



Part 5. Collecting Process

Chapter 18. Liability Determination

Section 1. Automated Substitute for Return (ASFR) Program

5.18.1 Automated Substitute for Return (ASFR) Program

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Manual Transmittal

December 09, 2014

Purpose

(1) This transmits a revision of the IRM 5.18.1, Liability Determination, Automated Substitute for Return (ASFR) Program.

Material Changes

(1) All SERP IRM 5.18.1 updates have been included in this revised version.

(2) Elimination of old sections and additions of new sections has resulted in tri-doc renumbering.

(3) The following is a list of Subsection changes:

- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.3.6 IRM 5.18.1.10.2.3.13(2) IRM 5.18.1.10.2.3.13.4(1) a IRM 5.18.1.10.2.3.13.7 IRM 5.18.1.10.2.3.51(2)(3) Removed all references to use of quick notes.
- IPU 14U1325 issued 09-05-2014 IRM 5.18.1.10.2.3.14.1 - Remove reference to quick notes.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.10.2.3.4 and IRM 5.18.1.10.2.3.14 and IRM 5.18.1.10.2.3.48 and IRM 5.18.1.10.2.3.51 - IAT XCLAIM is mandated for processing of ASFR and ASFR Reconsideration returns have been updated to reflect this change.
- 5.18.1.3.1 - ASFR Criteria - Verbiage clarification.
- IPU 14U0447 issued 03-06-2014 IRM 5.18.1.5 - CP36C and CP36Zs - Updated to clarify section on MeFile and TRDBV procedures.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.5 - CP36C and CP36Zs - Updated to change TRDBV procedures for use on PAPER filed returns.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.6.3 - ASFR Reconsideration Transcripts - New Section for procedures on Recon transcripts.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.7.9(1) - ASFR Address Verification - Updates to ASFR address is no longer permitted. Deleted Exception.
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.7.11.15(4) - Status 040 - ADR Research Requested - Processing timeframe of 60 days added.
- IPU 14U0447 issued 03-06-2014 IRM 5.18.1.7.11.36 - Status 81 - Suspense status for address research - Status deleted because ASFR address changes are no longer allowed; address changes are based on ADR and Master file.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.7.11.46 - Status 100: CLOSED, Agreed Response Pre-90 Day Letter- New procedure
- IPU 13U1423 issued 09-05-2013 IRM 5.18.1.7.11.47 - Status 100 - Updated to include TC 495 input requirement if there is a TC 494 on the module.
- IPU 13U1423 issued 09-05-2013 IRM 5.18.1.7.11.48 - Status 101 - Updated to include TC 495 input requirement if there is a TC 494 on the module.
- IPU 13U1423 issued 09-05-2013 IRM 5.18.1.7.11.51 - Status 105 - Updated to include TC 495 input requirement if there is a TC 494 on the module.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.7.11.52 - Status 106 - Manual Closures - Updated this section to Manual closures from Manual Default for Combat Zone Module.
- 5.18.1.7.11.54 - Status 108 - Filed Jointly, Post 30 day letter - New Status code.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.7.11.55 - Status 113: CLOSED, Agreed Response Post 90 - Day Letter - New procedure.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.7.11.57 - Status 335: Recreate 30 day Letter with New Address - New Status code to recreate 30 day letter with new address.
- IPU 14U0447 issued 03-06-2014 IRM 5.18.1.8.3.1.20 - Possible Address Change - Tridoc deleted because ASFR address changes are no longer allowed; address changes are based on ADR and Master file.
- IPU 13U1423 issued 09-05-2013 IRM 5.18.1.8.3.1.31 - Status 097 - Updated to include TC 495 input requirement if there is a TC 494 on the module.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.8.3.10 - ASFR 426 List - ASFR Transaction Failed List - New Section- Failed transactions requiring research.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.8.3.11 - ASFR 432 LIST: CASES WITH NO NAME/ADDRESS - Delete subsection, list no longer utilized.

- 5.18.1.9.1 - ASFR 200 Report - Section updated to agree with changes to report.
- 5.18.1.9.2 - ASFR 201 Report - Priority Chart updated.
- 5.18.1.9.7 - ASFR 213 Report - Section deleted, report no longer exists.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.9.8 - ASFR 215 REPORT: New Cases with Non-Numeric Zip codes - Delete subsection, report no longer utilized.
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.10.1(5) - Taxpayer Telephone Inquires - If/Then box added to re-issue 30 day letter in Spanish.
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.10.1.3 - Potentially Dangerous Taxpayer and Caution Upon Contact - New Section.
- IPU 13U1611 issued 11-04-2013 IRM 5.18.1.10.2.1.5 - ASFR Transshipment Procedures - Delete section - Transshipment of ASFR receipts will no longer exist.
- IPU 13U1611 issued 11-04-2013 IRM 5.18.1.10.2.1.6 - ASFR Reconsideration Transshipment Procedures - Delete section - Transshipment of ASFR Reconsideration receipts will no longer exist.
- IPU 14U0447 issued 03-06-2014 IRM 5.18.1.10.2.2.2 - Undelivered 30 day letter - Delete "ASFR and" from the tridoc because ASFR address changes are no longer allowed; address changes are based on ADR and Master file.
- IPU 14U0447 issued 03-06-2014 IRM 5.18.1.10.2.2.3 - Undelivered 90 day letter - Delete "ASFR and" from the tridoc because ASFR address changes are no longer allowed; address changes are based on ADR and Master file.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.10.2.3.2(2) - IDRS Control - Since all ASFR sites are utilizing AMS this section is being updated to remove the requirement for inputting detailed history in IDRS control base.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.10.2.3.13 - Taxpayer Correspondence - Update to documenting telephone contact.
- 5.18.1.10.2.3.13.2 - Filed Jointly - Updated for Status 108 process.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.10.2.3.13.3 - Deceased Taxpayer - Added (4) to direct user to IRM 21 for additional information.
- 5.18.1.10.2.3.13.5 - Identity Theft - Minor clarification edits.
- IPU 14U0356 issued 02-21-2014 IRM 5.18.1.10.2.3.13.5 - Identity Theft - Updated section to remove all references to CPAT and removed all data that is now present and updated in the IDT IRM 10.5.3
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.10.2.3.13.5(4) - Identity Theft - Updated section to use Correspondex letter 5064C rather than 239C or 2626C letters.
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.10.2.3.13.5(13) - Identity Theft - Remove reference to IPSU 60 day follow-up.
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.10.2.3.13.5(26) - Identity Theft - Added (26) regarding Multiple Function Controls.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.10.2.3.13.5(27) - Misuse of Dependent SSN - Point to 10.5.3.2.12 for instructions.
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.10.2.3.13.13 - Making Work Pay Credit - Expired credit in TY 2011.
- IPU 13U1423 issued 09-05-2013 IRM 5.18.1.10.2.3.14 - Returns - Updated to include TC 495 input requirement if there is a TC 494 on the module.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.10.2.3.14.3 - New section - W freeze Litigation.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.10.2.3.14.4 - New section - Y Freeze - Offer in Compromise.
- IPU 14U1367 issued 09-19-2014 IRM 5.18.1.10.2.3.15.1 - Refund Statute Expiration Date (RSED) - Clarification of procedure.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.10.2.3.16 - Penalties - Updated to include instruction for manual calculation.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.10.2.3.16.1 - Failure to File- Updated instruction.
- IPU 14U1324 issued 09-04-2014 IRM 5.18.1.10.2.3.16.2 - Failure to Pay - Updated instruction.
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.10.2.3.18.2(2) - Case Referral - Fraud referral procedural update. NOTE added below If/Then table.
- IPU 14U1325 issued 09-05-2014 IRM 5.18.1.10.2.3.19.1(2) - No Contact Math Error- Exception added.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.10.2.3.43 - Withholding - Update to documenting telephone contact.
- IPU 13U1402 issued 08-28-2013 IRM 5.18.1.10.2.3.47(5) - Unsigned Returns - If/ Then box added to address procedure for Electronically signed returns containing ELF PIN.
- IPU 13U1691 issued 11-27-2013 IRM 5.18.1.10.2.3.48.4(2) and (3) - Reason codes - Clarification on input procedures.
- IPU 13U1423 issued 09-05-2013 IRM 5.18.1.10.2.3.52 - Updating ASFR when a Filed Return is Assessed on IDRS - Updated to include TC 495 input requirement if there is a TC 494 on the module.
- IPU 14U0805 issued 05-05-2014 IRM 5.18.1.10.2.3.55 - ASFR 420 List - Delete subsection list no longer utilized.

Effect on Other Documents

This IRM supersedes IRM 5.18.1 dated June 21, 2013.

Audience

All employees who work and management that administers the Automated Substitute for Return for both SB/SE and W&I Operating Divisions will use this IRM.

Effective Date

(12-09-2014)

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5.18.1.1 (01-25-2008) Automated Substitute for Return (ASFR) Program Overview

1. In the WI Operating Division, Compliance Services Collection Operation (CSCO) administers the ASFR program. In the SBSE Operating Division, ASFR is a separate Operation. The ASFR Program is worked in two WI Compliance Campuses, Austin and Fresno and in one SBSE Campus, the Brookhaven Campus. The ASFR functions prepare Substitute for Returns under the authority of Internal Revenue Code (IRC) Section 6020(b) and issue Statutory Notices of Deficiency as authorized by IRC Section 6212.
2. ASFR is a non-filer or return delinquency program. Workplan closures include only modules where the TDI has been closed. Workplan closures include both systemic and non-systemic closures. Transfers or reassignment of an unresolved TDIs are not workplan closures. Workplan closures are reported on the ASFR 200 MIS Report. See IRM 5.18.1.9.1.

**5.18.1.2 (10-01-2005)
What is ASFR?**

1. The ASFR program is the **key** compliance program within the Service that enforces filing compliance on taxpayers who have not filed individual income tax returns, but owe a significant income tax liability. ASFR determines and assesses the correct tax liability by:
 - Securing valid income tax returns from taxpayers, or
 - Computing tax, penalties, and interest, based upon Information Reporting Program (IRP) information submitted by payers, combined with other internally available information.

**5.18.1.3 (10-01-2005)
ASFR Overview**

1. The Automated Substitute for Return (ASFR) system is a stand alone system which processes weekly and resides on a Sun Platform at the Enterprise Computing Center (ECC). The Collection Assignment Code (Tsign) for ASFR accounts is 8000. Unresolved TDIs are directly assigned to 8000 and uploaded to the ASFR database when the MF status of the TDI moves to Status 03, the selection code is an ASFR selection code, ASFR criteria is met and/or the account is already assigned to 8000. Modules may also be transferred from other functions, specifically FC and ACS, to ASFR if they meet ASFR criteria as defined in IRM 5.18.1.3.1.

**5.18.1.3.1 (12-09-2014)
ASFR Criteria**

1. A module meets ASFR criteria if all the following conditions exist:
 - It is not older than five years prior to the current processing year and ,
 - It has IRP with a proposed tax liability of $\geq \geq \geq \geq \geq$ or more; or IRP with a proposed tax liability of $\geq \geq \geq \geq \geq$ or more for FERDI and,
 - IRP exists on CC IRPTRJ (IRPTR with definer "J" replaced MF Supol Nov. 1, 2011) for the module and,
 - It has no associated TDAs (Balance Due modules in Status 22, 24, 26), or no associated modules in Status 53 or Status 60 and,
 - The total IRP documents for the module are 60 or less and,
 - There are no -V, -W, -L, -Z or , Z- freezes on the module or account, and
 - The select code is not a CI, or IRS employee selection code.

Note:

If accounts are assigned to 8000 and they do not meet ASFR criteria, they will be systemically reassigned.

Note:

ASFR modules cannot be created if the Masterfile status is 12 or greater.

**5.18.1.3.2 (06-20-2012)
ASFR Prioritization**

1. The manner in which ASFR prioritizes inventory changed in June 2012. The ASFR database will reflect all programming changes in FY 2012.
2. ASFR inventory is now prioritized by Refund Hold (priority 0) and the number of weeks (1-6) since RH indicator was set. The weeks are called "buckets." The remaining priorities are by Tax Year with various categories for Net Tax Due which are called "buckets." The Priority Charts below outline Refund Hold and Non-Refund Hold prioritization.

Refund Hold Priority Chart						
Bucket - Weeks since RH Indicator						
Priority	1	2	3	4	5	6
0 Any Year						
Non-Refund Hold Priority Chart						
Bucket - Net Tax Due						
	1	2	3	4	5	6
	Net Tax Due Over 100K		Net Tax Due \$50,000 - \$99,999		Net Tax Due Less than \$50K	
Priority	Multiple Module	Single Module	Multiple Module	Single Module	Multiple Module	Single Module
1 TY 2012						
2 TY 2011						
3 TY 2010						
4 TY 2009						
5 TY 2008						
6 TY 2007						

3. ASFR will issue Priority 0 first. Priority 1 is issued 2nd. Priority 2 will not be issued until all Priority 1 have been started. Priority 3 will not be issued until all of Priority 2 have been started. ASFR will work only 1 module per taxpayer. All related modules will be suspended pending resolution of the one started year. The "Hold" status for multiple modules where 1 module is started will be Status 734. See also 5.18.1.7.11.65 for explanation of Status 734.

Note:

Toll free assistors must ensure full compliance is performed to let the taxpayers know there are other unfiled years that may be enforced at a later date.

4. The ASFR screen "Priority" field will be displayed as Priority/Bucket. IE: 0/1 for RH/1 week since RH indicator; 1/2 for TY 2010 for single module with Net Tax due over \$100K.

Note:

Since ASFR prioritization of inventory changed in June 2012, if there was already a started module when the new change was initiated, a more current TY could possibly be suspended due to the already started module. IE: TY 2009 was already started on ASFR when TY 2010 came on, TY 2010 would be suspended to the "Hold" status, Status 734. This scenario will happen most often when the new tax years are brought on after tax year changes.

5.18.1.3.3 (10-01-2005)**ASFR Selection Codes**

1. Direct assignment of TDIs occurs systemically on the certain selection codes. See Document 6209 for a list of all select codes.
2. Selection Codes are not part of new module validation. See IRM 5.18.1.8.

5.18.1.3.4 (01-25-2008)**ASFR Reassignment from 8000**

1. The Collection assignment code is changed from 8000 when all open TDIs are closed.

5.18.1.3.5 (10-01-2005)**Tax Delinquency Investigation (TDI) Supplement Information**

1. When a module is sent to ASFR, Master File TDI supplements (IRP information) are also sent. TDI supplements include the Information Returns Program (IRP) data, taxpayer entity data, and, when available, information from the last return filed (LRF).

5.18.1.3.6 (09-04-2014)**Access to ASFR**

1. Only employees and managers assigned to the ASFR function, PAS or Quality Review Analysts, System Administrators, ASFR programmers and Headquarter analysts have access to the ASFR system. If access is requested by other employees, contact must be made with Headquarters.
2. In order to obtain access, an on-line 5081 must be input and approved by management requesting access to the "ASFR-TCC" production system.
3. Access to ASFR requires two separate ID and passwords. The first login ID and password gains the user access to the operating system. The second employee number and password gains the user access to the ASFR application.
4. Currently ASFR has the following types of users:
 - ASFR users - ASFR users can update to allow all normal processing and can generate all prints.
 - Key ASFR users – Key Users can update to statuses that deviate from normal processing, and can generate all prints.
 - ASFR Managers – Managers have the same abilities as Key Users. They also can update the Setup menu, generate listings of any Status, and query other information through the managers menu.

Access is granted based on the information in the Special Instruction Section of the Online Form 5081 add user request. If a non-key user is allowed "key" access, they should submit a "modify profile" Online Form 5081 request and state this in the instructions section.

5. For more specific information on how to obtain access to ASFR, refer to the ASFR Help Desk Handbook. The Handbook is available electronically and is distributed to all ASFR functions.

5.18.1.3.7 (12-10-2009)**Payer Agent/High Dollar Coordinator**

1. Each campus must designate a Payer Agent/High Dollar coordinator(s). The coordinator(s) is responsible for ensuring that modules in Status 007, and 038 are worked expeditiously. *IRM 5.18.1.7.11.3.* and *IRM 5.18.1.7.11.13.* The coordinator is also responsible for referring EINs to the National Payer Agent Coordinator for inclusion on the National Payer Agent File. See IRM 4.19.3.
2. The Service Center Recognition/Image Processing System (SCRIPS) stores and retrieves digitized images of IRP documents and interfaces with the IDRS system. SCRIPS system errors have been identified where non-monetary information (social security number, or state identification number) was included in dollar amount fields. Users should use extreme care when reviewing income on Form 1099-MISC. Income amounts for Attorney Fees, Fishing Income, or Crop Insurance that exceed \$10,000,000 may be incorrect.

5.18.1.3.8 (05-20-2011)**Internal Revenue Manual and Publication References**

1. ASFR function follows guidelines for the Taxpayer Advocate Program (IRM 13.1), Processing Timeliness (IRM 3.30.123) and (IRM 21.3.3.4.17.1.1) Correspondence Guidelines.
2. The following additional IRMs are listed for convenience for in depth research required to resolve unusual technical issues not covered in the ASFR IRM. This research may be performed by the Lead per campus option. When reference to one of the related IRM is required for ASFR processing, the complete IRM reference will be stated in this IRM. This list is not inclusive.
 - IRM 2.3, IDRS Terminal Responses
 - IRM 2.4, IDRS Terminal Input
 - IRM 4.19.10, Campus Examination Operations
 - IRM 4.19.3, IMF Automated Underreporter Program
 - IRM 5.19.1.6, Balance Due
 - IRM 5.19.2, Return Delinquency
 - IRM 3.11.6, DP Tax Adjustments
 - IRM 4.13.1, Audit Reconsiderations
 - IRM 25.6 Statute of Limitations
 - IRM 20.1 Penalty Handbook
 - IRM 20.2 Interest Handbook

- IRM 25.12.1, Refund Hold
- IRM 11.3, Disclosure
- IRM 3.12, Error Resolution
- IRM 3.17, Accounting
- IRM 21, Customer Account Services
- Publication 17
- Package X
- Document 6209

5.18.1.3.9 (10-01-2005) ASFR Security System

1. The ASFR system is designed to protect taxpayer data from unauthorized disclosure. All users are responsible for protecting taxpayer data. Users should only access data needed to perform their duties. Any infraction should be reported to management. See IRM 11.3 for disclosure guidelines. Additionally, users must safeguard their password.

5.18.1.3.10 (10-01-2005) Protection of Taxpayer Accounts

1. Prevent unauthorized disclosure of taxpayer information by following the guidelines in IRM 11.3 (Disclosure).
2. For additional information regarding unauthorized access (UNAX), refer to the Supplemental Guide for IRS' Awareness Briefing on Unauthorized Access-UNAX for additional information or contact the Office of the Privacy Advocate's, UNAX Program Office on 202-283-UNAX.

5.18.1.3.11 (12-30-2011) Federal/State Exchange Program

1. The Federal/State exchange program for ASFR is systemically performed. All disclosure related questions should be referred to the Disclosure Help Desk 1-866-591-0860.

5.18.1.4 (01-25-2008) Identifying Tax Delinquency Accounts (TDAs) Assigned to ASFR (8000)

1. Only stand alone TDI accounts can be systemically assigned to 8000. However, while in 8000, associated modules can move into TDA Status (Status 22, 24, 26). When there are both TDI modules and TDA modules, the account is called a Combo account. When an account becomes a Combo account, ASFR assigns priority "1" to the TDI module. *IRM 5.18.1.3.2*. The following lists identify ASFR combo cases.
 - ASFR 423 List- *IRM 5.18.1.4.1*.
 - ASFR 400 List- *IRM 5.18.1.4.2*.

5.18.1.4.1 (05-19-2009) ASFR 423 List—TDA Assigned to Assignment Number 8000

1. The ASFR 423 lists certain accounts assigned to 8000 where the assignment should be changed. *IRM 5.18.1.8.3.8. IRM 5.18.1.4.3*. This list contains two types of accounts:
 - A. Stand-alone TDAs
 - B. Combos with one module in Status 007, 010, 011, 012, 056, 080, 093, 380, 381, and 385.

Work this list upon receipt. This list is generated weekly.

5.18.1.4.2 (01-25-2008) ASFR 400 List—IDRS Research Failed List

1. Information is noted on the ASFR 400 list as information item. Follow the instructions on reassignment of accounts in 8000 below. *IRM 5.18.1.8.3.1*.

5.18.1.4.3 (05-19-2009) ASFR 423 List processing

1. While Combo cases cannot be assigned to 8000, there will be accounts that become combo after the assignment to 8000 has occurred. These cases are priority cases for ASFR processing.
2. The ASFR 423 listing contains cases with accounts in both TDA (status 22, 24, 26) and TDI modules that are on ASFR. The ASFR 423 listing is generated weekly and only contains Combos in ASFR unworkable statuses.
3. Cases in ASFR non workable statuses: 007, 010, 011, 012, 093, 080, 056, 355, 380 and 385 should be processed based upon those status instructions as the list is received to ensure continued ASFR processing. Follow *IRM 5.18.1.7.11*. references to process the statuses listed.
4. Once assessed on ASFR and the entire account is TDA these cases will be systemically reassigned to the appropriate function.

5.18.1.5 (09-04-2014) CP 36Cs and CP 36Zs

1. A CP 36Z is generated and sent to Files when a TC 976 posts on a module where an ASFR **Dummy** return has posted. Files will pull the return, attach the CP 36Z to the front of the return and route the return to the ASFR Operation, Department or Team.

Note:

If CP36Zs are not being received, open a ticket.

2. A CP 36C is generated when a TC 976 posts on a module where an ASFR **Dummy** return has posted. The CP 36C prints at the campus based on the DLN of the TC 150. TC 150s posted with Philadelphia or Memphis DLNs are printed at Brookhaven. The CP 36C is routed to the ASFR Operation, Department or Team. The CP 36C is an information transcript that notifies the ASFR Operation that a return has been filed.
3. When CP 36Cs are received, but the accompanying CP36Z with the return has not been received
 - A. Research AMS for possible CIS image and print.

- B. If no CIS is available, you may be able to secure a copy of a return using CC: TRDBV.
 - C. If TRDBV reflects an MeF return, use EUP to print the return. On MeF prints, indicate "PIN on File"
4. If no return(s) are available online, input a document request for the TC 976. TRDBV is not to be used to prepare a "dummy return" if it is indicated a "PAPER" return was filed.
- A. If the document cannot be located, contact the taxpayer for a copy of the return.

5.18.1.6 (10-01-2005) **Account Maintenance (AM) Transcript**

1. AM transcripts generate when a module exists on IDRS and there exists an unresolved condition on the module. ASFR will receive AM04 and AM09 transcripts on modules assigned to 8000.
2. ASFR Recon transcripts will generate when there is a possible unresolved ASFR Reconsideration issue, when a taxpayer files jointly under the spouse's SSN.

5.18.1.6.1 (11-03-2010) **AM04 Transcripts**

1. AM04 transcripts are generated when a -A freeze (TC976) has not been released within 36 weeks. If received without the return, research AMS for possible CIS image, if the CIS is not available secure the return by both requesting the return from Files and/or contacting the taxpayer.

5.18.1.6.2 (12-30-2011) **AM09 Transcripts**

1. For ASFR cases, AM09 transcripts are generated when a credit exists on a module, and there is a TC 570 holding the credit. Either continue ASFR processing, release the credit or transfer the credit to the Excess Collection Account. See IRM 5.19.2.5.8 for instructions on transferring credits to Excess Collection Account (XSF). In addition, if the credit cannot be offset or refunded and remains on the module, a TC971 AC 296 must be input on IDRS using CC REQ77. However, if the credit/payment is offset, refunded, or moved to XSF, do not input a TC 971 AC 296.

Note:

This provides an audit trail indicating all credit(s) on the account module up to the input date of the TC 971 AC 296 have been researched and do not need to be researched again.

5.18.1.6.3 (09-04-2014) **ASFR Recon Transcripts**

1. ASFR Recon transcripts generate when TC 594 cc 084 with DLN blocking series and serial numbers 88888 or 99999 posts to a module with a prior ASFR default assessment. The transcript generates one time, in the cycle the TC 594 cc 084 posts.
 - A. Verify a valid joint return was filed.
 - B. Ensure the ASFR default assessment was reversed. If the default assessment is not reversed, follow procedures in *IRM 5.18.1.10.2.3.13.2* Filed Jointly.
 - C. If ASFR default assessment is reversed, verify all transaction codes per *IRM 5.18.1.10.2.3.13.2* are present and close the transcript "previous action".

Exception:

DO NOT input a second TC 594 cc 084.

5.18.1.7 (10-01-2005) **ASFR System Module Progression and Calculations**

1. When ASFR processing is initiated on a module, the ASFR system will calculate the proposed tax assessment, and generate both the 30-day and 90-day letters. The system will also systemically request a default assessment when the taxpayer doesn't provide a sufficient response or valid tax return.

Note:

A submission may be unprocessable for purposes of starting any period for payment of overpayment interest, but may still be valid.

5.18.1.7.1 (05-19-2009) **ASFR Dummy TC 150**

1. When an ASFR 30-Day Letter is generated, ASFR requests a TC 971 Action Code 141 post to the module. The TC 971 triggers a **dummy** return to then post. The **dummy** return posts as a TC 150 for \$.00 to the module. An ASFR **dummy** return can be identified by the literal **-SFR** to the right of the TC 150 on TXMODA. Additionally, the tax class and tax type of the DLN will be 210 with a julian date of 887, the julian date for Exam SFR is 888. An ASFR **dummy** return and an account collection assignment of 8000 signifies that the account belongs to ASFR and ASFR processing has begun. Since only one tax return can post to a tax module on IDRS, all returns filed by taxpayers subsequent to the issuance of the 30-Day Letter must be manually assessed and input to IDRS. See IRM 5.18.1.10.2.3.14. for instruction on processing filed returns.
2. When a **Dummy** TC 150 does not post, use the menu option 26 to recreate the dummy TC 150.

Note:

See ASFR Status 150 for more information. *IRM 5.18.1.7.11.57*

5.18.1.7.2 (10-01-2005) **Computing Taxable Income**

1. ASFR systemically computes taxable income on all modules.
2. For questions about a particular income type, use Publication 17 or other IRS publications for research. Treatment of income can change from year to year.

5.18.1.7.3 (10-01-2005) **Computing Tax Due, Penalties and Interest**

1. ASFR systemically calculates tax, penalties and interest due on all proposed assessments. ASFR systemically calculates tax, penalties and interest to 28 days from the issuance date of the 30-day letter.
2. If any changes are made to a module (e.g., deleting a case minor) carry change forward to case major so the correct tax is computed. *IRM 5.18.1.7.8.*

5.18.1.7.4 (05-19-2009)

Preparing and Processing ASFR Dummy Return

1. ASFR generates a TC 971 AC141 which triggers a dummy return to post to the module. No paper return exists. Do not attempt to request the DLN from files or try to associate anything with it.
2. If a dummy has not posted, request one using Option 26 on ASFR. *IRM 5.18.1.7.13.*

5.18.1.7.5 (01-28-2010)

Letter 2566 SC/CG (30-Day Letter)

1. If a module passes TIF check 1 (*IRM 5.18.1.8.2.1.*), the 30-Day Letter is systemically generated.
2. The 30-Day Letter is mailed in address correction envelopes. When the 30 day letter is undeliverable the post office will return the letter with new address information when available.
 - If the taxpayer has a POA updated to ASFR, a duplicate 30-Day Letter is systemically addressed and mailed to the POA.
3. The letter gives the taxpayer 30 days to respond. The system suspends the module for ≡ ≡ days from the date of the 30-Day Letter to allow taxpayer time to respond. ≡ ≡ ≡ ≡ suspense period is used for APO/FPO addresses.

5.18.1.7.6 (10-01-2005)

Statutory Notice of Deficiency (ASFR 90-Day Letter)

1. At the conclusion of 30-Day Letter suspense period, if there is no/insufficient response, ASFR requests TIF check 2 (*IRM 5.18.1.8.2.2.*) to ensure that ASFR processing should proceed. If a module passes the TIF check 2, ASFR generates a Statutory Notice of Deficiency (90–Day Letter).
2. The 90-Day Letter is fully automated.
3. The letter is sent by certified mail.
4. A Post Office stamped original Certified Mail List should be received from the National Print Site and maintained by the Campus for each weekly 90–day mailout. If the Certified List is not received, open a ITAMS.
5. Retire Certified Listings to the Federal Record Center after three years.

5.18.1.7.7 (01-28-2010)

Case Minor Review

1. Review of case minors occurs when a module is in certain statuses (380 or 385), or when the taxpayer responds that the case minor is not valid or when a Payer Agent issue is discovered *IRM 5.18.1.7.11.3.*

Caution:

Be aware of Payer/Agent information.

2. Delete the case minor when the payee name line(s) is obviously not the taxpayer. For example, the name line(s) contains any of the following groups:
 - Government agencies — federal, state, or local
 - School — private, public, colleges, universities, etc.
 - Charitable and tax-exempt organizations — hospitals, churches, medical centers, etc.
 - Pension Profit Sharing Plan name line(s) with the words "trustee", "trustee for", etc.
3. Consider the case minor valid (as belonging to the taxpayer) when ANY of the following conditions are present:
 - A. The taxpayer's name is the only payee name on the case minor.
 - B. The taxpayer's name appear in the first or the second name lines on the case minor.
 - C. The payee name on the case minor implies a sole proprietorship type business, or the taxpayer's occupation as shown on Form 1040, Form 1040A, Form 1040EZ, or Schedule C or F is typically operated as a sole proprietorship or small business.
 - D. The payee EIN on the case minor matches the EIN on the Schedule C or F.
4. Delete case minors when:
 - A. The payee entity contains the words "Estate of" .
 - B. The taxpayer's name is preceded by the word "by" .
 - C. The payee(s) name is obviously different from the tax account names and does not contain obvious business words, even though the SSN matches.
 - D. EIN 99–9999999, foreign income, is present and another EIN is present for the same payer. Case minor dollar amounts may vary due to currency exchange rates.

Note:

Delete the 99–9999999 case minors ONLY when both are present. Foreign Source case minors are treated the same as domestic source case minors.

5. Consider case minors with the following conditions valid:
 - A. The payer's name is garbled, missing, or incomplete.
 - B. The payee's first and last name are in a different order on the case minor.
 - C. The payee name line includes the taxpayer's title (MD, DDS, CPA, etc.).
 - D. Only a name control is showing as the payee name and it matches the taxpayer's name.
 - E. The payee second name line includes "c/o" (or a variation) followed by the taxpayer's name.
 - F. The payee name line contains obvious business words and it is determined that the payee is the taxpayer.
 - G. The literal is "AMEND" and the document does not match the original documents.

Update to Status 032 requires manual review of all other failed conditions. If other failed conditions are found, correct the condition or close the module by updating to the appropriate closure status.

A 90-day letter has been sent,

Notify the taxpayer that a revised 30-day letter is being issued.

Advise the TP to file a correct return and advise the TP that the period for petitioning cannot and has not been extended. Do not update Status out of Status 090.

5.18.1.7.9 (05-05-2014) ASFR Address Verification

1. Addresses on ASFR are systemically uploaded and refreshed from IDRS weekly.

5.18.1.7.9.1 (01-25-2008) Address Uploads

1. The IDRS and Master File address is updated when address information becomes available from a tax return processed, a notification of change of address from the taxpayer or by the National Change of Address (NCOA).

Note:

The National Change of Address (NCOA) is a United States Postal Service (USPS) database. The IRS accesses the NCOA database to update taxpayer records maintained in the automated Masterfile for the purpose of updating the IRS's mailing list. The IRS receives a copy of the entire database.

2. If the MF and IDRS addresses are updated, ASFR will receive the new entity information and update the entity on ASFR. The literal "Address Update per SIA refresh" and a Status reference code 990 will appear on the ASFR module screen.

5.18.1.7.9.2 (03-04-2011) Address Research through ADR

1. If an ASFR 30-day letter is returned undeliverable, research is performed through the Address Research (ADR). There is no manual undeliverable research performed.

Caution:

Only update modules in Status 030 to Status 040. Do not update modules to Status 040 that are in a response Status or Status 090.

Note:

Do not update modules with a Refund Hold indicator to status 040. Continue the ASFR.

2. During weekly processing, ADR processes modules from ASFR undeliverable Statuses 340, and 040, for address research. The modules are systemically moved from Status 340 and 040 to Status 342 to indicate ADR research started. *IRM 5.18.1.7.11.60*

Caution:

Do not move modules out of Status 342 unless a return is received.

3. When the modules come back from ADR, ASFR updates the status to indicate what took place.

If

ADR secures a new address or a new address is updated through SIA refresh, *IRM 5.18.1.7.9.*

Then

- The module is moved to Status 031.
- The ASFR address in the entity record is updated.

Note:

ADR updates the MF address.

No new address is found and no 30-Day Letter has been sent,

The module is moved to Status 031.

No new address is found and a 30-Day Letter has been sent,

The module is moved to Status 030 with an expired follow-up date.

Note:

Do not request ADR research again when less than 150 days have passed since the prior ADR research or if the module is in 90-day Status.

5.18.1.7.10 (01-25-2008) ASFR Archive

1. Effective June 21, 2005, an ASFR Archive database was established. The database stores all ASFR generated documentation on ASFR closed modules where a 30-day letter has been generated, and modules where the taxpayer has petitioned the Tax Court, Status 074 modules.
2. Subsequent to June 21, 2005, paper files on ASFR systemic assessments (defaults) are not available, and all ASFR generated documentation is stored on the ASFR archive database. Additionally, all ASFR generated documentation on manual assessments subsequent to June 21, 2005, is stored on the ASFR archive database, and is not associated with the manual assessments.
3. The Archive database is accessed through ASFR MENU. Choose the Archive database option. Documentation can then be queried and printed by TIN or TIN/TAX YEAR.
4. All requests for ASFR documentation on assessments subsequent to June 21, 2005 are worked by the ASFR functions as access to ASFR is required to retrieve the information.

5.18.1.7.11 (10-01-2005) ASFR Statuses

1. All ASFR inventory exists in statuses. Statuses define where the module is in the ASFR process, and if the module is workable, or non-workable.
2. ASFR uses status codes as an audit trail to document that each legal requirement is met before assessment. Statuses are also used to identify failed conditions on modules so that the appropriate actions can be taken to resolve any issues.
3. Statuses also indicate that a specific letter was sent to the taxpayer and that a return or correspondence was received.
4. HQ analysts will create new Status codes to meet new situations, and delete previously used Status codes when program enhancements and/or IRM changes occur.

5.18.1.7.11.1 (10-01-2005)

Statuses 000 and 001: Internal Use Only ASFR System Statuses

1. ASFR uses these internal Statuses during weekly new module processing, when new modules are downloaded onto the system. Status 000 and Status 001 should never appear on ASFR screen and is not shown on ASFR-211 REPORT—Status CODES in USE. *IRM 5.18.1.9.6.*
2. If Status 000 or Status 001 appears on any ASFR module, notify the team leader and system administrator to immediately shut down the system to research and correct the problem.

5.18.1.7.11.2 (10-01-2005)

Status 005: Internal Use Only ASFR System Status

1. ASFR uses Status 005 to systemically correct joint name line modules. ASFR retains the first name to the left of the ampersand (&) and deletes the secondary name to the right of the ampersand on the TDI record screen.
2. ASFR only uses filing statuses of single or married filing separately when preparing a proposed assessment for the 30-Day Letter. Status 005 is not shown on ASFR-211 REPORT—Status CODES IN USE. *IRM 5.18.1.9.6.*

5.18.1.7.11.3 (12-13-2012)

Status 007: Pre-30-Day Problem...Payer Agent List

1. The AUR function maintains the Payer Agent List. The Payer Agent List is a list of businesses by EIN who reported income and there are discrepancies in what was reported. ASFR runs a file of all the EINs on the Payer Agent List weekly against all the case minors on the ASFR database. If the EIN and the document code on the Payer Agent list matches the EIN and the document code on a case minor on a module and the module is in a pre 30-Day letter Status, ASFR systemically updates the module to Status 007.
2. Modules in Status 007 must be reviewed and updated weekly. Access the module on ASFR and review the Comments. Comments contains information on which case minors were filed by businesses on the Payer Agent List.

If	Then
Four or less matches are found	all the case minor sequence number will appear in Comments.
More than four are found	the comments will state "MULTI PAYER AGENT-MANUAL SEARCH. and manual review of all case minors is required."

3. Access the ASFR Payer Agent file by accessing Option 10 on the ASFR menu or by accessing Option 15 on the Tax Module screen. *IRM 5.18.1.7.13.*
4. Determine if the case minor should be amended, eliminated entirely, or left untouched based on the Payer Agent List information.

Caution:

SCRIPS system errors have been identified where non-monetary information (social security number, or state identification number) was included in dollar amount fields. Users should use extreme care when reviewing income on Form 1099-MISC. Income amounts for Attorney Fees, Fishing Income, or Crop Insurance that exceed \$10,000,000 may be incorrect.

5. If eliminating the case minor, code the non-add field on the case minor with a "B."
6. Correct the case major based on all changes made to the case minor. For example, if interest income is being deleted based on Payer Agent information, then that amount of interest income must be deleted from the interest field on the major record. *IRM 5.18.1.7.8.*

If	Then
The change results in net tax due of $\equiv \equiv \equiv$ or more,	A. Update module to Status 031. B. Add a note in the remarks field on the bottom of the case minor record to indicate the action taken and why. C. On the ASFR module screen, clear the COMMENTS field .
The change results in net tax due of less than $\equiv \equiv \equiv \equiv \equiv$	A. Update module to Status 071.

Caution:

The case major record does NOT systemically update when a change is made to a minor record. Always correct the case major manually.

7. To add the case minor to the ASFR Payer Agent file, use the ADD option listed on the ASFR Payer Agent menu.
8. Modules placed into Status 007 have a 7 day follow-up and will appear on the ASFR-424 LIST NO ACTIVITY. Work modules in Status 007 weekly.

5.18.1.7.11.4 (10-01-2005)

Status 010: Pre-30-Day Problem (CI/Exam Review Needed)

1. Status 010 indicates that CI/Exam review is required.
2. Modules are placed in Status 010 during weekly new module validation. *IRM 5.18.1.8.1.)* when at least one of following conditions is met:
 - Primary TDI code of "T" for Examination
 - Primary TDI code of "U" for Criminal Investigation
 - TDI Case Code of 3949 from Criminal Investigation request
 - TDI Case Code of 914 intelligence freeze
 - TDI Case Code of 5346 from Examination request
3. ASFR processing is not terminated on the Criminal Investigation and Examination modules. Research modules on IDRS for freeze conditions, fact of filing, or significant TSIGN(s). If necessary, forward ASFR transcripts on Form 3210, Document Transmittal, to Examination or Criminal Investigation for review.

If	Then
Module selected by Criminal Investigation	Update to Status 063. <i>IRM 5.18.1.7.11.21.</i>
Module is selected by Examination	Update to Status 064. <i>IRM 5.18.1.7.11.22.</i>

Criminal Investigation or Examination advises to continue normal processing

Update the module to Status 032, if the module was previously in Status 039 and when no 30-Day Letter was issued.

Note:

Update to Status 032 requires manual review of all other failed conditions. If other failed conditions are found, correct the condition or close the module by updating to the appropriate closure status

Update the module to 091, if the module was previously in Status 099 and when a 30-Day Letter was issued, but a 90-day has not been issued. Update the module to Status 104, if the module was in Status 097 and a default should be input. Input Comments that CI or Examination advises to continue ASFR processing.

4. These modules appear on the ASFR-424 LIST-NO ACTIVITY if no action takes place within 45 days. IRM 5.18.1.8.3.9.

**5.18.1.7.11.5 (06-21-2013)
Status 011: Centralized Insolvency Office (CIO) (Formerly Technical Support Function)**

1. Status 011 indicates that Centralized Insolvency (-V Freeze) or Advisory Group (-W Freeze) is working the bankruptcy issue.
2. Status 011 modules meet at least one of the following:
 - Bankruptcy indicator is 1 on TDI record(s)
 - Primary TDI code is "Q" bankruptcy

Note:

Bankruptcy conditions may also be identified during the TIF checks. Reversal of the TC 520 does not always indicate the module is released from protection of the Bankruptcy Court which prohibits further assessment for the tax years of the bankruptcy.

3. Update modules with -V Freeze to Status 717 to close the module. DO NOT UPDATE -V FREEZE TO STATUS 011. Insolvency modules are identified by an unreversed TC 520 on the module. An entity freeze code is created at MF by the TC 520 and shows on IDRS as a -V or -W freeze. See Document 6209, Chapter 8 for more information on Freeze codes. See 21.5.6.4.44 for additional instruction on -V Freeze and 21.5.6.4.46 for -W Freeze.
4. Research IDRS.

If
There is no indication of bankruptcy on IDRS (no TC 520 or TC 521 on TXMOD)

Then
Update the module to Status 032, if the module was previously in Status 039 and when no 30-Day Letter was issued.

Note:

Update to Status 032 requires manual review of all other failed conditions. If other failed conditions are found, correct the condition or close the module by updating to the appropriate closure status.

There is a TC 520 or TC 521

Update the module to 091, if the module was previously in Status 099 and when a 30-Day Letter was issued, but a 90-day has not been issued. Update the module to Status 104, if the module was in Status 097 and a default should be input. Contact the appropriate SB/SE Area Office CIO or Advisory Group (formerly Technical Support Function) for disposition of the case. Verify the Document Locator Number (DLN) of the TC 520 before contacting either CIO or Advisory.

CIO or Advisory advises termination of the ASFR module

- Transfer the case to CIO or Advisory.
- Update ASFR module to Status 063.
- Prepare Form 3210 and forward ASFR case to the appropriate Technical Support Function office.

TC 520 has posted and ASFR has issued a 90-Day Letter,

- Contact Centralized Insolvency ¶ ¶ ¶ ¶ for - W Freeze modules.
- No default assessment can be made until 60 days after a TC 521 has posted.
- Modules that were in Status 090 and a TC 520 posts to IDRS, will fail to Status 097. Do not update modules from Status 097 to Status 104, until 60 days after a TC 521 posts.
- Update module to Status 080, when the assessment cannot be input. Update the tax Module screen with comments that there is an open TC 520, and the default cannot be input.

No response is received from CIO or Advisory request for advice within 30 days

- Refer the case to campus revenue officer or designee for Territory Office contact regarding module disposition.
- If CIO or Advisory are still not responsive, ASFR management should contact the respective area.

IF

Then
The ASFR Bankruptcy Coordinator will reverse the assessment and establish an IDRS control base for continued monitoring

Insolvency identifies a case that has been assessed by ASFR in violation of the automatic stay they will contact ASFR to make an adjustment.

- A. When the campus is contacted to abate the default, then the coordinator will abate the default and monitor the case until the TC 521 posts.
- B. The ASFR Bankruptcy Coordinator will address the TC 521 using the below guidelines.

Guidelines for TC521:

- An assessment by default cannot be input without Insolvency approval. If Insolvency approves of the assessment by default then the ASFR Bankruptcy Coordinator will document the approval on the case history sheet and on AMS.

5. Request to rescind a 90-Day Letter by CIO or Advisory must be in writing and must be signed by delegated Campus authority.

5.18.1.7.11.6 (12-30-2011)

Status 012: Advisory Group (formerly Technical Support Function Review (Field Contact) -W Freeze

1. Status 012 indicates that contact has been made with Centralized Insolvency Office (CIO) or Advisory and they require additional time to review the module – W Freeze Advisory, -V Freeze CIO.
2. Manually update modules to Status 012 only after initial contact is made with CIO or the Advisory Group in the Territory Office. This is a suspense Status indicating that additional CIO or Advisory Group field research is needed. See 21.5.6.4.46 for additional instruction on –W Freeze.
3. Modules in this Status are suspended for 60 days before they appear on ASFR-424 LIST-NO ACTIVITY. *IRM 5.18.1.8.3.9.*
4. Status 012 cases appearing on the ASFR 424 LIST-NO ACTIVITY with –V freeze are to be removed from ASFR without further contact with CIO by moving the case to Status 717.

5.18.1.7.11.7 (10-01-2005)

Status 015: Ineligible ASFR (Await Closure of Active ASFR Module)

1. Status 015 indicates that the module does not meet ASFR criteria.
2. Modules are placed in Status 015 systemically during new module processing (weekly) when they have failed the module validation and there is another module(s) on the same taxpayer that is progressing through the ASFR system. Status 015 has a 120 day follow-up.
3. At the conclusion of the 120 day suspense period, the system will examine the entity again to determine if the related module is still present or not. If the other module is still OPEN on ASFR, the system will move the Status 015 module into Status 016.
4. When the valid module(s) is no longer present or is in a satisfied (closed) ASFR Status, the Status 015 module will systemically move to Status 762 for reassignment of the account from 8000.

5.18.1.7.11.8 (10-01-2005)

Status 016: Ineligible ASFR (Additional 60-Day Extension From Status 015)

1. Status 016 is an extension of Status 015.
2. Status 016 gives an additional 60-day extension for modules in Status 015. These modules are systemically monitored for closure of the valid module.
3. When the valid module(s) is no longer present or is in a satisfied (closed) ASFR Status, the Status 016 module will systemically move to Status 762 for reassignment of the account from 8000.

5.18.1.7.11.9 (10-01-2005)

Status 030: 30-Day Letter Created (30-Day Mailout)

1. Status 030 indicates that a 30-Day Letter has been generated.
2. Modules are systemically moved into Status 030 (from Status 032 and Status 035) after passing TIF check 1. *IRM 5.18.1.8.2.1.*

Note:

The Status 030 date is not the date of the 30-Day Letter. Access the Audit screen, option 04 on ASFR to determine the mailout date.

IRM 5.18.1.7.15.

5.18.1.7.11.9.1 (06-21-2013)

ASFR 30-Day Letter

1. The ASFR 30-Day Letter is automated. The 30-Day Letter consists of:

- 30-Day Letter 2566SC/CG
- Tax Calculation Summary
- Explanation of Penalties and Interest
- Taxpayer Consent Form- Waiver
- Summary of the Income Sources
- Publication 1
- Publications 5 and 594
- Notice 609
- Cover Sheet
- Return envelope

Note:

If there is allocated tips income, 2504 , Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment, is added to the Letter.

5.18.1.7.11.10 (01-25-2008)

Status 031: Pre-30-Day IDRS

1. Status 031 indicates that the module is workable and unstarted. All unstarted Status 031 is unassigned or Corporate Inventory. When a site requests starts, the started modules become assigned to that site. Status 031 modules may be assigned if the modules were updated to Status 031 by an employee.
2. The ASFR system systemically places modules in Status 031 when new modules have passed new module validation. *IRM 5.18.1.8.1.*
3. Modules are manually moved into this status when an employee corrects/perfects a module or completes needed research on the new module (e.g., UD research, Exam review etc.) and they have determined that the module is now ready for TIF check 1. *IRM 5.18.1.8.2.1.*
4. Modules remain in Status 031, in priority order, until requested for IDRS research, TIF check 1, prior to issuing the 30-Day Letter.

5. Management uses the manager's menu to indicate the volume of modules selected for research TIF check 1 (preparing the modules for the 30-Day Letter action). *IRM 5.18.1.8.2.1*. Modules will be selected based on ASFR prioritization.
6. ASFR Prioritization is systemic. *IRM 5.18.1.3.2*.
7. During the next week's processing, the modules move from Status 031 into:
 - Status 035, Status 030, passed TIF check 1, 30-Day Letter created
 - Status 032, Status 030, passed TIF check 1, 30-Day Letter created
 - Status 039 - failed TIF check 1, research and resolve manually

Note:

Associated modules regardless of priority will be selected when a module with a higher priority is selected. This means that there may be times when a larger number of 30-day letters are generated than the number of modules management requested.

5.18.1.7.11.11 (10-01-2005)

Status 032: PASSES IDRS CHECK, Issue 30-Day Letter

1. Status 032 indicates that the module passed TIF check 1. *IRM 5.18.1.8.2.1*.
2. Modules are systemically moved to Status 032 when they pass TIF check 1. *IRM 5.18.1.8.2.1*. The modules will move to Status 030 the same week, it moves to Status 032.

Note:

Status 032 should not appear on the ASFR 201 Report.

3. The volume of 30-Day Letters requested will be systemically determined based on the number of modules that passed TIF check 1.

5.18.1.7.11.12 (10-01-2005)

Status 035: Cancel Previous 30-Day Letter, Reissue

1. Status 035 indicates that a 30-Day Letter has been requested.
2. This Status is generated by an ASFR program, when an entire batch of 30-day letters needs to be re-created. This happens when:
 - A. an erroneous mailout date was entered on the reports, or
 - B. the file was not received or processed timely by the National Print Site.
3. This status is also used by employees to bypass TIF check 1 and generate a 30-Day Letter.

Note:

CAUTION must be used when updating to 035, as all validation performed by the TIF check 1 must be manually performed.

4. If modules were in Status 030, the follow-up date will be **RESET**.

5.18.1.7.11.13 (12-10-2009)

Status 038: Tax Assessments over \$100,000

1. Unstarted modules with potential \$100K or more assessments, exclusive of tax based on stock and bonds gross sales, are systemically moved into Status 038 weekly. ASFR also generates the 430 List of all modules moved into Status 038. The 430 List must be worked weekly by each site. *IRM 5.18.1.8.3.11*
2. Review of potential over \$100K assessments will be made to ensure accurate default assessments for the ASFR program.

Note:

After review of modules, print an Administrative File for potential assessments of over \$1 Million and forward to your local coordinator.

3. Determine if Payer contact is required: Review the case minors on ASFR and the information on IRPTR and SUPOL to ensure accuracy. If there is a case minor that is apparently erroneous, i.e. obvious decimal point error, or obvious Payer Agent transmission error ie: Payer EIN transmitted as amount of income, research the Payer Agent List. If the EIN is on the Payer Agent List, follow the Status 007 procedures. *IRM 5.18.1.7.11*. If the EIN is not on the Payer Agent List, contact payer for verification of income. If the payer verifies the income or there is no response from the payer within 30 days from the date the request was sent, update module to Status 031. If the payer states that there is an error on the case minor, follow Status 007 procedures to correct the module. *IRM 5.18.1.7.11*. Input comments on ASFR that Status 038 research was completed. You may also compare prior year information, if available, and look for inconsistency between tax years. If prior year income was significantly lower and there appears no justification for the spike, contact employer to ensure documents are correct. Follow the chart below for examples of possible incorrect payer data.

Caution:

SCRIPS system errors have been identified where non-monetary information (social security number, or state identification number) was included in dollar amount fields. Users should use extreme care when reviewing income on Form 1099-MISC. Income amounts for Attorney Fees, Fishing Income, or Crop Insurance that exceed \$10,000,000 may be incorrect.

IF	THEN
Last filed year had income less than \$100,000	Contact employer to determine if delinquency year wages are correct
Delinquency year wages were received from a restaurant and are less than \$10,000, Allocated tips are over \$1 million,	contact employer.
Taxpayer is over 65 and prior year income was less than \$100,000	Contact employer if wages are now over \$1 million
No prior return filing information is available	Contact employer to verify data on delinquent year

Note:

The above chart depicts examples only, dollar amounts may vary.

Note:

Prior to contacting payers to verify information reported for a specific taxpayer - IRC 7602 requires Third Party Contact notification requirements have been met, see IRM 5.1.17. Issuance of CP 518 includes advance notification of possible Third Party Contact, meeting requirements for contact in addition to generating a TC 971 AC 611.

Note:

Input a comment on ASFR indicating the action taken. IE: Notate if the employer was contacted, quote sent, annotations should indicate case minor information.

A. Verifying/Conducting Third Party Contact:

IF	THEN
CP 518 was issued on TY in question within the past 12 months	A. Contact payer to verify reported income. B. Prepare and submit Form 12175 per 5.1.17.5
CP 518 was not issued on TY in question within the past 12 months	A. Issue letter 3232C Third Party Contact notification, input TC 971 AC 611 2 B. Ten days after letter mail-out date, contact payer to verify reported income. C. Prepare and submit Form 12175 per 5.1.17.5

B. If it is determined the potential \$100K assessment is due to Payer Agent data follow *IRM 5.18.1.7.11.3*.

Note:

Appropriate movement out of 038 is restricted to managers and key techs

C. If it is determined the proposed assessment is accurate move case to Status 032 if appropriate to continue ASFR processing.

D. If there are no apparent issues with the ASFR case minors, then do the following:

IF	THEN
There is a W-2, or a 1099 of any kind with income over \$1,000,000 and it is apparent that the income is accurate, i.e. gambling winnings from a casino, NEC paid to a doctor from an insurance company, etc.,	Update module to Status 031. Input comments on ASFR that Status 038 research was completed. Research prior year IRP. A. If prior year IRP shows income within 50% of the income shown as ASFR total income (Multiply the prior year income by 1.50. If the ASFR income is less than the result, consider income reported accurately.), update module to Status 031. Input comments on ASFR that Status 038 research was completed. B. If prior year IRP shows income less than 50% of the income shown as ASFR total income, (Multiple the prior year income by 1.50. If the ASFR income is greater than the result, payer contact is required.), contact payer who reported income over \$1,000,000 to verify income. If the payer verifies the income or there is no response from the payer within 30 days from the date the request was sent, update module to Status 031. Input comments on ASFR that Status 038 research was completed. If the payer states that there is an error on the case minor, follow Status 007 procedures to correct the module. <i>IRM 5.18.1.7.11.3</i> . C. If there is no prior year IRP available, contact payer who reported income over \$1,000,000. If the payer verifies the income or there is no response from the payer within 30 days from the date the request was sent, update module to Status 031. Input comments on ASFR that Status 038 research was completed. If the payer states that there is an error on the case minor, follow 007 procedures to correct the module. <i>IRM 5.18.1.7.11.3</i> .
There is a W-2, or a 1099 of any kind with income over \$1,000,000 and it is not apparent that the income is accurate, i.e. gambling winnings from a casino, NEC paid to a doctor from an insurance company, etc.,	Research prior year IRP. A. If prior year IRP shows income from the same payer within 50% of the income shown in ASFR year (Multiply the prior year case minor income by 1.50. If the ASFR same payer case minor income is less than the result, consider income reported accurately.), update module to Status 031. Input comments on ASFR that Status 038 research was completed. B. If prior year IRP shows income from the same payer less than 50% of the income shown on the ASFR case minor, (Multiply the prior year case minor by 1.50. If the ASFR case minor income is greater than the result, payer contact is required.), contact payer who reported the largest amount of the total income to verify income. If the payer verifies the income or there is no response from the payer within 30 days from the date the request was sent, update module to Status 031. Input comments on ASFR that Status 038 research was completed. If the payer states that there is an error on the case minor, follow Status 007 procedures to correct the module. <i>IRM 5.18.1.7.11.3</i> . C. If there is no prior year IRP available, update to Status 031. Input comments on ASFR that Status 038 research was completed.
There is no one W-2, or a 1099 of any kind with income over \$1,000,000	

Note:

Third party contact procedures must be followed prior to contacting the payer. *IRM 5.18.1.10.2.3.11*.

**5.18.1.7.11.14 (10-01-2005)
Status 039: FAILED IDRS Analysis, Pre-30-Day Letter**

1. Status 039 indicates that the module has failed TIF check 1. *IRM 5.18.1.8.2.1*. These modules were previously in Status 031.
2. Modules in Status 039 will appear on the **ASFR-400 LIST—IDRS RESEARCH Failed LIST** for resolution. *IRM 5.18.1.8.3.1*.
3. Modules in Status 039 have a 45-day suspension. If the modules remain in Status 039 beyond 45 days, they will appear on the **ASFR-424 LIST—NO ACTIVITY LIST**. *IRM 5.18.1.8.3.9*.

Caution:

Never manually update a module to Status 039.

**5.18.1.7.11.15 (08-28-2013)
Status 040: ADR Research Requested**

1. Status 040 indicates that Undeliverable, ADR, research has been requested. *IRM 5.18.1.7.9.*
2. When a module in Status 030 is returned from the Post Office as Undeliverable, update the status to Status 040.

Exception:

Do not update modules with a Refund Hold indicator to status 040. ASFR does not forward Refund Hold to ADR for research. Research for a newer address on CC ENMOD and update ASFR if a new one is found. Continue ASFR even if a new address is not found.

Note:

Consider **Refused, Deceased** returned 30-day letters, or any other statements written on a returned 30-Day Letter, correspondence. *IRM 5.18.1.10.2.1.1.*

Note:

Do not update to Status 040 if the current status is 051, 080 or 093, follow Taxpayer Response procedures. *IRM 5.18.1.10.2.* Status 040 is only used when a 30-Day Letter is returned as undeliverable. If the module is not in Status 030, see Lead or Team Leader.

3. During weekly processing the status will be updated systemically to Status 342. A file of all modules updated to Status 342 will be sent to the Address Research System (ADR) to initiate Undeliverable Research. If another address is found, the ADR automatically sends a contact letter requesting that the taxpayer reply with their current address.
4. The processing timeframe for processing cases through ADR is 60 days.

5.18.1.7.11.16 (10-01-2005)

Status 051: Post-30-Day Taxpayer Paper Correspondence

1. Status 051 indicates that taxpayer correspondence was received prior to issuance of the 90-Day Letter.

Note:

This status is for taxpayer paper correspondence without returns attached only. **Do not update to Status 051 for telephone contact.**

2. Status 051 is the suspense status used when taxpayer correspondence is received and a 90-Day Letter has not been issued. Status 051 has a 60 day suspension, and will appear on the ASFR-424 LIST-NO ACTIVITY when the suspension period has expired.
3. If the correspondence is not updated to Status 051, when the Status 030 follow-up date expires, a 90-day letter will be issued.

5.18.1.7.11.17 (09-03-2010)

Status 056: Presidentially Declared Disaster Area or Terroristic or Military Action Suspense Period

1. Status 056 indicates that the taxpayer is in a federally declared disaster area or was affected by a terroristic or military action.

Note:

The deadlines for certain acts performed by taxpayers (e.g. filing and paying) and the Service may be postponed for a period of up to a year. The length of the postponement period is prescribed in the Notice (or other guidance including an IRS News Release) issued by the Service regarding a particular disaster or action. See IRM 25.6.16.

2. Status 056 suspension is 60 days. If no action is taken during the 60 days, the modules will appear on the ASFR 424-NO ACTIVITY LIST. However, the suspense period is systemically extended if the suspension period is extended beyond 60 days.
3. A utility program will identify, by ZIP codes, the impacted ASFR modules. Once identified, the utility will move the modules to Status 056. Do not manually move modules.
4. After suspense period expires, modules systemically move back to the status they were in prior to Status 056.

Note:

See IRM 25.16.1 for additional instructions if the taxpayer states they are impacted by the disaster, but are located outside the covered disaster area.

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[More Internal Revenue Manual](#)



Part 5. Collecting Process

Chapter 18. Liability Determination

Section 2. Business Returns IRC 6020(b) Processing

5.18.2 Business Returns IRC 6020(b) Processing

- 5.18.2.1 [IRC 6020\(b\)](#)
- 5.18.2.2 [What is Business Returns IRC 6020\(b\) Processing?](#)
- 5.18.2.3 [Logistics of 6020\(b\) Processing](#)
- 5.18.2.4 [A6020\(b\) Inventory Assignment and Control](#)
- Exhibit 5.18.2-1 [A6020\(b\) Processing Flowchart](#)
- Exhibit 5.18.2-2 [Status Codes](#)
- Exhibit 5.18.2-3 [A6020\(b\) 1085 Letter](#)
- Exhibit 5.18.2-4 [Pub 5](#)

Manual Transmittal

June 21, 2013

Purpose

(1) This transmits a complete revision of IRM 5.18.2, *Liability Determination, Business Returns IRC 6020(b) Processing*.

Material Changes

- (1) IRM 5.18.2.3(2) - Removed Forms 720, 1065 and 2290 from chart and updated note
- (2) IRM 5.18.2.3.3 (1) - Updated and added roles
- (3) IRM 5.18.2.3.5 (1) - Updated OFP references
- (4) IRM 5.18.2.4.3 (1) - Updated report names
- (5) IRM 5.18.2.4.4 - Updated entire section. Added new Case Status Code 015 manual instructions
- (6) IRM 5.18.2.4.5 - Updated entire section. Added new Defunct Corporation and Deceased Taxpayer instructions
- (7) IRM 5.18.2.4.6 - Updated entire section. Added new Defunct Corporation, Deceased Taxpayer, Bankruptcy and Form 941/944 instructions
- (8) IRM 5.18.2.4.6.1 - added new Incoming Phone Calls instructions
- (9) Exhibit 5.18.2-2 - Revised Status codes and names
- (10) Exhibit 5.18.2-3 - Revised Contact telephone numbers
- (11)

Effect on Other Documents

IRM 5.18.2, Liability Determination, Business Returns IRC 6020(b) Processing dated June 06, 2010, is superseded.

Audience

SB/SE employees in Compliance, who process A6020(b) returns.

Effective Date

(06-21-2013)

Rennae Ward
Director, Director, Collection Analytics, Automation, Inventory Selection and Delivery (CAISD) Enterprise Collection Strategy (ECS)

5.18.2.1 (06-01-2010) IRC 6020(b)

1. IRC 6020(b) provides a way to prepare returns and secure assessments from non-filing taxpayers who:
 - Have an open filing requirement
 - Do not file a return as required

5.18.2.2 (06-01-2010)

What is Business Returns IRC 6020(b) Processing?

1. Internal Revenue Code 6020(b) is the authority given to the Commissioner of the Internal Revenue Service to prepare and process returns for non-filing business taxpayers.

- 2. Delegation Order No. 182 (Rev. 7), extends 6020(b) authority to Internal Revenue Agents; Tax Auditors; Revenue Officers, GS-9 and above; Collection Support Function Managers, GS-9 and above; Automated Collection Branch Unit Managers, GS-11 and above; Customer Service Collection Branch Managers, GS-10 and above; and Tax Resolution Representatives, GS-9 and above.

**5.18.2.2.1 (06-21-2013)
Research Criteria for IRC 6020(b) Processing**

- 1. =====
 - A. =====
 - B. =====
 - C. =====
 - D. =====

Note:

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- E. =====
- F. =====
- G. =====

Note:

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3. =====

- A. =====
- B. =====
- C. =====

Note:

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**5.18.2.2.2 (06-01-2010)
Basis of Tax for 6020(b) Modules**

- 1. =====
 - A. =====
 - B. ===== "===== "

Figure 5.18.2-1

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- 2. ===== "===== "
 - A. =====
 - B. =====
 - C. =====
 - D. =====

Figure 5.18.2-2

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3. =====

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Note:

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4. ===== "===== "=====

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5. ===== "===== "===== =====
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Figure 5.18.2-3

TAX RETURN	RETURN TITLE	RETURN MFT
Form 940	Employer's Annual Federal Unemployment Tax Return	10
Form 941	Employer's Quarterly Federal Tax Return	01
Form 943	Employer's Annual Return for Agricultural Employees	11
Form 944	Employer's Annual Federal Tax Return	14

6. =====

7. =====

8. =====
=====

**5.18.2.3 (06-21-2013)
Logistics of 6020(b) Processing**

- Process a return under the provisions of IRC 6020(b) for Business Master File (BMF) returns if:
 - The entity appears to be liable for the return
 - The person required to file the return does not file it
 - Attempts to secure the returns fail
- The following BMF returns with corresponding Master File Tax (MFT) codes are the returns usually prepared under the provisions of IRC 6020(b):

TAX RETURN	RETURN TITLE	RETURN MFT
Form 940	Employer's Annual Federal Unemployment Tax Return	10
Form 941	Employer's Quarterly Federal Tax Return	01
Form 943	Employer's Annual Return for Agricultural Employees	11
Form 944	Employer's Annual Federal Tax Return	14

Note:

The A6020(b) program at the Ogden Campus processes Forms 941/943/944/ 940 for three (3) tax years prior to current year (2009, 2010, 2011 currently; 2010,2011,2012 starting in January 2013).

- Do NOT propose assessments on cases with the following characteristics. *IRM 5.18.2.2.1.* paragraph (1).

**5.18.2.3.1 (01-01-2008)
Federal and State Information Sharing Agreements**

- There are Federal and state information sharing agreements in existence, requiring sharing of information regarding 6020(b) assessments. Agreements usually require the sharing of information as tax returns are assessed. Be careful of unauthorized taxpayer information disclosures which will occur if you give more information than the Federal and state agreement specifies to share with the taxpayers' state of residence.
- If these agreements are active maintain the integrity of the agreement by:
 - Sharing weekly information regarding return assessments using information from the A6020(b) system
 - Providing information specified in the agreement and requested by your federal/state coordinator

Note:

There is currently no state information being used in A6020(b) processing.

**5.18.2.3.2 (01-01-2008)
A6020(b) Centralization**

1. The Ogden Campus Collections Operation is the centralization point for the Automated 6020(b) process. The automated program will be the national standard with manual procedures as a back-up in case of hardware and/or software problems. The A6020(b) system resides at the Detroit Computing Center along with the Applications Support. For current process flow see Exhibit 5.18.2-1.

5.18.2.3.3 (06-21-2013)

System Security

1. The A6020(b) system is a web-based application accessed through the Internet. There are primarily seven (7) levels of access developed initially based on user profile and can be added/revise/d/updated on an "as needed" basis. These levels are as follows:
 - administrator
 - unit manager
 - unit lead
 - tax examiner
 - guest (read only)
 - guest/PAS review (read only)
 - clerical
2. A6020(b) users are added/deleted through the Online 5081 process. There are three (3) levels of approval needed to grant/deny access. They are:
 1. unit manager
 2. application
 3. systems
3. Users are trained in how to fulfill their security responsibilities. Behavior consistent with the rules of the system and periodic refresher training are required for continued access to the system. This training is provided by the Collections Operation at the Ogden campus where the A6020(b) program is centralized. These Rules of Behavior are part of the Online 5081 system/process and users are required to sign these forms prior to being granted logical access to the system.
4. Audit trails are maintained in the application. All status code changes made to a module are stored as a history record, in the system along with the date and user who made the change. These audit trails are reviewed on an "as needed" basis.
5. An approved Business/Disaster Recovery Plan and Service Level Agreement (SLA) can be provided upon request.

5.18.2.3.4 (01-01-2008)

A6020(b) Case Selection

1. Cases are selected by the Inventory Delivery System (IDS) based on established criteria. These cases are identified by Tsign AO008600. Inventory for A6020(b) is then extracted from IDRS and uploaded to the A6020(b) system. The A6020(b) process/system also accepts referrals, via TSIGN, when "stand alone" TDIs are identified and are eligible for A6020(b) processing.

Note:

This IRM cannot be all inclusive for resources to be researched during the A6020(b) program processing. These resources may include IRM 3, *Submission Processing*, IRM 3.13, *Campus Document Services*, IRM 5.19, *Liability Collection*, IRM 20, *Penalty and Interest*, and IRM 21, *Customer Accounts Services*. Refer to the SERP website for accessing appropriate IRMs.

5.18.2.3.5 (06-21-2013)

Organization, Function, and Program (OFP) Codes for A6020(b)

1. Ogden Campus Collections Operation is responsible for working the A6020(b) inventory. Closing code 008 identifies unagreed cases and closing code 009 identifies agreed cases. Systemic action, e.g., receipts and closures, on A6020(b) cases is reported under OFP code 62900. Subfunction codes have been established as follows:
 - 810-62901 (Taxpayer correspondence responses)
 - 810-62902 (Taxpayer telephone responses)
2. A6020(b) Reconsideration closures are reported under OFP 810-62930.

5.18.2.3.6 (01-01-2008)

A6020(b) Inventory

1. A download tape from IDRS containing A6020(b) eligible cases is produced weekly and uploaded to the A6020(b) stand-alone system. Case selection based on established criteria is done by the Inventory Delivery System (IDS). Delinquent periods must be within three (3) years prior to current calendar year and must contain either a credit on the delinquent period or a "last return amount" (LRA) within established thresholds. IDS also uses this same criteria to assign cases to A6020(b) during its annual queue "clean-up" The incoming data is then directed, based on the characteristics of the case as identified in the A6020(b) load criteria, to specific statuses. The weekly mail out is prioritized by "combo" accounts and those having the largest proposed assessed amount. Once initiated into the process, the case will be systemically moved, through a series of statuses having assigned follow-up periods, to completion.

5.18.2.4 (01-01-2008)

A6020(b) Inventory Assignment and Control

1. Once accounts are Tsigned AO008600 TDI weekend processing then assigns a A6020(b) -ACCT-IND to the account entity. This code has three (3) values:
 - 0 = no 6020(b) activity
 - 1 = 6020(b) activity
 - 2 = associated TDA (combo account needing priority processing)
2. An A6020(b)-MOD-IND is assigned to any tax period (TXMOD) meeting A6020(b) processing criteria. The 6020B-MOD-IND has two (2) values:
 - 0 = no 6020(b) activity
 - 1 = 6020(b) activity
3. When these cases upload to the A6020(b) system IDRS generates an "OPENING" record to the A6020(b) system.

4. During weekend TDI processing if a change occurs on an account assigned to A6020(b), a "REFRESH" and/or "CLOSING" record will be sent to the A6020(b) system to update the module appropriately.
5. Generation of weekly Letter (L) 1085, see *Exhibit 5.18.2-3*, is based on request, via the Electronic File Transfer Utility (EFTU), by the manager and/or lead following an established schedule which is subject to change. Included with the Letter (L) 1085 is the taxpayer appeal rights, Publication 5, see *Exhibit 5.18.2-4*.
6. These 1085 ltr packages are printed by the National Print Site West (Ogden) through the Notice Delivery System (NDS).

**5.18.2.4.1 (01-01-2008)
A6020(b) Case Characteristics**

1. Cases on A6020(b) will be assigned a status as follows:
 - -L,-Z freeze codes (will be closed via Standardized IDRS Access, SIA, to either Exam or Criminal Investigation)
 - TDA-IND set to 1 (combo case requiring acceleration through the process)
 - -O, -C freeze code (case will be directed to a holding status until freeze is lifted)
2. If the above characteristics are not present, incoming cases from IDRS will be assigned a status indicating ready for mail out or needs additional manual perfecting.

**5.18.2.4.2 (01-01-2008)
A6020(b) Status Codes**

1. The A6020(b) inventory has several different status codes, see *Exhibit 5.18.2-2*, used for assignment depending on:
 - Characteristics of the case
 - Progression of the case within the automated system

**5.18.2.4.3 (06-21-2013)
A6020(b) Reports and Reject and Error Listings**

1. The A6020(b) system generates the following weekly reports for inventory management:
 - All Status Codes for all Modules Report shows the number of modules in each status on the A6020(b) system
 - Weekly MIS Report shows weekly receipts, closure (by entity and module count) types, and ending inventory in terms of "started" and "unstarted" inventory (module count only)
2. The A6020(b) system will reject any entity trying to load from IDRS if the load criteria is insufficient/invalid. The A6020(b) system will assign to an error status any module having insufficient/invalid criteria. Listed below are the reject and error categories, along with status, description of reject/error.

Note:

Those with an * are conditions addressed systemically.

LISTING STATUS	EXPLANATION
REJECT 850/860*	Employment codes F, T, G; 6020b-ACCT-IND not 0, 1, 2; invalid TDA indicator; account to be sent weekly via "tickler" file to IDS for reassignment
ERROR 700	Invalid TDI status code; see <i>IRM 5.18.2.4.4</i>
ERROR 701*	Invalid 6020b Module Indicator; TBD
ERROR 702*	Transaction code not numeric; TBD
ERROR 703*	Invalid tax period date; TBD
ERROR 704*	Invalid transaction code 592; TBD
ERROR 705	Invalid transaction code 594; see table in <i>IRM 5.18.2.4.4</i>

**5.18.2.4.4 (06-21-2013)
A6020(b) Cases Requiring Manual Perfection**

1. 001 Listings
 - A. Check CC ENMOD for date wages last paid (DWLP) or business closed date (BCD). If found, input TC 591 CC 008 on IDRS according to those dates. Close all filing requirements needed.

Note:

If taxable returns filed or deposits made after these dates, then work the case as normal.

- B. If research of CC BMFOL or CC TXMOD indicates the taxpayer is not liable, input TC 590 CC 008 or TC 591 CC 008. If there are any pending TC 59X transactions, do not work the module. IDRS will subsequently update A6020b if the account TSIGN is 8600.
- C. When working the 001 listing, modules in Status 001 will be considered for A6020b processing only if the last return assessed (LRA) data for the same MFT is within three (3) years of the earliest delinquent module on the listing

Note:

When working Forms 941 or 944, both MFTs need to be checked for LRA data.

- D. Tolerance for tax liability has been established at \$56.00 for one module or \$250.00 for two or more modules combined. If under tolerance, input TC 597 CC 008. IDRS will subsequently update A6020b if the account TSIGN is 8600.
- E. Work all modules on A6020b system in Status 001, 015 and 019. When working Status 015 modules refer to the instructions in *IRM 5.18.2.4.4(4)*. Move modules in Status 019 to Status 020 and refer to 020 listing instructions in *IRM 5.18.2.4.4(5)*.
- F. Input the wage amount to the A6020b system and change the status to 020 and input appropriate letter date

FORM/MFT	And	Instructions
Form 940 MFT 10	Wage data available	Use same year wages for Forms 941/943/944. On IDRS, use CC BMFOLW for Form 941 wages and CC BMFOL (U or R) for Form 943/944 wages. Add wages from IDRS and any on A6020b for the same year to determine the "base wage." Use the credit to determine the wages unless it results in a refund situation. See <i>IRM 5.18.2.2.2(1)</i>

Form 940 Credit
MFT 10

Note:

Use Form 941/943/944 wage data for the same year unless it results in a refund situation.

Form 940 No credit and no Form
MFT 10 941/943/944 wage data for the
same year

Input TC 597 CC –008. IDRS will subsequently update A6020b if the account TSIGN is 8600.

Use the LRA on Form 941 or Form 944. Use CC BMFOLI and BMFOLR.

Form 941
MFT 01

- If the LRA is Form 944, divide the wages by four (4) to get the LRA, then multiply the inflation factor as if the LRA was on the last quarter of LPS year.

Use the credit to determine the wages unless it results in a refund situation. See *IRM 5.18.2.2.2(1)*

Form 941 Credit
MFT 10

Note:

Use LRA wage data first unless it results in a refund situation. See *IRM 5.18.2.2.2(1)*

Form 941 No credit and no LRA data
MFT 01

Input TC 597 CC 008. IDRS will subsequently update A6020b if the account TSIGN is 8600.

Use CC BMFOLU for the same tax year first, if no W-3 or W-2 wages reported for the delinquent year, use CC BMFOLI for the LPS on Form 943

Form 943 Intentionally left blank
MFT 11

Note:

When checking CC BMFOLU, insure there are no filing requirements for Form 941 or Form 944 during the year in question. If yes, then use CC BMFOL (I and R) to get a base wage)

Form 943 Credit
MFT 11

Use the credit to determine the wages unless it results in a refund situation. See *IRM 5.18.2.2.2(1)*

Form 943 No Credit and no LRA data
MFT 11

Input TC 597 CC 008. IDRS will subsequently update A6020b if the account TSIGN is 8600

2. 003 Listings - Combo Case

Note:

Status 003 is a combo case and takes precedence over other cases requiring manual perfection; should be worked the same week it is assigned to status 003

3. 003 Listings - Combo case

- A. Check CC ENMOD and date wages last paid (DWLP) or business closed date BCD. If found, input TC 591 CC 008 on IDRS according to those dates. Close all filing requirements needed.

Note:

If returns filed or deposits made after these dates, then work the case as normal.

- B. If research of BMFOL or TXMOD indicates the taxpayer is not liable, input TC 590 CC 008 or TC 591 CC 008. IDRS will subsequently update A6020(b) if the account TSIGN is 8600.
- C. When working the 003 listing, modules in 003 will be considered for A6020(b) processing only if the LPS data, same MFT, is within three (3) years of the earliest delinquent module.

Note:

When working Form 941 or Form 944, both MFTs need to be checked for LPS data.

- D. If no LPS is found or is older than three (3) years, input TC 597 CC 008. IDRS will subsequently update A6020(b) if the account TSIGN is 8600.
- E. Tolerance for tax liability has been established at \$56.00 for one module or \$250.00 for two (2) or more modules combined per *IRM 5.18.2.2.1 (d)*. If under tolerance, input TC 597 CC 008. IDRS will subsequently update A6020(b) if the account TSIGN is 8600.
- F. Check SUMRY for balance dues in TDA status 22/24/26; regardless of MFT; Do not include balance due amounts if in any other status.
- G. Use the if/then chart below for further completion of the modules in status 003.

Note:

Modules on A6020(b) in status 020 or less are considered unstarted, status 021-050 are started, and status 060 and above are closed.

IF	And	Then
Balance due is less than \$1,500.00	Intentionally left blank	Any modules in status 001, 003, 015, 019 with prefigured wages between \$0.00-10.00 must be perfected using the instructions in <i>IRM 5.18.2.4.4(1-4)</i> . However, tolerance will remain at \$10.00 when perfecting. If unable to perfect, input TC 597 CC 008 IDRS will subsequently update A6020(b) if the account TSIGN is 8600. Update status to 020 and input appropriate letter date. Tolerance for tax liability has been established at \$56.00 for one module or \$250.00 for two (2) or more modules combined per <i>IRM 5.18.2.2.1 (d)</i> . If under tolerance, input TC 597 CC 008. IDRS will subsequently update A6020(b) if the account TSIGN is 8600.

Note:

When perfected, modules must be moved to status 020 rather than status 019 to expedite mailing of the 1085 letter package.

Balance due is more than \$1,500.00	All the A6020(b) modules are in an unstarted status or a combination of both unstarted and closed status	Update all modules in an unstarted status to status 800.
Balance due is more than \$1,500.00 and closed.	The tax periods are in a combination of un-started started	Update all modules in an unstarted status to status 007.

4. 004 Listings

Note:

Status 004 cases cannot be worked until the -C and/or -O freeze condition has been removed. Status 004 cases are worked following status 001 procedures.

5. 015 Listings Cases Requiring Manual Research and Perfection

- A. Check CC ENMOD for date wages last paid (DWLP) or business closed date (BCD). If found, input TC 591 CC 008 on IDRS according to those dates. Close all filing requirements needed.

Note:

If taxable returns filed or deposits made after these dates, then work the case as normal.

- B. If research of CC BMFOL or CC TXMOD indicates the taxpayer is not liable input TC 590 CC 008 or TC 591 CC 008. If there are any pending TC 59X transactions, do not work the module. IDRS will subsequently update A6020(b) if the account TSIGN is 8600.
- C. When working the 015 listing, modules in status 015 will be considered for A6020(b) processing only if the LPS or W-2/W-3 data for Form 941 or Form 944 are within three (3) years of the earliest delinquent module. If older than three (3) years, input TC 597 CC 008. IDRS will subsequently update A6020(b) if the account TSIGN is 8600.
- D. Tolerance for tax liability has been established at \$56.00 for one module or \$250.00 for two or more modules combined. If under tolerance, input TC 597 CC 008. IDRS will subsequently update A6020(b) if the account TSIGN is 8600.
- E. Check CC BMFOLU for the same year W-2 or W-3 wages (whichever is greater) and input wages on A6020(b), move to status 020 and input appropriate letter date.
- F. Use the if/then chart below for further completion of the modules in status 015.

IF	AND	THEN
No W-2 or W-3 data for the same year	Intentionally left blank	Check CC BMFOL (R and I) for LPS data on Form 944 or Form 941, use this as the "base wage"
LPS is on delinquent year Form 944	Intentionally left blank	An inflation factor must be added see <i>Figure 5.18.2-2</i>
LPS is on subsequent year Form 944	Intentionally left blank	No inflation factor is required.
LPS is on delinquent year Form 941 (all quarters combined)	CC BMFOLU wages for that year are less than the sum of the Form 941s	An inflation factor must be added to the Form 941 "base wage" see <i>Figure 5.18.2-2</i>
LPS is on subsequent year Form 941 (all quarters combined)	CC BMFOLU wages for that year are less than the sum of the Form 941s	Use Form 941 "base wage" no inflation factor is required.
LPS is on delinquent year Form 941 (all quarters combined)	CC BMFOLU wages for that year are greater than the sum of the Form 941	An inflation factor must be added to the CC BMFOLU "base wage" see <i>Figure 5.18.2-2</i>
LPS is on subsequent year Form 941 (all quarters combined)	CC BMFOLU wages for that year are greater than the sum of the Form 941s	Use CC BMFOLU "base wage" no inflation factor is required.
No LPS data is found	Intentionally left blank	Check CC BMFOLU for prior or subsequent year data. If found use for "base wage" and add inflation factor if needed.

- G. Input the wage amount to the A6020(b) system, change the status to 020 and input appropriate letter date.
- H. If no wages found and there is no credit on the TDI module, input TC 597 CC 008 on IDRS. IDRS will subsequently update A6020(b) if the account TSIGN is 8600.
- I. If there is both a credit and LRA liability for the module, determine if a refund situation will occur. See *IRM 5.18.2.2.2* paragraph (1).
- J. Use credit for determining only if there is no LRA liability or if there is LRA data but it results in a refund situation. *Figure 5.18.2-1*

6. 020 Listings

Note:

Modules in status 020 are computer generated and are in the process of creating the 1085 letter. However there are some instances where the modules in 020 must be manually perfected before the letter is printed.

- A. Check CC ENMOD for date wages last paid (DWLP) or business closed date (BCD). If found, input TC 591 CC 008 on IDRS according to those dates. Close all filing requirements needed and update A6020(b) to prevent generation of a letter. Refer to *Exhibit 5.18.2-2, Status Codes*, for A6020(b) status codes.

Note:

If taxable returns filed or deposits made after these dates, then leave modules in status 020 and allow the letter to generate.

- B. If research of CC BMFOL or CC TXMOD indicates the taxpayer is not liable input TC 590 CC 008 or TC 591 CC 008. If there are any pending TC 59X transactions, do not work the module. Update A6020(b) to prevent generation of a letter.
- C. Tolerance for tax liability on modules in status 020 has been established at \$10.00 for each module. If under tolerance attempt to perfect using the status 001 procedures, however, tolerance will remain at \$10.00 when perfecting. If unable to perfect, input TC 597 CC 008 and update A6020(b) to status 093 to prevent generation of a letter.
- D. Work all other modules on the 020 listing in status 001, 004, 015, and 019 follow the instructions in *IRM 5.18.2.4.4* (1-4).

5.18.2.4.5 (06-21-2013)

Clerical Duties

1. **Process** A6020(b) **default returns** using the following procedures:

Note:

A6020(b) default assessments are electronically posted to IDRS, these instructions will only apply to 6020(b) returns that need to be processed manually. The paper returns with signatures and DLNs will be routed to files.

- code return with TC599-08 along left side of return
- code return with CCC 4 at bottom center of return
- stamp with manager or other designated party signature

- if necessary stamp 6020(b) statement on bottom of return; highlight statement in yellow
- stamp the IRS received date using current date, input time under 790–62900, route to batching on Form 12634 (green router) making sure router does not cover entity portion of return

2. **Batch** incoming taxpayer correspondence and undeliverable mail per local procedures

- Written requests in response to the 1085 letter received in CSCO must be IDRS controlled within 30 days from the IRS received date and reconsideration cases must be IDRS controlled by 14 days if it cannot be immediately closed.
- All undeliverable receipts must be worked by 30 days from the IRS received date.

3. **Process undeliverable mail** using the following procedures:

- Work undeliverable mail under OPF code 790–62907
- Stamp each "X" d envelope (case) with employee IDRS number; write the EIN, MFTs, and tax periods on the envelope and what actions were taken on the case
- If the modules listed on the 1085 Ltr are not T-Signed 8600, update A6020(b) to the appropriate status if closing actions are taken
- If the account is T-Signed to an RO, move the module in A6020(b) to Status 060. Do not work. History CC TXMOD, "1085UNDEL" and "X" the undeliverable letter.
- Puerto Rico, Guam and Virgin Island cases will be moved to Status 060. Do not work and "X" the undeliverable 1085 letter.
- If a Z freeze is located on the account, move to Status 800 in A6020(b). Do not work and "X" the undeliverable 1085 letter.
- Check **ENMOD** to verify business name, address, date wages last paid (DWLP) and date business closed.
- Check filing requirements; compare open filing requirements on ENMOD with history of forms filed on **BMFOLI**. 8

Note:

A final Form 940 is not sufficient to close the Form 941 filing requirement; however, a TC 590 CC 008 could be input on the remaining Form 941 modules for the same tax year if the Form W-2 amounts on CC BMFOLU match the previously filed Form 941 amounts for the same year. A final Form 941 is sufficient to close the Form 940 filing requirement for the subsequent year as long as a Form 943 or Form 944 filing requirement is not present.

Exception:

If the taxpayer continues to file returns with dollar amounts other than zero after a final return, then liability cannot be determined and A6020(b) process would continue to secure the delinquent return.

- Address all other applicable MFTs.
- Check **TXMODA** on each module to verify there is no return or other satisfying transaction on the module

4. **Research for a new address** by checking the following:

- Envelope for forwarding address
- CC ENMOD for updated mailing address
- CC ENMOD/INOLES for X-reference with different address
- CC ENMOD for location address
- if a **new address** is found, use the chart below to complete the case. If a new address is not found, continue to the next bullet statement.

IF	AND	THEN
ENMOD was updated with a new mailing address	A new address was found in the envelope or a cross-referenced TIN	Send the 1085 letter in an envelope to the new address; history TXMOD (1085NUADRS); update modules listed on 1085 letter to status 050 on A6020(b) unless already in Status 023 or later.
ENMOD was not updated with a new mailing address	A new address was found on the envelope or a cross-referenced TIN	Send Letter 2475C to the new address with the 1085 letter as an enclosure. Do not change the ENMOD address. History CC TXMOD, 1085NUADRS: update modules listed on the 1085 letter to Status 050 on A6020(b) unless already in Status 023 or later. Use CC ENREQ to update the mailing address to match the location address. Send the 1085 letter in an envelope to the new address; history CC TXMOD, 1085NUADRS. Update modules listed on the 1085 letter to Status 050 on A6020(b) unless already in Status 023 or later.
ENMOD was not updated with a new mailing address	There is a location address different from the mailing address	Note: "" .
If Letter 2475C or second 1085 letter is returned undeliverable	CC ENMOD was updated with a newer address	Enclose the 1085 letter and/or Letter 2475C in an envelope and send to the new address; history CC TXMOD 1085NUADRS. Update modules listed on the 1085 letter to Status 050 on A6020(b) unless already in Status 023 or later.

5. If **no new address** found follow the chart below:

IF	AND	THEN
The A6020b default return has not posted and a TC599-08 is not on the account	Intentionally left blank	.Input TC 593 CC 008 to the earliest non-filed return module for each A6020b MFT; Note: If there is a credit input TC 971-296 using CC REQ77. Also, input a TC 530 CC 003 on any A6020b MFT (01,10,11 or 14) that shows a balance due. History CC TXMOD, 1085UNDEL. Balance due modules might not be included on the 1085 letter..
The A6020b default return has posted to the account	Intentionally left blank	Input TC 530 CC 003 using CC REQ77
The A6020b default return has not posted to the account	.There is a TC599-08 on the account or it is pending or A6020(b) is in Status 023	Input the TC 530 CC 003 with a delay cycle
If the taxpayer's return is posted to the account	. Intentionally left blank	Verify that A6020b is on Status 099. If not, update module to Status 096 on A6020b.""

If Letter 2475C or 2nd 1085 letter is returned undelivered .No new address is found

Input TC 593 CC 008 to the earliest non-filed return module for each A6020b MFT; history CC ENMOD (1085UNDEL or 2475CUNDEL) Follow above procedures for any default returns or credits.

6. If the undelivered 1085 letter was sent to the **POA address** , do not update A6020b, and follow the chart below:

IF	AND	THEN
There is no new POA	.Only the POA copy of the 1085 letter was returned	History CC TXMOD (1085UDLPOA)
There is a new POA address	.Only the POA copy of the 1085 letter was returned	Send the 1085 letter to the POA in a white envelope.
If both the taxpayer and POA copies are returned	Intentionally left blank	Follow the regular procedures for the taxpayer portion.

7. Deceased Taxpayer :

IF	THEN
It is a sole proprietorship	Back off any A6020b returns that have posted on modules after the date of death (DOD). Input TC 590 CC 008 on modules prior to DOD. Input TC 971 AC 296 on any credit balance modules.
It is a corporation or partnership	The remaining partner(s) and/or officer(s) are still liable to file. If unable to determine or contact, input TC 593 CC 008 on the earliest delinquent module.

8. Defunct Corporation

- If there are delinquent modules created subsequent to the date of TC 530–10 determination, input TC 590 CC 008 on A6020b modules prior to the TC 530–10 date.

5.18.2.4.6 (06-21-2013) Tax Technician Duties

1. Work A6020(b) status and/or error listings **see IRM 5.18.2.4.4** in priority order as designated by management
2. You are required to document actions taken on taxpayers accounts and/or actions promised by a taxpayer. All documentation must be done via 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. If the taxpayer responds to the L-1085 package; **prior to default assessment**, the following procedures should be followed:

IF	THEN
Taxpayer states no employees during the period in question	Input TC 590 CC 008 on each module not liable; address credit(s) per section (8) below
Taxpayer states business is closed (DBC)	Input TC 591 CC 008 on the earliest module after DBC ; close all open filing requirements; input business closing date on CC ENMOD; address credit(s) per (8) below
Taxpayer indicates Date Wages Last Paid (DWLP)	Input TC 591 CC 008 on the earliest module after DWLP; close all open employment tax filing requirements; input DWLP on CC ENMOD; address credit(s) per section (8) below Input TC 599 CC 009, code and prepare for processing
Taxpayer submits a return	Note: If a previous TC599 (closing code other than 08) is present or pending, follow instructions in next box Verify if the IRS received date on the return is within the same cycle of TC 599/610. If the date(s) are within the same cycle, code the return and send for processing. If the date(s) are not within the same cycle, input TC 594 CC 033, print input screen from IDRS and notate "Source Doc" , stamp your employee number and date of input, code return with TC 594 CC 033 and attach taxpayer correspondence behind the return, attach return behind the print to be filed in the source doc file.
Taxpayer submits possible copy of a return and the original return has not posted and the TC 599-xxx or TC 610 is less than 10 weeks	Note: If TC 599-xxx was input over 10 weeks from the current date, input TC 599 CC 009 and send the return to Submission Processing.
Taxpayer sends a signed return and the return matches the TC 150 posted to the account	X return and indicate TC 150 already posted
Taxpayer correspondence is insufficient	Contact taxpayer per telephone (do phone look-up if necessary) to clarify the information; if no telephone contact can be made continue with A6020(b) processing; send letter to taxpayer
Taxpayer states return will be filed at a later date	History the module(s) on TXMOD with the date taxpayer will file
Taxpayer states return was filed under a different Employer Identification Number (EIN)	Verify the return(s) have been filed under the new EIN; if the taxpayer filed only for the tax periods addressed on the 1085 letter input TC 590 CC 008 on those modules; if the EIN on the 1085 letter is no longer liable input TC 591 CC 008 to the earliest not liable period to close the filing requirements
Taxpayer states credit(s) on the account is intended for a different return, tax period or EIN	Transfer the credit(s) or payments(s) to the applicable return, tax period, or EIN
Taxpayer states they want a refund of the credit(s) on the account	Refer to sections (8-15) below
Response indicates the return may have posted to the wrong period and/or EIN	Attempt to secure the return per a call to the taxpayer; if a copy cannot be secured order the original using CC ESTAB; if the original cannot be found prepare a "dummy" using the information on BRTVU/BMFOLR; if the tax period is not statute expired/imminent input TC291 for the entire liability and send the return for processing on the correct EIN; if the return is statute expired follow statute procedures for account transfers
Faxed return received	Accept and process as applicable
Remittance received with a return	Complete Form 3244 , attach the remittance to the Form 3244 and give to Lead or Manager, code and process the return using regular procedures.
Taxpayer indicates possible identify theft	Input TC 591 CC 008 (and a total abatement if response addresses a reconsideration); refer the case to the local fraud coordinator for potential follow-up action

Note:

If the taxpayer gives a corrected address or includes telephone number, update CC ENMOD with the correct information.

4. process taxpayer responses received **subsequent to a default assessment** as follows:

IF	AND	THEN
Taxpayer states no employees during the	Intentionally	Input TC 590/591 CC 008 to IDRS depending on the response; address all filing requirements if business is closed; input closing date on ENMOD; input TC291 adjustment using figures from TXMOD to remove all tax and wages; use blocking series 18 and source doc (telephone contact sheet and/or taxpayer correspondence) on the last adjustment input, reference the source doc other adjusted

period(s) in question	left blank	periods; use appropriate Item Reference Numbers, hold codes, and priority codes as needed; input a STAUP for any module in status 21 or 58, if in statuses 22/24/26 input TC470 no closing code
Taxpayer submits a taxable return	Intentionally left blank	Input TC 599 CC 009, code and prepare for processing
Taxpayer submits a signed zero liability return	There are no credits in the module	Input TC 599 C 009, TC 971 action code 012, and TC 291 adjustment using figures from TXMOD to remove all tax and wages; use blocking series 18; use appropriate Item Reference Numbers, hold codes, and priority codes as needed; input a STAUP for any module in status 21 or 58; if status is in 22/24/26, input TC470 no closing code
Taxpayer submits an unsigned zero return	There are no credits on the module	Input TC 599 C 009; code and prepare the return for processing using normal procedures
Taxpayer submits a zero liability return	There are credits on the module, or a partial adjustment is warranted	Input TC 599 CC 009; code and prepare the return for processing using normal procedures.
Taxpayer submits a signed zero liability return	The adjustments has already been made	Input TC 290 for .00 on REQ 54 with hold code 3, using the return as a source doc. If it is a statute year, input RFSC date using the IRS received date.
Taxpayer sends in a return and a return already posted to the account that does not match	Intentionally left blank	Input TC 599 C 009; code and prepare the return for processing using normal procedures.
Taxpayer submits a return; a TC599 and TC976 are posted to TXMOD with no subsequent TC29X	Intentionally left blank	Research the account using CC BRTVU to see if the TC976 is the same return received from the taxpayer; if a true copy "X" the return and Accounts Management (AM) will adjust to match the taxpayers figures; if not a true copy and AM has an open control route to AM; if not a true copy and no open AM control input TC 599 CC 009 and route return for processing Compare the figures posted to IDRS; if figures match " X" the return; if BRTVU shows the adjustment was done incorrectly route to AM to correct; if the return is different from that on BRTVU/TXMOD input TC 599 CC 009 and route for processing
Taxpayer submits return; TC599 and TC976 are present with a subsequent TC29X	Intentionally left blank	Note: When working reprocessable cases work only those module(s) with a 6020b issue; other modules are to be referred to AM for resolution Input TC 291 adjustment using figures from CC TXMOD to remove all tax and wages; use appropriate hold and priority codes, item reference numbers as needed. Input CC STAUP for any modules in status 21 or 58; input TC 470 no closing code if in status 22/24/26. Source doc the Form 941-X.
Taxpayer submits a Form 941-X indicating a zero liability	Intentionally left blank	Note: Do not input TC 599-09 or TC 971-012.
Taxpayer submits a Form 941-X	A partial adjustemnt is warranted	Route to AM for resolution
Taxpayer states not liable	Default return prepared by Revenue Officer (TC 599-63)	Route correspondence to Revenue Officer who prepared the return for resolution.

5. If the taxpayer is deceased:

IF	THEN
It is a sole partnership	Back off any A6020(b) returns that have posted on modules after the date of death (DOD). Input a TC 591 CC 008 on any modules after DOD. Input TC 971-296 on any credit balance modules
It is a partnership	The remaining partner(s) are still liable to file. If no new business or remaining partner(s) contact information is found, input TC 593 CC 008 on the earliest module
It is a corporation	The remaining partner(s) are still liable to file. If no new business or remaining owner(s) contact information is found, input TC 593 CC 008 on the earliest module

6. Defunct Corporation TC 530-10

If there are delinquent modules created subsequent to the date of TC 530-10 determination, input TC 591 CC 008 on all A6020(b) modules. Input TC 590 CC 008 on A6020(b) modules prior to the TC 530-10 date.

7. Bankruptcy

Pursue modules if there is an indication of bankruptcy. A6020(b) can legally contact the taxpayer for the purpose of securing a return. Bankruptcy specialists may contact you to obtain proposed assessments for their case files.

8. **Credit** issues such as taxpayer indication of misapplied payments or input of TCs 590/591/593/597 are to be addressed by following credit balance procedures as found in IRM 5.19.2.6.8

Note:

The Statute of Limitations **must** be considered on all modules. Claims for credit or refund of pre-paid and post-paid credits must be filed within 3 years of the filed return date or 2 years from the payment date, whichever is later. If no return was filed by the taxpayer, the claim for credit or refund must be filed within 2 years from the date the tax was paid. Pre-paid credits are those that were paid on or before the due date of the return and are considered paid on the due date of the return. Post-paid credits are those that were paid after the due date of the return and are considered paid on the date the payment was made. Even if a claim is timely, the taxpayer may not be entitled to a refund, as limitations on the amount of the refund may apply. For more information see IRM 4.23.8.9. Example of allowable **pre-paid** credit would be 01 200912 (due

1/31/2010), payment dated 1/15/2010, taxpayer return dated 1/15/2012 (refund allowed as tax was paid on/before due date of return and taxpayer return/claim filed timely); example allowing refund of a **post-paid** credit would be 01 200912 (due 1/31/2010), payment dated 2/15/2010, taxpayer return dated 1/15/2008 (refund allowed as tax was paid after due date of return and return/claim filed timely). Follow procedures in the tables below when considering credit cases.

9. Default return posted, statute year, payment more than 2 years old:

IF	AND	THEN
Taxpayer states no liability	Filed no return	If taxpayer phone call give them information from Letter 112C for filing a refund claim & tell them statute has expired but they can file a zero liability return to pursue credit further. If taxpayer correspondence, send Letter 112C and include that a zero liability return can be filed to pursue credit further.
Taxpayer states no liability	Sends a zero liability return	Process the return using the appropriate procedures
TP states no liability	Sends a Form 843	Route to Accounts Management for processing

10. Default return posted, payment less than 2 years old, regardless of year:

IF	And	Then
Taxpayer states no liability	Filed no return	Inform taxpayer of available credit if zero liability return is filed (telephone or Letter 112C)
Taxpayer states no liability	Sends a zero liability return	Process the return using the appropriate procedures. The available credit will refund once the return posts
Taxpayer states no liability	Sends a Form 843	Route Form 843 to Accounts Management

11. Default return posted, Non-Statute year, payment more than 2 years old:

If	And	Then
Taxpayer states no liability	Filed no return	Inform taxpayer of available credit if zero liability return is filed (telephone or Letter 112C)
Taxpayer states no liability	Sends a zero liability return	Process the return using the appropriate procedures. The available credit will refund once the return posts.
Taxpayer states no liability	Sends a Form 843	Route Form 843 to Accounts Management

12. No Default return posted, statute year, payment more than 2 years old:

If	And	Then
		Input TC 59X CC 008 and TC971-296. If taxpayer asks about the credit: <ul style="list-style-type: none"> if taxpayer phone call, give information from Letter 112C for filing a refund claim & tell them statute has expired but they can file a zero return to pursue credit further Taxpayer correspondence send Letter 112C and include that a zero liability return can be filed to pursue credit further
Taxpayer states no liability	Filed no return	
Note:		
If taxpayer does not ask about the credit, do not address.		
Taxpayer states no liability	Sends a zero liability return	Process the return using the appropriate procedures.
TP states no liability	Sends a Form 843	Route Form 843 to Accounts Management.

13. No default return posted, Non-Statute year

If	And	Then
Taxpayer states no liability	Filed no return	Inform taxpayer of available credit if zero liability return is filed (telephone or Letter 112C), input TC 59X CC 008 and TC971-296.
Taxpayer states no liability	Sends a zero liability return	Process the return using the appropriate procedures. Credit will refund once the returns posts.
Taxpayer states no liability	Sends a Form 843	Route Form 843 to Accounts Management

14. Incorrect Tax Forms 941/944

IF	And	Then
Taxpayer sends in a Form 944 but is required to file a Form 941	Intentionally left blank	Return the Form 944 with a letter advising the taxpayer to file the correct Form 941
Taxpayer sends in a Form 941 but is required to file a Form 944	Sends in less than all four quarters for the delinquent year	Return the Form 941 with a letter advising the taxpayer to file the correct Form 944
Taxpayer sends in Form 941 but is required to file a Form 944	Taxpayer sends in all four signed quarterly Form 941s for the delinquent year	Create a dummy return with the information secured from the four signed quarterly Form 941's. Refer to IRM 5.19.2.6.5.4.16 (8-10)

**5.18.2.4.6.1 (06-21-2013)
A6020b Incoming Phone Calls**

1. Disclosure

Note:

Some taxpayers will respond to the 1085 letter by calling the A6020b toll-free telephone number indicated on the 1085 letter. Important steps to provide quality taxpayer assistance include the following:

- When speaking with a taxpayer, always identify yourself by title and last name or first name and employee identification number (aka badge number).
- Complete disclosure verification of taxpayer or taxpayer representative.
- Provide accurate and complete assistance and/or appropriately refer the taxpayer to another source, if required.

Note:

Occasionally a case is complex requiring significant time, documentation and/or additional phone calls before account resolution.

1. The purpose of disclosure is to verify the identity of the caller to insure the caller is authorized to receive account information. In order to complete a disclosure check, verify the following information:

- Employer Identification Number (EIN)
- Person's complete name and title (see below determining the business entity)
- Business name (doing business as for sole proprietors/partners)
- Mailing address
- Determine the business entity by researching the filing requirements on CC ENMOD. The chart below lists the business entity, authorized person(s), and filing requirements for each type of entity but a business is not limited to these and may have additional return filing requirements:

Note:

If the taxpayer is unable to provide any of the following correctly: EIN, business name or mailing address; but correctly responds to all other items, request additional taxpayer authentication as discussed below.

Business Entity	Authorized Person(s)	Filing Requirements
Sole Proprietorship	The person listed first on the account. If two names are listed, the second name is not authorized. A sole proprietorship is restricted to the person obligated to file the return and pay the tax. Note: The denial of access applies even if the spouse or employee signed the return in error.	Either Form 941, Form 944 and Form 940. Note: A Form 943 could also be required in addition
Partnership	A member of the partnership during any part of the period covered by the return. Both general and limited partners are entitled to request and receive partnership returns and return information. Corporate officers or any employee who signed the return on behalf of the corporation and is still in the same position. Any corporate officer or employee authorized by the corporation in accordance with applicable state law to legally bind the corporation.	Form 1065
Corporation	Note: The denial of access applies even if the spouse or employee signed the return in error.	Form 1120 > 01
S-Corporation Exempt Organization	Shareholders during any part of the period covered by the return. A person legally authorized to act for the organization	Form 1120 >02 Form 990, Form 990C or Form 990T
Estate Trust	Administrator, executor, or trustee. Any heir at law, next of kin, or beneficiary may also receive returns and return information. Trustee(s) jointly or separately. Any beneficiary of a trust may receive returns and return information of the trust.	Form 1041 Form 1041
Government Agencies:	Returns and return information of a federal, state or local government agency may be disclosed to any person legally authorized to act for such agency. Generally, verification that the requester is a government official, such as a director of taxation or personnel, will be sufficient.	Intentionally left blank
Indian Tribal Government	Tribal council members and other officials of Federally recognized Indian tribes and Alaskan native villages	Intentionally left blank
Deceased Taxpayer	The administrator, executor, or trustee of an estate, any heir at law, next of kin, beneficiary under the will, or a donee (recipient) of property	Intentionally left blank
Limited Liability Company (LLC)	Depends on how the company conducts the business and what type of classification they elected. A more detailed description is below.	Intentionally left blank

1. Limited Liability Company (LLC) is a business structure allowed by the state statute. LLCs are popular because, owners have limited personal liability for the debts and actions of the LLC. Owners of an LLC are called members. The member(s) has no personal liability for debts or claims against the entity. The IRS uses tax entity classification, which allows the LLC to be taxed as a corporation, partnership, or sole proprietor, depending on the elections made by the LLC and the number of members. An LLC is always classified under federal law as one of these types of taxable entities. The business must elect how it will be classified for federal tax purposes: as a corporation, a partnership, or an entity disregarded as separate from its owner.

If classification elected is:

- Partnership
- Single Member owned by an individual
- Single Member owned by a business entity.

Example: If the LLC is owned by the Flamingo Corp, follow the rules of disclosure for corporations.

Then:

- The authorized person is a member of the partnership during any part of the period covered by the return.
- The authorized person whose name is listed on the account as the single member
- The authorized person is any corporate officer or any employee who signed the return on behalf of the corporation and is still in the same position. Any corporate officer or employee authorized by the corporation in accordance with applicable state law to legally bind the corporation

2. Prior to January 1, 2009, when a single member LLC is disregarded then two EINs are assigned. Single member LLC(s) that is disregarded may report the employment taxes under the LLC EIN or EIN of the owner, The taxpayer can choose the primary EIN to use to file employment taxes

If the taxpayer chooses to use: Then:

- Owner EIN to file employment taxes The LLC EIN assigned is used just for banking purposes or because the state requires another EIN.
- LLC EIN to file employment taxes The owner EIN assigned is used for cross-referenced purposes.

3. After January 1 ,2009, when a single member LLC is disregarded a LLC EIN is assigned as the primary EIN, then either another EIN is assigned or the SSN/ITIN is used to determine who is responsible for federal tax filing. However, the employment taxes must be reported under the LLC EIN.

If the taxpayer chooses to use:

- Owner is an individual and responsible for all federal income tax filing
- Owner is a business entity the owner(s) are responsible for all federal tax filing

Then:

The cross-referenced SSN or ITIN is used for cross-referenced purposes.

2. Disclosure verification of taxpayer representatives with Power of Attorney

To verify the caller is an authorized Power of Attorney or Third Party representative of the taxpayer, research the CC CFINK. A complete disclosure check is required. In order to complete a disclosure check for a third party, verify the following information:

- Third party's name
- Third party's rep. or CAF number

- Tax form(s) and period(s) in question

Note:

Provide information to the representative only on Form(s) and period(s) listed on CC CFINQ or unprocessed Form 2848 or Form 8821

- Follow the IF/And/Then chart below for additional circumstances:

IF	And	Then
		Accept a completed "unprocessed " paper or faxed copy of the third party authorization as valid and provide immediate assistance.
		Note: Perform the same authentication process for paper or faxed authorization as you would for an authorization already on file.
If a customer is submitting an original Form 2848 or Form 8821 or if the customer says they have previously submitted an authorization	A search of CC CFINK does not show the POA/TIA loaded to CAF	Forward the original unprocessed paper or faxed copy of the Form 2848 or Form 8821 to the appropriate CAF unit for processing.
		Note: If it is less than two week calendar weeks from the date the POA/TIA was submitted, treat the form as classified waste. Do not forward the POA/TIA to the CAF unit for processing.
If the caller does not have his/her CAF number available	The caller can verify his/her name and street address, city, state and zip code	Provide the CAF number shown on CC RPINK or CC CFINK to the caller and the requested tax information
If the caller does not have his/her CAF number available	The caller is unable to verify his/her name and street address, city, state and zip code	Do not provide the CAF number or tax information

3. Disclosure verification of Taxpayer representatives with Oral Authorization

The taxpayer of Power of Attorney can give formal permission via oral statement to allow disclosure of tax information to a third party.

- Ensure the taxpayer wants IRS to have a continuing dialog with the designated third party until the tax matter is resolved.
- Inform the taxpayer that all relevant tax return information may be disclosed to the authorized third party in order to resolve the tax issue.
- Oral disclosure consent expires after the account issue(s) are closed; i.e. the module no longer meets IDRS retention criteria.
- Use CC ACTON, and the following format, to record the history items on each tax module (TXMOD) only when there will be a continuing dialogue:
 - H, --- Activity code "ORADISCLO"
 - H, --- First name of designee
 - H, --- last name of designee
 - H, ---Telephone # "without hyphens" of designee

4. Disclosure verification of taxpayer's third party designees

To verify the caller as a third party designee, research on CC TXMOD, BMFOL, RTVUE, BRTVU, TRDBY or ERINVC and have them verify the following:

- Taxpayer's name
- Taxpayer's TIN
- Tax period
- Form(s)
- Validate the identification provided by the third party designee with the posted data using the following procedures:
 1. TIN - research using CC ENMOD or INOLE
 2. Self - selected PIN - research using CC TXMOD
 3. PTIN - research using CC TXMOD, BMFOLR, RTVUE or BRTVU to ensure they match
 4. If caller states that his/her PTIN is lost, forgotten or never received, have the caller contact the vendor at:
 Primary toll-free: 1-877-613-7849
 TTY: 1-877-613-3686
 International callers: 1-915-342-5655 (non toll-free)
 available Monday - Friday 8:00 AM to 5:00 PM CST
- The third party designee may discuss account related issues, but keep the following in mind:
 1. Third party designee authority is limited to the specific ta form and period of the return, and is limited to issues involving processing of that specific return.
 2. They do not allow the designee to bind the taxpayer to a particular course of action, or to make a commitment on behalf of the taxpayer.
 3. May not discuss collection or examination proceedings (e.g., issues that are beyond return processing)
 4. The designation expires one year after the due date of the return in question. Extensions of time to file a return do not extend the third party designation period.

Note:

there are no exceptions or extensions to the expiration date of the third party designation period.

5. A TC 971 with Action Code (AC) 263 changes the third party designee indicator to "0" indicating a revocation.
6. The third party designee authority expires with the taxpayer's date of death

5. Additional Taxpayer Authentication

For other conditions in which additional authentication are warranted, using the list below, verify two or more additional items from the taxpayers return or account.

- Filing Status on return in question
- Spouse's date of birth
- Child's/Children's date(s) of birth
- Amount of income reported on taxpayer's Form W-2
- Employers shown on taxpayer's Form W-2
- Financial institutions from taxpayer's Forms 1099–INT or Forms 1099 DIV
- Number of exemptions claimed on last return or on return in question
- Preparer, paid/unpaid, if any
- Expected refund amount (within \$100.00) unless computed by IRS
- Any other verifiable items from the return/account

6. Non- authorized Callers

Callers who are not authorized to receive tax information or who cannot complete the disclosure check can be given non-specific information including:

- Cause of notice without addressing specific tax form(s) or period(s)
- general procedures needed to resolve a situation
- Other Information that is generally available to the public

Note:

Accept information from any third party even if the provider of the information does not have a written or oral authorization from the taxpayer. Generally, this means any information that can resolve the account issues, but not an address change. Do not advise any third party who does not have written or oral authorization of any account information or resolution.

7. Do a full compliance check and address all missing tax returns on the account less than six years old from the current calendar year with the taxpayer, research and take the following actions:

IF	Then
Taxpayer states no employees during the period in question	Input TC 590 CC 008 to IDRS on each module not liable.
Taxpayer states business is closed	Input TC 591 CC 008 on IDRS on the earliest period closed; close all necessary filing requirements; input date business closed and/or date wages last paid using CC ENMOD History "TP2FILE"
Taxpayer states return will be filed	Note: If the taxpayer provides the date of when they will file; input history of the date on the module(s) on CC TXMOD
Taxpayer states return was filed under a different Employer Identification Number (EIN)	Verify the returns(s) have been filed under the new EIN; if the taxpayer filed only for the tax periods addressed on the 1085 letter input TC 590 CC 008 on these modules; if the EIN on the 1085 letter is no longer liable input TC 591 CC 008 to the earliest not liable period to close the filing requirements Input TC 590 CC 008 or TC 591 CC 008 to IDRS depending on the response; address all filing requirements if the business is closed; input closing date on ENMOD; input TC 291 adjustment using figures from TXMOD to remove all tax and wages; use blocking series 18 and source document (telephone contact sheet) only the last adjustment input; reference the source doc. Other adjusted periods; use appropriate Item Reference Numbers, hold code 0 and priority codes as needed; input a STAUP for 6 cycles on any module in status 21 or 58, if in status 22/24/26 input TC 470.
Taxpayer states no liability and A6020b return posted to the account	Request the caller send back the 1085 letter package with correspondence explaining the situation
Caller states they are not associated with the business and they do not have a current address for the business	Transfer the credits(s) or payment(s) to the applicable tax period or EIN.
The business is not liable and there is a credit(s) on the module; and the taxpayer states the credit(s) on the account is intended for a different type of tax period or EIN	Explain they must file Form 843 claim within two years of the payment(s) date or file \$0.00 return indicating "Not Liable"
The business is not liable and there is a credit(s) on the module; and the taxpayer states they want a refund of the credit(s)	Input TC 971 AC 296 to identify that all necessary research was completed and provides an audit trail for future reference.
If the taxpayer states the payment does not belong to them and /or tax examiner is unable to determine who made the payment	Explain that we can not allow an extension of time to file. The estimated returns are prepared by an automated system. If we do not receive the taxpayer's return within 45 days from the 1085 letter date then the estimated returns will automatically be processed. If the estimated return is processed before we receive the taxpayer's return, once we receive the taxpayer's returns, we will adjust the figures accordingly.
Taxpayer requests additional time to file	Explain to request a copy of their return they must complete Form 4506 or we can provide a record of their account
Taxpayer requests copy of a previously filed return	

1. If the taxpayer has questions that are not related to A6020b refer them to:

Department	Phone Number	Issues
Customer Service	1–800–829–0115	BMF How to fill out forms, payment questions, setting up payment plans, and account questions
Business and Specialty Tax	1–800–829–4933	For technical and entity questions

8. Documentation on phone call history sheet

1. The following are required on the phone call history sheet:

- Date the call received
- Employer Identification Number
- Business name
- Callers name and position
- Disclosure was verified or not verified
- Indicate all forms, and tax years addressed
- Description of issues(s) and resolution discussed
- Name and badge number was given to caller

1. The following are required on the phone call history sheet when applicable:

- New or updated phone number for the business
- New or updated address for the business
- Power of Attorney name, CAF number and attempt to secure a phone number for the Power of Attorney
- Date business closed (DBC)
- Date wages last paid (DWLP)
- Taxpayer filing under a new Employer Identification Number
- Description of issue(s) that were referred to another phone number

Exhibit 5.18.2-1
A6020(b) Processing Flowchart

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Exhibit 5.18.2-2
Status Codes

Status Code	Status Name
001	INSUFFICIENT DATA FOR SYSTEMIC CALCULATION
002	AUTOMATED CASE
003	COMBO CASE, EXPEDITE
004	HOLDING FOR -O, -C FREEZES
005	RESERVED
006	RESERVED
007	HOLDING STATUS
008*	CASES WITH -L FREEZE
009*	CASES WITH -Z FREEZE
010	RESERVED
011	RESERVED
012	RESERVED
013	RESERVED
015	MODULES WITH MFT 14 AND NO CREDIT AMOUNT
019	READY FOR MAIL-OUT
020	1085 PACKAGE ORDERED
021	1085 PACKAGE PRINTED
022	RESERVED
023	DEFAULT RETURN ORDERED
024-030	RESERVED
045	RESERVED
050	TEMP HOLD FOR UNDELS W/NEW ADDRESS
060	RESERVED
090	CLOSED OTHER ACTION/AREA
091	RESERVED
092	RESERVED
093	NON-WORKABLES
094	TC591-08 NO LIABILITY DETERMINATION
095	TC590-08 NO LIABILITY DETERMINATION
096	TC150, TC610, OR TC599-09 SECURED RETURN
097	TC593-08 UNDELIVERABLE
098	TC599-08 DEFAULT ASSESSMENT
099	CASE CLOSED, 1 YEAR
100	CASE CLOSED, 2 YEARS
101	CASE CLOSED, READY FOR ARCHIVING
700	ERROR-INVALID TDI STATUS CODE
701	ERROR-INVALID 6020b MODULE INDICATOR
702	ERROR-TRANSACTION CODE NOT NUMERIC
703	ERROR-INVALID TAX PERIOD DATE
704	ERROR-INVALID TRANSACTION CODE 592

705 ERROR-INVALID TRANSACTION CODE 594
800 REJECT-ACCOUNT TO BE REASSIGNED
850** B1 TICKLER CASES (TDIs only needing reassignment)
860** B2 TICKLER CASES (Combo w/TDAs needing reassignment)

*status produces output file to SIA for posting to IDRS

**status produces output file to IDS for Tsign change

Exhibit 5.18.2-3
A6020(b) 1085 Letter

INTERNAL REVENUE SERVICE SB/SE Internal Revenue Service Department of the Treasury Employer Identification Number: Forms: Tax Period(s) Ended:
Ogden, UT 84201-0048

Dear

Person to Contact: A6020(b) Representative Contact Telephone Number: 855-814-5755 (6 am - 4 pm Mountain Time) Fax Number: 855-235-8842

We have reviewed your tax records and found no record of you filing the tax returns identified above. We believe you are liable and have prepared a tax return for the tax period(s) in question. If you agree that the tax liability shown is correct, please sign each form and return it to us. If you do not agree with our findings, you have 45 days (90 days if this letter is addressed outside the United States) to do one of the following:

1. Prepare and sign tax returns which you believe show your correct tax liability and return them to us (if you choose to file a Form 940 claiming a reduced rate of assessment you must attach a copy of the state certification showing the amount of contributions paid or the return may be processed at the standard unemployment tax rate of 6.2%); or
2. Mail us any additional information you would like us to consider; or
3. Request a conference.

WHAT WILL HAPPEN IF YOU DO NOT RESPOND TO THIS LETTER? The Internal Revenue Code Section 6020(b) gives us the authority to prepare and file tax returns on your behalf. Therefore, if we do not hear from you within 45 days from the date of this letter (90 days if this letter is addressed to you outside the United States), we will process the enclosed tax returns that we have prepared for you. You will then be billed for the amount of tax due, plus any additional penalties and interest. You need to check your records to ensure that all tax returns you are liable for have been filed.

If you have any question and want to call us, please use the telephone number shown above and a representative will be able to help you. Since there will be a long distance charge to you if you are beyond the immediate dialing area of the service center, you may prefer to write to us. If you write, please include your telephone number and the most convenient time to call you in case we need more information. Your appeal rights are explained in the enclosed Publication 5.

Sincerely yours, Collection Operations Manager

Enclosures: Completed Tax Returns Appeal Rights (Publication 5) Letter 1085 (A6020(b)) (Rev. 02-05)
Envelope

Exhibit 5.18.2-4
Pub 5

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