRM 5.19.23.2.6 prior to being input to IDRS. IDRS Master File is not able to accept an unlimited number of transactions on any given account module. After perfecting the forms, if there is more than 15 associated clients, but less than 100:

A. Input TC 971 AC 18X linkage as indicated on Forms 3177.

B. Open an IDRS control and monitor the MFT 31 account until the TC 29X posts and follow procedures in IRM 5.19.23.3.6.2.1 to transfer the account to ANMF.

If there is more than 100 associated clients:

- A. Input TC 971 AC 18X to the client accounts. Do not input the related TC 971 AC 18X on the Preparer account.
- B. Create an EXCEL spreadsheet for each Preparer (MFT 31) with more than 100 clients. Record the client name, TIN, tax period, assessment date and amount for each duplicate assessment indicated by TC 971 AC 18X on Form 3177 and save it to the RPP shared folder. The shared file will be used for reference when processing current and future cases of that preparer.
- C. Open an IDRS control and monitor the MFT 31 account until the TC 29X posts and follow procedures in IRM 5.19.23.3.6.2.1 to transfer the account to ANMF.

3. IDRS CC REQ 77 is used to input transaction codes notated on Form 3177. Forms 3177 must be processed within 5 business days of receipt. Incomplete forms and forms received where the tax module is not present on IDRS must be returned to the initiator and must include a complete explanation of the reason for the rejection.

Note:

When Form 3177 is received for input of TC 972 AC 18X, review the module to determine if there is more than one TC 971 AC 18X posted with the same AC and transaction date as the one that will be reversed.

- A. If there **is not** more than one TC 971 AC 18X posted with the same AC and transaction date as the one that will be reversed, **OR** the transaction being reversed is the first one listed, input TC 972 as indicated on Form 3177.
- B. If there **is** more than one TC 971 AC 18X posted with the same AC and transaction date as the one that will be reversed:
 - A. Input a TC 972 AC 18X for each TC 971 AC 18X posted with the same AC and transaction date as the one that will be reversed.
 - B. Re-input TC 971 AC 18X for all transactions that were reversed without Form 3177. Do not request Form 3177.

For BMF accounts, the input of a TC 972 AC 18X will reverse **all** posted TC 971 AC 18X in the module:

- A. If there **is not** more than one TC 971 AC 18X posted with the same AC and transaction date as the one that will be reversed, **OR** the transaction being reversed is the first one listed, input TC 972 as indicated on Form 3177.
- B. If there **is** more than one TC 971 AC 18X posted with the same AC and transaction date as the one that will be reversed:
 - A. Input a TC 972 AC 18X as indicated on Form 3177.
 - B. Using a post delay code 1, re-input TC 971 AC 18X for all other posted TC 971 AC 18X on the module. Do not request Form 3177.

4. Forms 3177 may be received that update or change existing TC 971 action codes. See chart below.

If E-Mail Subject Line States:	And ...	Then ...
EXPEDITE F3177 to Change AC 180/181	a duplicate assessment posted on a Civil module after the TC 971 AC 180/181 posted.	<ul style="list-style-type: none"> A. Process F3177(s) in accordance with IRM 5.19.23.2.3 above. B. review all related accounts for posted payments/credits and cross-reference in accordance with IRM 5.19.23.3
EXPEDITE F3177 to Input AC 184/185.	a duplicate assessment is identified on a Client account for RPP case type subsequent to the posting of the RBA	<ul style="list-style-type: none"> A. Process F3177(s) in accordance with IRM 5.19.23.2.3 above. B. review all related accounts for posted payments/credits and cross-reference in accordance with IRM 5.19.23.3
EXPEDITE F3177 to Correct (MMA or TC 971 AC XXX)	F3177 requests a change to the MMA only	<ul style="list-style-type: none"> A. Process F3177(s) in accordance with IRM 5.19.23.2.3 above.
EXPEDITE F3177 to Correct (MMA or TC 971 AC XXX)	the RBA was incorrectly coded as a duplicate assessment with TC 971 AC 184/185	<ul style="list-style-type: none"> A. Process F3177(s) in accordance with IRM 5.19.23.2.3 above. B. Review all related accounts and reverse any previously cross-referenced payments/credits.

**5.19.23.3 (06-06-2014)
Payment Application**

1. A duplicate assessment is created when there is a Civil tax assessment in addition to the amount assessed as RBA, or when co-defendants are assessed restitution, that relates to the same or similar tax issues. The duplicate assessment amounts may or may not be equal dollar amounts. A duplicate Fraud penalty is created when the Fraud penalty is asserted for both, the Civil and RBA.
2. RBA payments or credits are applied in the following order:
 - A. Restitution-Based Assessment/Civil assessment
 - B. Fraud Penalty assessments
 - C. Collection costs and fees
 - D. Other assessed penalties
 - E. Assessed interest
 - F. Other accrued penalties to date of payment
 - G. Accrued interest to date of payment.

Note:

Payments are applied to the Failure to Pay penalty after all other penalties have been paid.

3. Payments secured by the courts and sent to IRS to be applied to the RBA are identified with a designated payment code (DPC) 26.
4. If TC 91X and "Z" freeze is present on the account, contact Criminal Investigation/Scheme Development Center (SDC) and proceed per their instructions. Open an IDRS control on the account, and continue to monitor every 30 days until the issue is resolved. Document AMS history during initial contact with CI and for all follow-up actions. Contact information can be located on SERP Who/Where tabs at <http://serp.enterprise.irs.gov/serphome/who.html>.

Note:

Payments applied prior to July 2013 were input to MFT 31 as TC 670 DPC 26 and could not be cross-referenced with TC 766 AC 337 on MFT 30 due to systemic limitations. As a result, payments were transferred to MFT 30 with TC 670 DPC 08 and then cross-referenced to MFT 31 with TC 766 AC 337.

**5.19.23.3.1 (07-31-2015)
Points To Remember**

1. When cross-referencing payments always consider the following:
 - Payments are cross-referenced to all related accounts with a duplicate assessment in earliest date order
 - Payments applied to fees and collection costs are not cross-referenced.

- If an offset to another period results from incorrect posting of payments, reverse the offset.

2. If a TC 971 AC 100/101/104 is present on MFT 31 account(s) contact the designated area to communicate that the posting of TC 971 AC 102 has prevented systemic mirroring of payments and accounts will need to be manually monitored. Contact information can be located on SERP Who/Where tabs at <http://serp.enterprise.irs.gov/serphome/who.html>.

5.19.23.3.2 (07-31-2015)

Cross-Referencing Payments

1. When payment(s) or credit(s) post to an account where a duplicate RBA/Civil or Fraud penalty assessment exists, cross-reference the available amount to the applicable TIN(s), MFT(s), and tax period(s) of the duplicate assessments including modules in Status 53, 72 and 71. A thorough review of the account where the payment or credit posted is necessary to determine the amount available for cross-referencing. Only payment(s) and credit(s) applied to the tax, penalties or interest of the duplicate assessment amount is cross-referenced.

Caution:

Payments and credits posted to a Civil tax account when a taxpayer is sentenced may be considered in the restitution order to reduce the amount assessed. When reviewing the account(s) caution must be taken to ensure payment(s) and credit(s) previously considered are not cross-referenced.

Example:

Taxpayer was assessed restitution for a refund of overstated withholding in the amount of \$672,781. A withholding repayment, TC 720, in the amount of \$132,781 was submitted and posted to the MFT 30 module prior to the RBA. The repayment was considered when the restitution was ordered reducing the RBA to \$540,000. Therefore, the withholding repayment is not available for cross-referencing to the MFT 31 module.

2. If the MMA can't be matched, subtract available payments/credits applied to the civil assessment that is the basis for the restitution until the MMA is reached. Payments and credits already considered that reduce the amount of restitution assessed are not cross-referenced. Cross-reference any amounts paid towards the duplicate tax, penalty and/or interest to all related accounts.

Example:

A Return Preparer is assessed RBA of \$32,750. A civil audit of Client A results in the reversal of the First Time Homebuyer Credit of \$7,500. The reversal of the credit is the basis for the restitution. The MMA on the account is \$2,310. A TC 670 for \$2,300 and a TC 706 for \$3,503 are posted to the module. Subtracting the payments from the assessment does not validate the MMA. \$7,500 - \$2,300 (TC 670) = \$5,200 which is larger than the MMA. \$5,200 - \$3,503 (TC 706) = \$1,697, which is smaller than the MMA. Since the MMA can't be matched, the payments are subtracted from the civil assessment until the MMA is reached. The MMA of \$2,310 is reached using a portion of the \$3,503 payment (\$5,200 - \$2,890 = \$2,310) leaving the remaining \$613 available to cross-reference to the MFT 31. A payment or any part of a payment **that reduces the duplicate amount** is cross referenced.

3. Payments and credits are cross-referenced using Transaction Code (TC) 290 \$.00 and Credit Reference Number (CRN) 337 that may also require a reason code and/or priority code: Hold code 3 is always used.

If Cross-Referencing payment to:	Then:
MFT 30	Input TC 290 AC 337 RC 150 PC 9
MFT 31	Input TC 290 AC 337 RC 150 PC 9
Other than MFT 30/31	Input TC 290 AC 337 with no RC or PC

Note:

Cross-referenced payments and credits will post to Masterfile as TC 766 RC 337

4. Payments are cross-referenced to related accounts until the duplicate RBA is full paid. Then apply payments to Fraud penalty assessments, fees and collection costs, other assessed penalties and assessed interest, then to accrued penalties and accrued interest. Continue to apply payments in this order until the account is full paid. Amounts applied to fees and collection costs are not cross-referenced.

Example:

#1

Duplicate RBA and Civil Assessment Civil Penalty that is not a Duplicate

MFT 31	MFT 30
TC 290 \$5,000.00	TC 300 \$8,000.00
TC 276 \$200.00	TC 240 \$3,000.00
TC 971 AC 184 MMA= \$5,000.00	TC 276 \$900.00
TC 670 DPC 26 10-15-2012 \$2,500.00	TC 971 AC 185 MMA= \$5,000.00
TC 766 12-15-2012 \$2,500.00	TC 766 AC 337 10-15-2012 \$2,500.00
	TC 670 12-15-2012 \$8,000.00

- The payment dated 10-15-2012 for \$2,500.00 is cross-referenced to MFT 30 to reduce the duplicate Civil assessment (TC 300).
- \$2,500.00 of the payment dated 12-15-2012 for \$8,000.00 is cross-referenced to MFT 31 to fully pay the amount of the RBA that is duplicate. \$3,000.00 of the remaining \$5,500.00 is applied to fully pay the balance of the Civil assessment. Since the Civil assessment amount exceeds the duplicate amount of \$5,000.00, it is not cross-referenced. Because all other assessed penalties are paid before assessed Failure to Pay Penalty, the remaining \$2,500 is applied to the Civil Penalty and is not cross-referenced.

Example:

#2

Duplicate RBA and Civil Assessment Fraud Penalty that is not a Duplicate

MFT 31	MFT 30
TC 290 \$8,000.00	TC 300 \$8,000.00
TC 320 \$6,000.00	TC 276 \$900.00
TC 276 \$200.00	TC 971 AC 185 MMA = \$8,000.00
TC 971 AC 184 MMA = \$8,000.00	TC 971 AC 185 MMA = \$8,000.00
TC 670 DPC 26 10-15-2012 \$7,000.00	TC 766 AC 337 10-15-2012 \$7,000.00
TC 670 DPC 26 11-30-2012 \$7,200.00	TC 766 AC 337 11-30-2012 \$1,200.00

- The payment dated 10-15-2012 for \$7,000.00 is cross-referenced to MFT 30 to reduce the duplicate Civil assessment (TC 300)
 - \$1,200.00 of the payment dated 11-30-2012 for \$7,200.00 is cross-referenced to MFT 30. \$1,000.00 is applied to the remaining RBA that is duplicate and \$200.00 is applied to the assessed Failure to Pay penalty. The remaining \$6,000.00 is applied to pay the Fraud penalty assessment. Since the Fraud penalty assessment is not duplicate, the payment is not cross-referenced
5. When a payment on the RBA module or duplicate account is reversed or refunded; debit the amount on the related account(s) using TC 767 CRN 337 with a corresponding amount and date. It is not necessary to use a Reason Code or Priority code when reversing previously cross-referenced payments.
6. Payments must be posted to reflect the originating payment application, for example; payments applied to tax are cross-referenced to tax; payments applied to penalties are cross-referenced to the same type of penalties, etc. See chart and examples below.

If ...	And ...	Then ...
TC 670 or other credit transaction is present	The total credits are not greater than the RBA amount	Cross-reference the payment and/or credit amount(s) to the related accounts with a duplicate assessment. Apply the payment/credit up to the amount(s) owed for the duplicate assessment. Do not overpay the account.
TC 670 or other credit transaction	The credit was fully reversed prior to cross-referencing	Do not cross-reference.
TC 670 or other credit transaction	The credit was fully or partially reversed subsequent to cross-referencing	Input TC 767 for the reversed, refunded, or offset amount.
TC 670 or other credit transaction	The credit was partially reversed, refunded or offset prior to cross referencing	Cross-reference only the remaining payment/credit amount(s) to the related account(s). Do not cross-reference amounts that were reversed/refunded or offset.
TC 670 or other credit transaction	Any part of the payment/credit is applied to Failure to File (FTF) penalty	Cross-reference the payment/credit amount to the related accounts with a duplicate FTF assessment. Do not cross-reference amounts credited to FTF to other penalty amounts. Do not overpay the account.
TC 670 or other credit transaction	Any part of the payment/credit is applied to pay Failure to Pay (FTP) penalty	Cross-reference the payment/credit amount to the related accounts with a duplicate FTP assessment. Do not cross-reference amounts credited to FTP to other penalty amounts. Do not overpay the account.
TC 680 Designated Interest	Posted to IMF/BMF	Cross-reference using normal payment application.
TC 690 Designated Penalty	Posted to IMF/BMF	Cross-reference using normal payment application based on earliest date and type of penalty, i.e., designated penalty payments applied to FTF are cross-referenced to FTF on related accounts and designated penalty payments applied to FTP are cross-referenced to FTP on related accounts.

7. If one or more Defendants makes a payment with the same date that does not fully pay the duplicate RBA, cross-reference each payment to all related accounts.

Example:

#3

TP1 MFT 31	TP2 MFT 31	TP3 MFT 31
TC 290 \$4,000.00	TC 290 \$4,000.00	TC 290 \$4,000.00 TC 320 \$1,000.00
TC 971 AC 189 to x-ref TP2 MFT 31 MMA = \$4,000.00	TC 971 AC 188 to x-ref TP1 MFT 31 MMA = \$4,000.00	TC 971 AC 188 to x-ref TP1 MFT 31 MMA = \$4,000.00
TC 971 AC 189 to x-ref TP3 MFT 31 MMA = \$4,000.00	TC 971 AC 188 to x-ref TP3 MFT 31 MMA = \$4,000.00	TC 971 AC 188 to x-ref TP2 MFT 31 MMA = \$4,000.00
TC 706 04-15-2009 \$1,500.00	TC 706 04-15-2009 \$945.00	TC 706 04-15-2009 \$85.00
TC 766 AC 337 04-15-2009 \$945.00	TC 766 AC 337 04-15-2009 \$1,500.00	TC 766 AC 337 04-15-2009 \$945.00
TC 766 AC 337 04-15-2009 \$85.00	TC 766 AC 337 04-15-2009 \$85.00	TC 766 AC 337 04-15-2009 \$1,500.00

- The payment dated 04-15-2009 for \$1,500.00 is cross-referenced to TP2 and TP3 to reduce the duplicate RBA.
 - The payment dated 04-15-2009 for \$945.00 is cross-referenced to TP1 and TP3 to reduce the duplicate RBA
 - The payment dated 04-15-2009 for \$85.00 is cross-referenced to TP1 and TP2 to reduce the duplicate RBA.
8. If one or more defendants makes a payment that exceeds the duplicate RBA balance, apply payments in accordance with IRM 5.19.23.6 *Resolving Overpayment Cases*. Caution must be taken to ensure payments are cross-referenced for "like" assessments, i.e., Fraud penalty to Fraud penalty, FTP to FTP, interest to interest, etc.
9. Always input a history item into AMS to document the payment application. Input the history for the MFT and tax period of the originating payment AND the MFT and tax period where the credit is applied.

5.19.23.3.3 (09-30-2014)

Payment Cross-Referencing / IMF Case Types

1. The following examples describe payment cross-referencing for IMF based Restitution Assessments.

5.19.23.3.3.1 (06-06-2014)

Single Defendant and/or Married Taxpayers Filing Separate Returns with No Co-Defendant

1. The following examples describe payment cross-referencing for single defendant and/or married taxpayers filing separate returns with no co-defendant

Example:

#1

Duplicate RBA and Civil Assessment

MFT 31	MFT 30
TC 290 \$5,000.00	TC 300 \$5,000.00
TC 971 AC 184 MMA= \$5,000.00	TC 971 AC 185 MMA= \$5,000.00
TC 670 DPC 26 10-15-2012 \$2,500.00	TC 766 AC 337 10-15-2012 \$2,500.00
TC 670 DPC 26 10-30-2012 \$2,500.00	TC 766 AC 337 10-30-2012 \$2,500.00

- The payment dated 10-15-2012 for \$2,500.00 is cross-referenced to MFT 30 to reduce the duplicate Civil assessment (TC 300).
- The payment dated 10-30-2012 for \$2,500.00 is cross-referenced to MFT 30 to fully pay the duplicate Civil assessment (TC 300).

Example:

#2

**Duplicate RBA and Civil Assessment
Fraud Penalty that is not a Duplicate**

MFT 31	MFT 30
TC 290 \$5,000.00	TC 300 \$8,000.00
TC 971 AC 184 MMA= \$5,000.00	TC 320 \$6,000.00
TC 670 DPC 26 10-15-2012 \$2,500.00	TC 971 AC 185 MMA= \$5,000.00
TC 670 DPC 26 10-30-2012 \$2,500.00	TC 766 AC 337 10-15-2012 \$2,500.00
	TC 766 AC 337 10-30-2012 \$2,500.00
	TC 670 12-15-2012 \$3,000.00

- The payment dated 10-15-2012 for \$2,500.00 is cross-referenced to MFT 30 to reduce the duplicate Civil assessment (TC 300).
- The payment dated 10-30-2012 for \$2,500.00 is cross-referenced to MFT 30 to fully pay the amount of the Civil assessment (TC 300) that is duplicate.
- The payment dated 12-15-2012 for \$3,000.00 is applied to fully pay the remaining Civil assessment, then to the Fraud penalty. The remaining Civil assessment exceeds the duplicate amount and the Fraud penalty is not duplicate therefore, the payment is not cross-referenced.

Example:

#3

**Duplicate RBA and Civil Assessment
Duplicate Fraud Penalty**

MFT 31	MFT 30
TC 290 \$5,000.00	TC 300 \$8,000.00
TC 320 \$3,000.00	TC 320 \$6,000.00
TC 971 AC 184 MMA= \$5,000.00	TC 971 AC 185 MMA= \$5,000.00
TC 971 AC 182 MMA= \$3,000.00	TC 971 AC 183 MMA= \$3,000.00
TC 670 DPC 26 10-15-2012 \$5,000.00	TC 766 AC 337 10-15-2012 \$5,000.00
TC 766 AC 337 11-3-2012 \$2,000.00	TC 670 11-3-2012 \$5,000.00
TC 670 DPC 26 12-15-2012 \$1,000.00	TC 766 AC 337 12-15-2012 \$1,000.00

- The payment dated 10-15-2012 for \$5,000.00 is cross-referenced to MFT 30 to fully pay the amount of the Civil assessment (TC 300) that is duplicate.
- The payment dated 11-3-2012 for \$5,000.00 fully pays the remaining \$3,000.00 of the MFT 30 Civil assessment and \$2,000.00 of the Fraud penalty. \$2,000.00 is cross-referenced to MFT 31 Fraud penalty (TC 320) that is a duplicate.
- The payment dated 12-15-2012 for \$1,000.00 is cross-referenced to MFT 30 to fully pay the amount of the Fraud penalty (TC 320) that is a duplicate.

Example:

#4

**Duplicate RBA and Civil Assessment
Duplicate Fraud Penalty
Previous Balance on MFT 30 Account**

MFT 31	MFT 30
TC 290 \$7,000.00	TC 150 \$5,000.00
TC 320 \$3,000.00	TC 300 \$8,000.00
	TC 320 \$3,000.00
TC 971 AC 184 MMA= \$7,000.00	TC 971 AC 185 MMA= \$7,000.00
TC 971 AC 182 MMA= \$3,000.00	TC 971 AC 183 MMA= \$3,000.00
TC 670 DPC 26 10-15-2012 \$2,500.00	TC 670 07-26-2011 \$3,000.00
TC 766 AC 337 11-03-2012 \$3,000.00	TC 766 AC 337 10-15-2012 \$2,500.00
TC 670 DPC 26 12-15-2012 \$1,000.00	TC 670 11-03-2012 \$5,000.00
TC 766 AC 337 03-12-2013 \$3,500.00	TC 766 AC 337 12-15-2012 \$1,000.00
	TC 670 03-12-2013 \$4,500.00

- The payment dated 07-26-2011 for \$3,000.00 pays part of the TC 150 for \$5,000.00. It is not cross-referenced.
- Designated Restitution payment dated 10-15-2012 for \$2,500.00 pays part of the TC 290 for the duplicate RBA of \$7,000.00, leaving a balance of \$4,500.00. It is cross-referenced to the MFT 30 to reduce the duplicate amount of the Civil assessment TC 300 for \$8,000.00, leaving a balance of \$5,500.00.
- Payment dated 11-3-2012 for \$5,000.00 pays the balance of the \$2,000.00 from the TC 150. The remaining \$3,000.00 reduces the TC 300 of \$8,000.00 to \$2,500.00, and is cross-referenced to the MFT 31 RBA of \$7,000.00, now leaving a balance of \$1,500.00.
- Designated Restitution payment dated 12-15-2012 for \$1,000.00 reduces the RBA balance to \$500.00 and is cross-referenced to the Civil assessment, now leaving a balance of \$1,500.00.
- Payment dated 03-12-2013 for \$4,500.00 fully pays the remaining \$1,500.00 of the Civil Assessment and the entire TC 320 for the \$3,000.00 Fraud penalty. \$3,500.00 is cross-referenced to the MFT 31 to pay the remaining \$500.00 of the RBA and fully pay the duplicate Fraud penalty of \$3,000.00.

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