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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

February 5, 2014

SBSE Control #: SBSE-04-0214-0013
Expiration: February 5, 2015
Impacted IRM: IRM 4.8.6

MEMORANDUM FOR TECHNICAL SERVICES OPERATIONS

FROM: Mary L. Coleman /s/ *Mary L. Coleman*
Director, Examination Technical Services

SUBJECT: Interim Guidance on Criminal Restitution Procedures

The purpose of this memorandum is to issue interim guidance required for criminal restitution procedures. Please ensure that this information is distributed to all affected employees within your organization. These procedures are effective immediately.

On August 16, 2010, IRC 6201(a)(4) became effective. This law requires criminal restitution payable to the Internal Revenue Service ordered after August 16, 2010, to be assessed as if it were a civil tax. Whether a criminal restitution order can be assessed as a tax under section IRC 6201(a)(4) depends on whether the restitution ordered is traceable to a tax imposed by Title 26. The applicability of IRC 6201(a)(4) will be determined by Criminal Investigation with input from Criminal Tax Counsel and will be reflected on Form 14104, *Notification of Court Ordered Criminal Restitution Payable to the IRS*.

The following are general provisions provided by IRC 6201(a)(4):

- The assessment of the restitution as if it were a tax is a directly assessable tax and does not require the issuance of a notice of deficiency (IRC 6213(b)(5)).
- Once the period for the appeal of the restitution order has expired, the amount of the restitution or tax cannot be challenged in a civil administrative or judicial proceeding (IRC 6201(a)(4)(C)).
- The Office of Appeals does not consider or process criminal restitution appeals. If an appeal is filed on the criminal restitution determination, the appeal is under the sole jurisdiction of the Department of Justice.
- The assessment of the restitution as if it were a tax can be made at any time and is not subject to a statute of limitations (IRC 6501(c)(11)).
- Restitution-based assessment under IRC 6201 (a)(4)(A) can be no less than or no greater than the amount ordered as restitution.
- Interest under IRC 6601 accrues on the restitution-based assessment.

Examination Technical Services is responsible for making all criminal restitution assessments. The procedures described in the attachment to this interim guidance memorandum cover the following aspects of the criminal restitution process:

- Overview of IRC 6201(a)(4)
- Collateral Records and Perfecting Form 14104
- Criminal Restitution Assessments
- Civil Processing of Criminal Restitution Cases
- Reports and Reconciliation
- Managerial Oversight

Interim Guidance Memorandum SBSE-04-0214-0013 will be incorporated into a new IRM 4.8.6 by February 5, 2015.

If you have questions, you may contact me or a member of your staff may contact Bill England, Program Manager, Examination Technical Services.

Distribution:
IRS.gov
Examination Area Directors
Collection Area Directors
Criminal Investigation
Appeals
SBSE CCP (Memphis)
Kansas City Restitution Unit

Attachment (2)

Technical Services (TS) has exclusive responsibility for ensuring the completion of the assessment for criminal restitution cases where IRC 6201(a)(4) is applicable.

IRC 6201(a)(4) requires criminal restitution ordered after August 16, 2010 to be assessed as if it were a civil tax. Whether a criminal restitution order can be assessed as a tax under IRC 6201(a)(4) depends on whether the restitution ordered is traceable to a tax imposed by Title 26. Restitution ordered for a criminal violation of IRC 7201 (attempt to evade or defeat tax), IRC 7202 (willful failure to collect or pay over tax), IRC 7203 (willful failure to file return), IRC 7206(1) (fraud and false statements), as well as several other criminal tax violations under the Internal Revenue Code and Title 18 ***may meet*** the requirements necessary to be assessed as a tax. The applicability of IRC 6201(a)(4) will be determined by Criminal Investigation (CI) with input from Criminal Tax Counsel and will be reflected on Form 14104, *Notification of Court Ordered Criminal Restitution Payable to IRS*.

The detailed instructions below are effective immediately.

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I – Collateral Records and Perfecting Form 14104

To track and monitor criminal restitution inventory at the group and national level, TS will establish Examination Returns Control System (ERCS) collateral records for all taxpayers for whom criminal restitution payable to the IRS has been ordered by the court. An ERCS collateral record will be established upon receipt of the Form 14104 package for the taxpayer into the TS centralized criminal restitution (CR) mailbox. The procedures outlined in this document are mandatory. The restitution collateral record should be set up within three days after the receipt of the Form 14104 package, *Notification of Restitution*.

Note: All packages that are **not complete and accurate** will be returned to CI within 30 days of receipt in the CR mailbox. TS will take no further actions until a complete and accurate Form 14104 package is received back into the CR mailbox. Upon receipt of a **complete and accurate** Form 14104 package, TS will begin the restitution assessment process.

Tax Examiner – Setting up Collateral Controls:

See **Part 1** – "**Setting Up Collateral Record**"

1. The tax examiner (TE) who is working the CR mailbox will create a collateral record within three business days of the receipt of the Form 14104 package. The ERCS "date in review" will be date a Form 14104 is received in the CR mailbox.

    a. Upon receipt of the Form 14104 and the creation of the collateral record, the collateral record will be updated to Suspense Type 551 if the Form 14104 package is **complete**. A complete package contains at a minimum the following:
        - The most current version of the Form 14104 (current 3/20/13);
        - A check mark in the Final Adjudication box in the Approval section of the Form 14104;
        - The most current version of the Form 13308, *Criminal Investigation Closing Report* (current 3/20/13); and
        - A Judgement and Commitment Order (J&C).

    b. If the Form 14104 package is **NOT complete**, the collateral record will be updated to Status Code 30 and Suspense Type 550.

2. If the Form 14104 is **NOT complete**, the TE will reply to the sender of the e-mail in CI and the local TS office. In the body of the e-mail the TE should state the following:
    a. "The Form 14104 package is not complete";
    b. What caused the package to be incomplete; and
    c. To return the completed Form 14104 package to the TS centralized mailbox and all other required parties.

NOTE: TS will take no further actions until a complete Form 14104 package is received back into the CR mailbox. When a perfected Form 14104 package is received back into the CR mailbox, the TE will update the collateral record to Status Code 20, Suspense Type 551 and the date in review to the date the Form 14104 was received in the mailbox.

3. If the Form 14104 is complete, the TE will complete the following:
   a. Determine if the same information was simulataneously sent to the local TS office. If this informaiton was not sent to the local TS office, then the TE is to forward the information to the local TS office.
   b. Forward the e-mail with the Form 14104, Form 13308, J&C, and other documents provided by CI to the centralized restitution coordinator (CRC).
   c. Update the ERCS collateral record to the ERCS reviewer ID and Technical Services Code (TSC) of the CRC.
   d. Move the incoming e-mail with the attachments into a designated folder for reference at a later date, if needed.

4. The CRC and or TE in the CRC's group will print the documents, create a case file, attach a Form 9984, *Examining Officer's Activity Record*, and pull appropriate IDRS information.

5. The record is now established and assigned on ERCS to the CRC to be reviewed for accuracy. The CRC will review the Form 14104 for completeness and accuracy within 30 days from receipt in the CR mailbox. If the Form 14104 is not accurate it will be returned to CI for perfection within 30 days.

6. The collateral record should be updated, as appropriate, to reflect all steps taken in the CR assessment process. See Exhibit 1 for current review types, suspense types, etc. to be used for CR cases.

Centralized Restitution Coordinator (CRC):

1. Time spent by the CRC will be charged to 587-091 on the agent input document.

2. The CRC will review the Form 14104 package to ensure accuracy of the closing package. This is also called "Perfecting a CI – CR Package." See **Part 2 – "Perfecting a CI – CR Package.**" If after review of the Form 14104 package the CRC determines the Form 14104 package is **NOT accurate** / "perfected," the collateral record will be updated to Status Code 30 and Suspense Type 552.

3. If the Form 14104 package is NOT accurate, the CRC will reply to the sender of the e-mail in CI and the local TS office. In the body of the e-mail the CRC should state:

   a. "The Form 14104 package is not accurate";
   b. What is needed to make the package accurate; and
   c. To return the accurate Form 14104 package to the TS CR mailbox and all other required parties.

NOTE: TS will update the collateral record to Status Code 30, Suspense Type 552 while waiting for CI to submit an accurate Form 14104 package to the CR mailbox. This is considered a closed case and NOT TS inventory until an accurate Form 14104 package is submitted to the CR mailbox. If received back into the CR mailbox, the TE will update the collateral record from Status Code 30, Suspense 552 to Status Code 20, Suspense 551 and the date in review to the date the Form 14104 was received in the mailbox.

4. When the CRC has a complete and accurate Form 14104 package as described in Part 2, the CRC will determine whether restitution is assessable or non-assessable.

   Restitution collateral records will be created for all taxpayers where restitution is ordered payable to the IRS. However, only restitution ordered that is traceable to a tax imposed by Title 26 is assessable. Therefore, upon receipt of a "perfected" Form 14104, the CRC will review Section 8 of the Form 14104 to determine the appropriate actions to be performed. Section 8 will have a box checked to either: **Assess** the amount of restitution or **Do not Assess** any amount of restitution.

   a. If the "do not assess" box is checked, update ERCS to Review Type 94, Suspense Type 000 and take no further actions.

   b. If the "assess the amount of restitution" box is checked, the CRC will review the Form 14104 and other closing documents and determine whether the restitution is based on an IMF tax loss, BMF tax loss or an RPP tax loss.

   - If the restitution-based assessment will be all IMF related, the case will remain in Review Type 91.
   - If the restitution-based assessment will be BMF related, in full or in part, update the collateral record to Review Type 95.
   - If the restitution-based assessment will be RPP related, in full or in part, update the collateral record to Review Type 96.
   - With both Review Type 95 and Review Type 96, update the suspense types based upon the actions as stated in the restitution process stream.

   Local Technical Services Fraud Coordinator (LTSFC):

   Upon receipt of closing documents that include the Form 14104, the LTSFC will ascertain whether the information was also sent to the CR mailbox. If the informaiton was not sent to the CR mailbox, the LTSFC will forward the information to the CR mailbox at *SBSE TECH Svs Criminal Restitution.

   The responsibility for reviewing the Form 14104 and related closing informaiton solely for determining the accuracy of the Form 14104 will rest with the CRC. If the CRC determines that the Form 14104 package is not accurate, the package will be returned to CI to correct the package.

   The LTSFC will take no actions, except as reflected below, on the closing package until notified by the CRC that the restitution-based assessment has been made.

   - Since most restitution cases are also conditions of probation (COP) cases, the LTSFC will create a COP collateral record within 10 days of receipt of the closing package per the 12/4/10 Memorandum from the TS Area Director regarding ERCS collateral records for cases with COP and IRM 4.8.2.10.3.7.9, *Responsibilities of Technical Services (Examination) to Monitor Conditions of Probation.* (Note: There will be two collateral records open for this taxpayer for

this time period – one for COP and one for criminal restitution until the completion of the restitution assessment process.)

Upon completion of the restitution process by the CRC, notification of the restitution assessment will be delivered to the LTSFC via e-mail or fax.

Forward ERCS record to LTSFC:
Collateral records are unique in that the PBC, SBC, and EGC must correspond with the group to which the reviewer is assigned.

1. Upon confirmation that the TC 971, AC 806 posted to IDRS to record the issuance of the notice and demand letter, copy the Letter 4885, *Notice and Demand*, Form 14104, Form 9984, and other documents, as necessary, and send via fax or e-mail to the LTSFC.

2. Update the collateral record to Suspense Type 557 (14 days).

3. Update TSC as applicalbe to the LTSFC to whom the collateral will be sent.

4. Update the PBC, SBC, and the EGC first then enter the new reviewer ERCS ID to the applicable number of the LTSFC and then enter "99" to save the updated information.

II – Creating MFT 31 Accounts

The instructions found in **Part 3 - "Procedures for Establishing MFT 31 Accounts"** should be followed by the CRC. The creation of the MFT 31 account procedures will be followed after the Form 14104 package has been "perfected."

1. Upon "perfection" of the Form 14104, the CRC will submit the required Form 3177, *Notice of Action for Entry on Master File,* to Memphis Centralized Case Processing (CCP) for each restitution year for establishment of MFT 31 account.
2. Update collateral record to Status Code 35.
3. Update collateral record to Suspense Type 553 (22 days).
4. The CRC / TE will notify the Kansas City Restitution Unit (KC) (at *W&I Criminal Restitution) when MFT 31 accounts are being created for them to begin to move payments into the MFT 31 account to be created.
5. The CRC / TE will monitor the establishment of the MFT 31 account on the 22nd day after submission. If not established, follow up actions with Memphis CCP are required until the MFT 31 account is established.
6. When all MFT 31 accounts are created, update to Suspense Type 554 (5 days).

III – Making Restitution Assessments

The instructions found in **Part 4 - "Procedures for Assessment of Restitution"** should be followed by the CRC. The assessment procedures will be followed after the MFT 31 account has been created.

Note: Assessment actions on BMF and return preparer cases commenced in January, 2014.

1. Upon establishment of the MFT 31 account, the CRC will forward the assessment package to Memphis Centralized Case Processing (CCP) for input.
2. Update to Suspense Type 555 (15 days). CRC will begin to monitor the account for assessment at 15 days. If the transaction is not pending on IDRS (TXMODA), CRC will follow up with Memphis CCP and will continue weekly monitoring until the assessment is posted.
3. As soon as the assessment posts on the module reflecting the assessment date, restitution assessment, and interest amount, the notice and demand letter will be prepared. The posting of the assessment will be reflected on IDRS at least a week prior to the posted assessment date. The notice and demand letter **must** be issued on the same date as the assessment posting date.
4. When the notice and demand is issued and the Form 3177 is sent to CCP to input a TC 971 AC 806 to record the notice, update to Suspense Type 556 (7 days).
5. At the same time, enter the restitution results into ERCS. Update to Disposal Code 12 and use the Form 14104 item 14 "Totals" to enter the restitution as tax, penalties and interest.

    a. Using the Form 14104, enter the total amount for this taxpayer (cumulative total of all years) "Amount of Restitution to be Assessed as Tax" in item 34 as "deficiency."
    b. Using the Form 14104, enter the total amount for this taxpayer (cumulative total of all years) "Amount of Restitution Attributable to Interest on Tax" in item 34 as "interest."
    c. Using the Form 14104, enter the total amount for this taxpayer (cumulative total of all years) "Amount of Restitution Attributable to Penalties" in item 36 as "penalties." The penalty code section will also have to be input.

Forward ERCS record to Local Fraud Coordinator:

1. Upon confirmation that the TC 971 AC 806 posted to IDRS to record the issuance of the notice and demand letter, update the ERCS record as described in numbers 2, 3 and 4 below. Then copy the notice and demand, "perfected" Form 14104, and other documents, as necessary, and send to the local TS fraud coordinator.
2. Update to Suspense Type 557 (14 days).
3. Update TSC as applicable to the local TS fraud coordinator to indicate that the collateral will be sent.
4. Update the PBC, EGC, and reviewer ERCS ID to the applicable number of the local TS fraud coordinator.

IV – Civil Processing

Local Technical Services Fraud Coordinator (LTSFC):

Upon notification from the CRC that the restitution assessment process has been completed, the notice and demand letter has been sent, and the restitution collateral record has been updated to the LTSFC, the LTSFC must take appropriate action within 14 days.

If civil action is warranted - the local TS fraud coordinator is responsible for preparing a memorandum containing specific instructions for civil disposition of the case and sending it to the appropriate examination group or Planning and Special Projects (PSP). PSP should be directed to utilize Project Code 1168 or Tracking Code 6568. If there is already a national

project code on the module, just the Tracking Code 6568 will be utilized. The following procedures should be followed for the restitution collateral record.

- AIMS records established - If ERCS shows an AIMS record is already established for this taxpayer, the local TS fraud coordinator will confirm that the COP collateral also has been established. If so, update to Review Type 92 on the restitution collateral record. Review Type 92 will indicate that the restitution assessment process was completed for this taxpayer and civil action has been initiated. The restitution collateral will now be closed. At this point, monitoring of civil actions is provided for via the COP procedures per IRM 4.8.2.10.3.7.9.
- No AIMS record established – If ERCS shows that there is not an AIMS record established for this taxpayer, the restitution collateral record will remain in Status Code 35 and monitored until the establishment of the AIMS record. When forwarding the memorandum to PSP, include a copy of the notice and demand for the examination case file and update to Suspense Type 558 (60 days). Monitoring for establishment of the AIMS record will continue until its creation. If the closing information was forwarded more than 60 days prior, follow up actions are required with PSP. Upon creation of the AIMS record by PSP, the local TS fraud coordinator will confirm that a COP collateral has been established. If the COP collateral has been established, the LTSFC will update the CR collateral to Review Type 92 and close the restitution collateral record. Review Type 92 will indicate that the restitution assessment process was completed for this taxpayer and civil action has been initiated. At this point monitoring of civil action should commence as described in the COP procedures appearing in IRM 4.8.2.10.3.7.9.

At the conclusion of the civil examination process, the case will be returned to TS for final actions. The local TS fraud coordinator will refer to **Part 5 – "Restitution Cases - Conclusion of the Civil Audit"** for additional steps needed to ensure that any duplicate assessments are properly identified and cross-referenced.

No Civil action warranted – If it has been determined based upon the review of the closing documents and the facts of the case that no further civil exam actions are warranted and all required procedures as per IRM 4.8.2.10.3.6.3 and IRM 25.1.6.2 have been addressed, the local TS fraud coordinator will prepare appropriate documentation to support this decision. The case file can then be filed with the group's probation files. The review type for the restitution collateral record will be updated to 93. Review Type 93 will indicate that the restitution assessment process has been completed and no civil actions are warranted. At this point, the restitution collateral will be closed.

Restitution is Not Assessable – Currently collaterals for all taxpayers where restitution has been ordered by the court have been created. If it is determined that there is no restitution to assess, based on the Form 14104, update to Review Type 94. At this point, the restitution collateral will be closed.

V – Reports

The TS employee assigned to run reports is responsible for the creation of a report that will be generated from ERCS and will be loaded to the TS shared drive on a weekly basis. The report will include a count of all restitution cases from the receipt of the Form 14104 through

the completion of the restitution assessment and the initiation of a civil exam, if warranted. It will also include the current stage of the restitution cases and overage in any processing stage. This report can be provided to the CRC for various monitoring reasons, including: 1) for initial review of CI closing package (Suspense Type 551); 2) for monitoring of MFT 31 account establishing (Suspense Type 553); and 3) for monitoring of pending assessments (Suspense Type 555).

A monthly report stating the ERCS total restitution amounts reported as assessed in deficiency, interest, and penalties will also be loaded to the TS shared drive

VI – Managerial Oversight

The manager of the Centralized Restitution site will monitor action dates to ensure that all procedures are being followed properly to include ensuring accurate records are being created and maintained and timely actions are being taken.

The local TS group manager will ensure that the correct ERCS coding based upon the disposition of the civil examination is entered onto the ERCS criminal restitution collateral record prior to closing the collateral record to Status Code 90 as set forth in the procedures.

Each TS territory manager and local TS group manager has responsibility to ensure proper adherence to restitution and COP procedures.

Part 1 – Setting Up Collateral Record

The tax examiner (TE) who is working the centralized mailbox will create a collateral record within 3 business days of the receipt of the Form 14104 package from CI. The ERCS "date in review" will be the date the Form 14104 is received in the restitution mailbox.

NOTE: Upon receipt of another Form 14104 in the mailbox due to CI providing an accurate or complete package, the "Date in Review" will be updated to the date the new Form 14104 package was received in the restitution mailbox.

The TE will complete the following for each Form 14104 taxpayer package to create the collateral record on ERCS:

Step 1 Initial Input:

1. Go into ERCS
2. User Group: **Review** User
3. Examination Main Menu
   a. Select #1 Request Tax Return
   b. Select #4 Control Collateral Examination
   c. Input 20X 88700 XXXX based upon the designated centralized reviewer group and the designated TS employee ID of the reviewer. (For collateral records the PBC, SBC and EGC must correspond to the assigned reviewer's group number.)
   d. Follow the prompts for putting in the SSN/EIN
   e. EIN or SSN - whichever is applicable. Taxpayer name – The name should always be preceded by the letters "REST" and a hyphen "-". This will aid in identifying these collateral records as restitution records. The format will be "REST-last name, first name."
   f. MFT: Input MFT shown on Form 5345-D
   g. Tax Period: Input 198811 as tax period on Form 5345-D.
   h. Activity Code: Input activity code shown on Form 5345-D. For IMF defendants use 272. For BMF defendants use 203.
   i. Source Code: 70
   j. Status Code – use Status 20
   k. Statute – Input "04/OO/1992"
   l. Tracking Code: 6568
   m. Project Code: 1168
   n. Review Type: 91
   o. Tech Service Code: Enter applicable TSC
   p. Joint Committee (Y/N) select: N
   q. Foreign Controlled Corporation: select: N
   r. Select Y if all is correct.
   s. Since there is only one year, enter N for no more to input.
   t. Y related: N (none)
   u. CIC: N (none)
   v. Aging Reason <enter> =none
   w. Control PBC: 217
   x. Input name: for SSN use "REST - Last name, First name"
   y. Input name: for EIN use "REST and the full name" from Form 5345-D

Step 2 Initial Input:

1. Go into ERCS (Examination Main Menu)
2. Select #2 Correct and Display Record
3. Select #2 Correct Multiple Examinations
4. Update the Type Suspense #17 to 551 or 550 as warranted
5. Update "Date in Review" to the date the Form 14104 was received in the mailbox

Note: These are collateral records that are for TS inventory purposes only. These records do not go to AIMS and **should never be** updated to a field, PSP, Campus or Appeals status.

Pull INOLES cc to verify name and TIN per Form 14104 to reconcile the information to the IDRS database.

Part 2 – "Perfecting a CI – CR Package"

Centralized Restitution Coordinator

Upon closing, CI forwards the Form 14104 and related closing documents to the SBSE TECH SVS criminal restitution mailbox, in addition to the local TS office/territory manager, and others in the IRS as needed. Upon receipt of closing documents that include a Form 14104, the TE in the centralized site will ascertain whether the information was also sent to the local TS fraud coordinator/office/territory manager. If not, then the TE will forward the information to the respective local TS fraud coordinator.

Within 5 business days of receipt, the centralized restitution coordinator will review the closing documents.

The centralized restitution coordinator should complete the following to "perfect" a CI CR package:

1) ☐ Verify current revision of Form 14104 is used (currently 3/2013)
2) ☐ Research IDRS cc INOLE to verify the Form 14104 Name in Section 1 and TIN in Section 2 is for subject identified
3) ☐ Research IDRS cc ENMOD to verify TC 910 has posted (will not prevent case from being "perfected")
4) ☐ Research IDRS cc SUMRY to verify CID "Z" Freezes have been released (will not prevent case from being "perfected")
5) ☐ Verify checkbox is selected in Approval section at top for final adjudication - All appeal deadlines have expired and no appeals are outstanding is checked off. Restitution can't be assessed if subject is appealing. Cross-reference Form 13308 Box 3a.
6) ☐ Verify Section 5 date – Date should correspond to J&C date and be after August 16, 2010.
7) ☐ Verify Section 6 "Restitution payable to the IRS" ties to total amount in Section 14 AND to the amount payable to the IRS per the J&C. Note: The J&C must state that restitution is payable to the IRS and list a dollar amount of the restitution order.
8) ☐ Verify that a checkbox is selected in Section 8.
9) ☐ If Section 8 checkbox b is checked off, verify that the amounts attributable to the defendant and/or other co-conspirators are accurate and separately identified. Note: Restitution for a fictitious return isn't assessable restitution but the total should appear in Section 14d.
10) ☐ If Section 8 checkbox c is checked off, verify that the amounts shown on the attached listing are accurate and include all applicable identifying information (EIN, year/period and amount of restitution).
11) ☐ If checkbox in Section 10 is checked off, ensure information requested is provided by the CI special agent (SA).
12) ☐ If the restitution is based on a corporate or employment tax liability, verify that Section 14a Column 1 contains related employer identification number(s) (EINs) for the corporate or employment tax module. All applicable periods and restitution amounts MUST be reflected.
13) ☐ Verify that the total amounts in Section 14 shown by CI correspond to the total restitution stated as tax, penalty, and interest by comparing to amounts shown in documents provided (i.e., Information/Indictment, plea agreement, government sentencing document, court document, court transcript) or available documentation prepared by IRS which may or not have been utilized in grand jury proceedings. This level of detail is not provided in the J&C. Note: If supporting details are not provided, accept the amounts reflected in section 14.

Form 14104 accepted as prepared by CI: If upon review of Form 14104, J&C, and Form 13308, within 5 days of receipt from CI, it is determined that the Form 14104 is correct as stated, document such in the activity record and proceed to the "Creation of MFT 31 account" directions in this document.

Form 14104 that needs additional information: If upon review of Form 14104, J&C, and Form 13308, within 5 business days of receipt from CI, it is determined that the Form 14104 is **NOT accurate**, the CRC will reply to the sender of the e-mail in CI and the local TS office. In the body of the e-mail the CRC should state the following:

a. "The Form 14104 package is not accurate";
b. Wha tis needed to make the package accurate; and
c. To return the accurate Form 14104 package to the TS centralized mailbox and all other required parties.

NOTE: TS will take no further actions until a complete Form 14104 package is received back into the CR mailbox. When received back into the CR mailbox, the TE will update the collateral record from Status Code 30, Suspense Type 552 to Status Code 20, Suspense Type 551 and the "Date in Review" to the date the Form 14104 was received in the mailbox.

Part 3 – Procedures for Establishment of MFT 31 Accounts

The following instructions should be followed by the CRC. The assessment procedures will be followed after the Form 14104 package has been "perfected" (see applicable instructions).

Note 1 - There are several sample Forms 3177 and Forms 3870 that should be used for reference only. The assigned employee should use a blank form, not the sample, to make the restitution assessment.

Note 2 - Although the instructions in this document are general to address all restitution situations, the format and data that is shown on the sample Forms 3177 and Forms 3870 are specific to a common restitution scenario.

Step 1 – Creation of MFT 31 account for defendant liable for criminal restitution using Form 3177. The following information will be entered on Form 3177:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name found on the MFT 30 entity where the defendant filed the tax return (note: the defendant may not be the primary name/SSN on the MFT 30 entity).
- EIN or SSN – Enter the social security number found on the MFT 30 entity where the defendant filed the tax return (note: The defendant may not be the primary SSN/name on the MFT 30 entity).
- TRC 971 – Enter the following instructions next to "Other (specify)" – Establish MFT31 with TC 971 AC 102 for (SSN of restitution liable defendant).
- Enter MFT Code 30 and tax period(s) in appropriate columns.

Use Exhibit 2 - Sample Form 3177 – Creation of MFT 31 as a guide.

If you discover that an MFT 31 account was previously created for the taxpayer for another purpose, follow the following procedures for the preparation of the Form 3177 to enter a TC 971 AC 102 on the MFT 31 account. (Note: This will "record" the TC 971 on the MFT 31 module.) The following information will be entered on Form 3177:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution (note: this will be same name found on the MFT 31 module).
- EIN or SSN – Enter the social security number of the defendant liable for criminal restitution (note: this will be same SSN found on the MFT 31 module).
- TRC 971 – Enter the following instructions next to "Other (specify)" – To record TC 971 AC 102 for (SSN of restitution liable defendant).
- Enter MFT Code 31 and tax period(s) in appropriate columns.

Use Exhibit 3 – Sample Form 3177 – MFT 31 Account Previously Created as a guide.

The completed Form 3177 should be e-faxed to Memphis CCP (currently to Cheryl Moore; e-fax # 855-235-6797). See Exhibit 4 – Sample Fax Cover Sheet – MFT 31 Account. It should take about three weeks for the account to establish.

Step 2 – Notification of the Kansas City Restitution Unit

- On a weekly basis, the centralized restitution reviewer or tax examiner will provide a list to the Kansas City Restitution Unit (KC) (at *W&I Criminal Restitution) reflecting the MFT 31 accounts that are being created (Form 3177 was submitted to create the MFT 31 account) since the last weekly notification.
- Upon receipt of the listing, KC will research their files for any payments received for the defendants reflected.
    - For those defendants that have made a payment, KC will begin to prepare the necessary paperwork to move the payment(s) into the MFT 31 account. When the MFT 31 account has been fully created, KC will submit the needed forms to move the payments to the MFT 31 account.

Step 3 – Monitor IDRS

- After waiting 22 days, the CRC or T/E will monitor IDRS for the creation of the MFT 31 account. The suspense type will be updated to 554 when all MFT 31 accounts have been created.
    - After all MFT 31 accounts have been created, the CRC will continue with the restitution process and submit Forms 3870s and Forms 3177s to Memphis CCP.

Part 4 – Procedures for Assessment of Restitution

Step 1 – Assess criminal restitution via Form 3870, *Request for Adjustment*. A separate Form 3870 is required for each year. The following are line by line instructions:

- Line 1 – Enter the SSN of the defendant liable for criminal restitution (the SSN of the MFT 31 account)
- Line 2 – Enter the name and address of the defendant liable for criminal restitution.
- Line 4 – Enter 31
- Line 5 – Enter applicable tax period
- Line 11 – Enter "Assess Criminal restitution per instructions below"
- Line 13 – Enter your signature as the preparer of the form along with your telephone number and the date.
- Line 14 – Your manager should sign as the approving official. He or she should enter the appropriate title and the date.
- Lines 16 Blocking Series – Enter 00 if no TC 150 appears on the MFT 31 module, or enter 05 if TC 150 appears on the MFT 31 module (this may occur if account was previously created for another purpose, i.e., innocent spouse).
- Line 18 Source Code – Always enter 02
- Line 19 Reason Code – Enter the appropriate 14X code based on the facts of the case. (See Exhibit 5 – Criminal Restitution Reason Codes for applicable reason codes and their definitions.) Up to three reason codes can be used.
- Line 21 Hold Code – Always enter 4.
- Line 23 Priority Code (only use one code) – Enter 8 if this assessment amount is within $10 of a prior assessment; or enter 1 if there is a TC 420 on the MFT 31 module; or enter 5 if a priority code 8 or 1 is NOT needed.
- Line 25 Source Doc – Always enter "Yes".
- Line 29 Adjustments – Enter TC 290 in first column with related restitution as tax assessment amount in the second column. Enter TC 320 in first column and related fraud penalty assessment as restitution amount in second column if applicable. If any other penalties are part of restitution amount, enter applicable penalty TC and amount. Note: For cases related to a BMF account, interest will have to be manually computed. See IRM 20.2, *Interest*.
- Line 30 Remarks – Enter "Per Criminal Case # "(case number from J&C)

Use Exhibit 6 – Sample Form 3870 as a guide.

The completed Form 3870 should be e-faxed to Memphis CCP. (Currently to Beverly Bates; e-fax # 855-688-9555). See Exhibit 7 – Sample Fax Cover Sheet – Form 3870. It should take about 15 days for the assessment to be reflected on IDRS.

Step 2 – Once the Form 3870 is prepared, you will then prepare at least two Form 3177s to cross reference the MFT 31 account to the related MFT account (MFT 30, 02, 01, 10). **A separate Form 3177 must be prepared for each MFT and for each year.** This will direct any IDRS account viewer to the applicable restitution account and other related accounts.

The line by line instructions for the cross referencing MFT 31 Form 3177 are as follows:

- Initiator information – Enter your name, phone number, and employee number.
- Date – enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 31 module.
- EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears in the MFT 31 module.
- TRC 971 – Enter the following instructions next to "Other (specify)" – AC-18X; XRef SSN or EIN of related entity/MFT 30, 02, 01, 10, etc/Year/ amount of duplicate assessment, if any (see Exhibit 8 – IMF RBA 971 Definitions and Examples for current definitions and instructions).

- Enter MFT Code 31 and tax period in appropriate columns.

Use Exhibit 9 – Sample Form 3177 – Cross Referencing MFT 31 Accounts as a guide.

The line by line instructions for the cross referencing MFT 30, 02, 01, 10 Form 3177 are as follows:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 30, 01, 02, 10 module.
- EIN or SSN – Enter the social security number or tax identification number related module/entity.
- TRC 971 – Enter the following instructions next to "Other (specify)" – AC-18X; XRef SSN of restitution liable defendant/MFT 31/Year/ $ amount of duplicate assessment, if applicable (see Exhibit 8 for current definitions and instructions)
- Enter MFT Code 30, 02, 01, 10 and tax period in appropriate columns.

Use Exhibit 10 – Sample Form 3177 – Crossing Referencing MFT 30, 02, 01, 10 Accounts as a guide.

The completed Form 3177 should be e-faxed to Memphis CCP (currently to Cheryl Moore; e-fax # 855-235-6797). See Exhibit 11 – Sample Fax Cover Sheet – Cross Referencing Forms 3177.

The centralized reviewer or TE should then monitor the modules for posting of the assessments and the cross referencing Form 3177s. If a pending posting does not appear on the module within 15 days (shown on TXMODA), the reviewer should follow up with Memphis CCP. Once all full assessments with applicable cross referencing have been verified, proceed to Step 3.

Step 3 – This step includes instructions for the preparation and issuance of notice and demand (Letter 4885). The notice and demand (N&D) letter must be sent via regular mail to the taxpayer and authorized representative, if applicable, for the MFT 31 account on the

restitution assessment date. The N&D may be issued the Friday prior to the date the assessment posts to the MFT 31 module. In order to prepare the letter you must pull an IMFOLT or TXMODA and possibly INTST. The IMFOLT/TXMODA will be the source of the restitution assessment amount and interest amounts for the N&D. The INTST may be needed to calculate the accrued interest to the date of the N&D. A N&D will be issued for every year there is a restitution assessment.

The following are step by step instructions to prepare the N&D letter:

- Enter taxpayer name and last known address in the upper left hand portion of the letter.
- Enter the date the letter is issued.
- Enter taxpayer SSN
- Enter type of tax (= Income)
- Enter tax period(s) for which criminal restitution payable to IRS was ordered.
- Enter your name as person to contact.
- Enter your contact phone number
- Enter your contact fax number
- Enter your employee identification number
- Enter Court case number which appears on the J&C.
- In the line that begins with “You have unpaid taxes for”, list tax period of the restitution assessment.
- In the line that begins with “Amount due”, enter the amount of the module balance per IMFOLT/TXMODA. In most instances, the “Amount Due” will equal the criminal restitution assessment plus interest, less payments applied to the module, to date of notice.
- In the line that begins with “Amount you owe,” enter criminal restitution assessment amount.
- In the line that begins with “Interest charges,” enter the interest accrued to the date of the notice.
- In the line that begins with “Amount due by,” enter a due date that is 21 calendar days from the date of the letter if the amount due is less than $100,000. If the amount due is equal or greater than $100,000, enter a due date that is 10 business days from the date of the letter.
- On page two of the letter under the word “Amount,” enter the amount of interest accrued through the date of the notice.
- In the line that begins with “For a detailed calculation,” enter your phone number.
- In the line that begins “To avoid additional penalty and interest charges,” enter the total amount due plus interest and the payment due date.
- Enter your name, title and signature at the bottom of page 2.

See Exhibit 12 – Sample Notice and Demand Letter.

Note: The completed N&D should be mailed and dated the date the assessment posts to the MFT 31 module. The N&D can be mailed on the Friday before the posting date. All posting dates are on a Monday.

Next you will prepare a Form 3177 to record the issuance of the N&D letter. A separate Form 3177 must be completed for each applicable year. The line by line instructions are as follows:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears on the MFT 31 module.
- EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears on the MFT 31 module.
- Enter MFT Code 31 and tax period in appropriate columns.
- TRC 971 – After other (specify) enter "AC-806 – see attached"
- Enter MFT Code 31 and tax period in appropriate columns.

The completed cross referencing Form 3177s with completed TC 971 AC 806 attachment should be e-faxed to Memphis CCP (Currently to Cheryl Moore; e-fax # 855-235-6797). A sample fax cover sheet is above.

The posting of AC 806 should appear within 7 to 10 days. See Exhibit 13 – Sample Form 3177 – Record Issuance of Notice and Demand Letter and Exhibit 14 – Sample Attachment to Form 3177 – Record Issuance of Notice and Demand Letter.

Upon assessment of restitution, issuance of the notice and demand, and input of TC 971 AC 806 to record the issuance of the notice and demand on IDRS, the centralized restitution coordinator will notify the local Advisory probation liaison of the CR assessment. The liaison contact can be found at the following link: http://mysbse.web.irs.gov/AboutSBSE/Collection/fieldcoll/aiq/aiqorg/contacts/19176.aspx.

The following will be conveyed to the advisory probation liaison: taxpayer's name, EIN/SSN, and years of restitution assessments.

The reviewer should keep a skeletal file for the restitution related documents and actions performed for reference follow up purposes.

Next you will prepare a Form 3177 to record the issuance of the N&D letter. A separate Form 3177 must be completed for each applicable year. The line by line instructions are as follows:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears on the MFT 31 module.
- EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears on the MFT 31 module.
- Enter MFT Code 31 and tax period in appropriate columns.
- TRC 971 – After other (specify) enter "AC-806 – see attached"
- Enter MFT Code 31 and tax period in appropriate columns.

The completed cross referencing Form 3177s with completed TC 971 AC 806 attachment should be e-faxed to Memphis CCP (Currently to Cheryl Moore; e-fax # 855-235-6797). A sample fax cover sheet is above.

The posting of AC 806 should appear within 7 to 10 days. See Exhibit 13 – Sample Form 3177 – Record Issuance of Notice and Demand Letter and Exhibit 14 – Sample Attachment to Form 3177 – Record Issuance of Notice and Demand Letter.

Upon assessment of restitution, issuance of the notice and demand, and input of TC 971 AC 806 to record the issuance of the notice and demand on IDRS, the centralized restitution coordinator will notify the local Advisory probation liaison of the CR assessment. The liaison contact can be found at the following link: http://mysbse.web.irs.gov/AboutSBSE/Collection/fieldcoll/aiq/aiqorg/contacts/19176.aspx.

The following will be conveyed to the advisory probation liaison: taxpayer's name, EIN/SSN, and years of restitution assessments.

The reviewer should keep a skeletal file for the restitution related documents and actions performed for reference follow up purposes.

Part 5 – "Restitution Cases - Conclusion of Civil Audit"

The following instructions will be used by local TS fraud coordinators and the centralized restitution coordinator(s). These closing procedures will be followed after the civil settlement case file for a case involving assessable criminal restitution is received in the local TS office for review. Note: Unless specifically stated, the instructions in this document do not supersede instructions in the IRM or instructions posted to the Fraud Home Page.

Since civil settlement cases involving court ordered restitution are also conditions of probation (COP) cases, an AIMS freeze code P would have been added to the taxpayer's account prior to the case being forwarded to the field for civil settlement. Prior to closing the case from the group, the revenue agent (RA) will check the "Civil Disposition of Joint Investigation – AIMS Freeze Code P (includes Criminal Restitution)" block on Form 3198, *Special Handling Notice for Examination Case Processing,* to ensure the case is properly routed to Technical Services prior to closing. See IRM 4.8.2.10.3.7.8(10). If the case is going to Appeals, the RA will **also** check the "Unagreed to Appeals" block on the Form 3198. If the case needs a notice of deficiency, the RA will **also** check the "Unagreed for Statutory Notice" block on the Form 3198.

All Cases with Assessable Restitution

1. Review the Form 14104 and ensure the appropriate amount of restitution was assessed on MFT 31 for ALL cases where restitution was assessable (see section 8 of Form 14104). Contact the centralized restitution coordinator (CRC) if restitution was not assessed or assessed incorrectly.

2. Review the revenue agent report (RAR) and ensure the report is correctly prepared reflecting all civil adjustments. There should be no reference to restitution on the report.

3. Perform all other required review actions, as appropriate, for the case being reviewed.

    a. SNOD case review – see IRM 4.8.9
    b. General Case Review Procedures – see IRM 4.8.2.7
    c. Unagreed Appeals case review – see IRM 4.8.2.8.2.1
    d. Burden of Proof – see IRM 4.8.2.10.3.8.1(3)

4. Review the RAR to ensure the IRC 6663 fraud penalty or the IRC 6651(f) fraudulent failure to file penalty was asserted. If not asserted, the case file should fully document the reason for not asserting the penalty. All applicable IRM sections should be addressed (for example IRM 25.1.6.2).

5. Review the Form 5344 to ensure the proper information was entered in item 38. See IRM 25.1.6.5(1).

6. Remove the AIMS freeze code P prior to closure to CCP or Appeals.

7. Copy the RAR and statutory notice of deficiency (SNOD), if applicable, and place the copy in the hardcopy "dummy" conditions of probation (COP) file. Follow all other required

monitoring responsibilities discussed in IRM 4.8.2.10.3.7.9, *Responsibilities of Technical Services (Examination) to Monitor Conditions of Probation*. Also, refer to the Instructions for Collateral Records document on the Fraud Home Page at http://wsep.ds.irsnet.gov/sites/co/dcse/sbse/exam/ts/Site_Map/Fraud/FORMS/Forms/AllItems.aspx

Agreed (to include Survey and No Change cases) and Defaulted SNOD cases with Assessable Criminal Restitution

1. Close the case to Memphis CCP.

2. Monitor the account(s) until the civil assessment(s) have posted, where applicable.

3. After the civil assessment posts, the fraud coordinator will notify the CI Liaison and the collection advisory probation liaison, via e-mail, that the assessment(s) posted.

4. Since there will now be an assessment of the restitution on MFT 31 and civil tax on MFT 30 (or 01, 02, 10 etc.), transaction codes are required to identify the two accounts as duplicate assessment accounts – see # 5 below.

   a. Prepare a Form 3177 to input a transaction code (TC) 972 with the same action code as was previously input (i.e., 180) on MFT 31.
   b. Prepare a Form 3177 to input a TC 972 with the same action code as was previously input (i.e., 181) on MFT 30 (or 01, 02, 10 etc.).
   c. Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 30 (or 01, 02, 10 etc.) to indicate there is now a duplicate assessment and the amount of the duplication. See # 5 below.
   d. Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 31 to indicate there is now a duplicate assessment and the amount of the duplication. See Step # 5 below.

5. At least two Forms 3177 should be prepared to cross reference the MFT 31 account to the related MFT account (MFT 30, 02, 01, 10). **A separate Form 3177 must be prepared for each MFT and for each year.** This will direct any IDRS account viewer to the applicable restitution account and other related accounts.

   The line by line instructions for the cross referencing MFT 31 Form 3177 are as follows:

   - Initiator information – Enter your name, phone number, and employee number.
   - Date – Enter the date the form is completed.
   - Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 31 module.
   - EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears in the MFT 31 module.
   - TRC 971 – Enter the following instructions next to “Other (specify)” – AC-18X; XRef EIN/SSN of related entity/MFT 30, 02, 01, 10, etc/Year/amount of duplicate assessment (see Exhibit 8 for current definitions and instructions).

- Enter MFT Code 31 and tax period in appropriate columns.

Use Exhibit 9 as a guide.

The line by line instructions for the cross referencing MFT 30, 02, 01, and 10, Form 3177 are as follows:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 30, 01, 02, 10 module.
- EIN or SSN – Enter the social security number or tax identification number related module/entity.
- TRC 971 – Enter the following instructions next to "Other (specify)" – AC-18X; XRef SSN of restitution liable defendant/MFT 31/Year/$ amount of duplicate assessment (see Exhibit 8 for current definitions and instructions).

- Enter MFT Code 30, 02, 01, 10 and tax period in appropriate columns.

Use Exhibit 10 as a guide.

The completed cross referencing Forms 3177 should be e-faxed to Memphis CCP (currently to Cheryl Moore; e-fax # 855-235-6797). A sample fax cover sheet is above.

The LTSFC should then monitor the modules for posting of the assessments and the cross referencing Forms 3177. If the cross referencing Form 3177s do not appear on the module within two weeks (shown on TXMODA), the reviewer should follow up with Memphis CCP.

The local TS fraud coordinators responsibilities for the case are finished.

Appealed and petitioned SNOD cases Assessable Criminal Restitution

1. Close the case to Appeals following all existing Appeals/Tax Court procedures.

   Note: Following current COP procedures, the fraud coordinator will notify, via e-mail, Appeals, CI and Collection Advisory that the COP/Restitution case has been forwarded to Appeals. The e-mail will contain a transmittal memorandum from the TS fraud coordinator to Appeals that will reflect: the identifying information of the COP/Restitution case, the CI probation liaison and field office, and the advisory probation liaison contact.

2. The local TS fraud coordinator's criminal restitution and COP responsibilities for the case are finished.

3. Appeals, upon resolution of the COP/Restitution case, will notify a designated CI and Collection employee. They will also notify the TS criminal restitution mail box (*SBSE TECH Svs Criminal Restitution) that the case has been resolved.

4. Upon notification in the TS criminal restitution mailbox, the centralized restitution coordinator will:

   a. Review IDRS for all applicable and related modules (MFT 31, 30, 02, 10, 01, etc.) to determine if there are duplicate assessments on Master File.
   b. If there are duplicate assessments (restitution on MFT 31 and civil tax on MFT 30, 02, 01, 10, etc.), transaction codes are required to identify the two accounts as duplicate assessment accounts.
      i. Prepare a Form 3177 to input a TC 972 with the same action code as was previously input (i.e., 180) on MFT 31.
      ii. Prepare a Form 3177 to input a TC 972 with the same action code as was previously input (i.e., 181) on MFT 30 (or 01, 02, 10 etc.).
      iii. Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 30 (or 01, 02, 10 etc.) to indicate there is now a duplicate assessment and the dollar amount of the duplication. See # 5 below.
      iv. Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 31 to indicate there is now a duplicate assessment and the dollar amount of the duplication. See # 5 below.

5. At least two Forms 3177 should be prepared to cross reference the MFT 31 account to the related MFT account (MFT 30, 02, 01, 10). **A separate Form 3177 must be prepared for each MFT and for each year.** This will direct any IDRS account viewer to the applicable restitution account and other related accounts.

   The line by line instructions for the cross referencing MFT 31 Form 3177 are as follows:

   - Initiator information – Enter your name, phone number, and employee number.
   - Date – Enter the date the form is completed.
   - Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 31 module.
   - EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears in the MFT 31 module.
   - TRC 971 – Enter the following instructions next to “Other (specify)” – AC-18X; XRef SSN or EIN of related entity/MFT 30, 02, 01, 10, etc/Year/$ amount of duplicate assessment (see Exhibit 8 for current definitions and instructions).

   - Enter MFT Code 31 and tax period in appropriate columns.

   Use Exhibit 9 as a guide.

The line by line instructions for the cross referencing MFT 30, 02, 01, 10 Form 3177 are as follows:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 30, 01, 02, 10 module.
- EIN or SSN – Enter the social security number or tax identification number related module/entity.
- TRC 971 – Enter the following instructions next to "Other (specify)" – AC-18X; XRef SSN or EIN of restitution liable defendant/MFT 31/Year/$ amount of duplicate assessment (see Exhibit 8 for current definitions and instructions).

- Enter MFT Code 30, 02, 01, 10 and tax period in appropriate columns.

Use Exhibit 10 as a guide.

The completed cross referencing Forms 3177 should be e-faxed to Memphis CCP (currently to Cheryl Moore; e-fax # 855-235-6797). See Exhibit 11.

The centralized reviewer or tax examiner should then monitor the modules for posting of the cross referencing Forms 3177. If the cross referencing Form 3177s do not appear on the module within two weeks (shown on TXMODA), the reviewer should follow up with Memphis CCP.

The centralized restitution coordinator criminal restitution responsibilities for the case are finished.

Part 5 – "Restitution Cases - Conclusion of Civil Audit"

The following instructions will be used by local TS fraud coordinators and the centralized restitution coordinator(s). These closing procedures will be followed after the civil settlement case file for a case involving assessable criminal restitution is received in the local TS office for review. Note: Unless specifically stated, the instructions in this document do not supersede instructions in the IRM or instructions posted to the Fraud Home Page.

Since civil settlement cases involving court ordered restitution are also conditions of probation (COP) cases, an AIMS freeze code P would have been added to the taxpayer's account prior to the case being forwarded to the field for civil settlement. Prior to closing the case from the group, the revenue agent (RA) will check the "Civil Disposition of Joint Investigation – AIMS Freeze Code P (includes Criminal Restitution)" block on Form 3198, *Special Handling Notice for Examination Case Processing,* to ensure the case is properly routed to Technical Services prior to closing. See IRM 4.8.2.10.3.7.8(10). If the case is going to Appeals, the RA will **also** check the "Unagreed to Appeals" block on the Form 3198. If the case needs a notice of deficiency, the RA will **also** check the "Unagreed for Statutory Notice" block on the Form 3198.

All Cases with Assessable Restitution

1. Review the Form 14104 and ensure the appropriate amount of restitution was assessed on MFT 31 for ALL cases where restitution was assessable (see section 8 of Form 14104). Contact the centralized restitution coordinator (CRC) if restitution was not assessed or assessed incorrectly.

2. Review the revenue agent report (RAR) and ensure the report is correctly prepared reflecting all civil adjustments. There should be no reference to restitution on the report.

3. Perform all other required review actions, as appropriate, for the case being reviewed.

    a. SNOD case review – see IRM 4.8.9
    b. General Case Review Procedures – see IRM 4.8.2.7
    c. Unagreed Appeals case review – see IRM 4.8.2.8.2.1
    d. Burden of Proof – see IRM 4.8.2.10.3.8.1(3)

4. Review the RAR to ensure the IRC 6663 fraud penalty or the IRC 6651(f) fraudulent failure to file penalty was asserted. If not asserted, the case file should fully document the reason for not asserting the penalty. All applicable IRM sections should be addressed (for example IRM 25.1.6.2).

5. Review the Form 5344 to ensure the proper information was entered in item 38. See IRM 25.1.6.5(1).

6. Remove the AIMS freeze code P prior to closure to CCP or Appeals.

7. Copy the RAR and statutory notice of deficiency (SNOD), if applicable, and place the copy in the hardcopy "dummy" conditions of probation (COP) file. Follow all other required

monitoring responsibilities discussed in IRM 4.8.2.10.3.7.9, *Responsibilities of Technical Services (Examination) to Monitor Conditions of Probation*. Also, refer to the Instructions for Collateral Records document on the Fraud Home Page at http://wsep.ds.irsnet.gov/sites/co/dcse/sbse/exam/ts/Site_Map/Fraud/FORMS/Forms/AllItems.aspx

Agreed (to include Survey and No Change cases) and Defaulted SNOD cases with Assessable Criminal Restitution

1. Close the case to Memphis CCP.

2. Monitor the account(s) until the civil assessment(s) have posted, where applicable.

3. After the civil assessment posts, the fraud coordinator will notify the CI Liaison and the collection advisory probation liaison, via e-mail, that the assessment(s) posted.

4. Since there will now be an assessment of the restitution on MFT 31 and civil tax on MFT 30 (or 01, 02, 10 etc.), transaction codes are required to identify the two accounts as duplicate assessment accounts – see # 5 below.

   a. Prepare a Form 3177 to input a transaction code (TC) 972 with the same action code as was previously input (i.e., 180) on MFT 31.
   b. Prepare a Form 3177 to input a TC 972 with the same action code as was previously input (i.e., 181) on MFT 30 (or 01, 02, 10 etc.).
   c. Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 30 (or 01, 02, 10 etc.) to indicate there is now a duplicate assessment and the amount of the duplication. See # 5 below.
   d. Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 31 to indicate there is now a duplicate assessment and the amount of the duplication. See Step # 5 below.

5. At least two Forms 3177 should be prepared to cross reference the MFT 31 account to the related MFT account (MFT 30, 02, 01, 10). **A separate Form 3177 must be prepared for each MFT and for each year.** This will direct any IDRS account viewer to the applicable restitution account and other related accounts.

   The line by line instructions for the cross referencing MFT 31 Form 3177 are as follows:

   - Initiator information – Enter your name, phone number, and employee number.
   - Date – Enter the date the form is completed.
   - Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 31 module.
   - EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears in the MFT 31 module.
   - TRC 971 – Enter the following instructions next to “Other (specify)” – AC-18X; XRef EIN/SSN of related entity/MFT 30, 02, 01, 10, etc/Year/amount of duplicate assessment (see Exhibit 8 for current definitions and instructions).

- Enter MFT Code 31 and tax period in appropriate columns.

Use Exhibit 9 as a guide.

The line by line instructions for the cross referencing MFT 30, 02, 01, and 10, Form 3177 are as follows:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 30, 01, 02, 10 module.
- EIN or SSN – Enter the social security number or tax identification number related module/entity.
- TRC 971 – Enter the following instructions next to "Other (specify)" – AC-18X; XRef SSN of restitution liable defendant/MFT 31/Year/$ amount of duplicate assessment (see Exhibit 8 for current definitions and instructions).

- Enter MFT Code 30, 02, 01, 10 and tax period in appropriate columns.

Use Exhibit 10 as a guide.

The completed cross referencing Forms 3177 should be e-faxed to Memphis CCP (currently to Cheryl Moore; e-fax # 855-235-6797). A sample fax cover sheet is above.

The LTSFC should then monitor the modules for posting of the assessments and the cross referencing Forms 3177. If the cross referencing Form 3177s do not appear on the module within two weeks (shown on TXMODA), the reviewer should follow up with Memphis CCP.

The local TS fraud coordinators responsibilities for the case are finished.

Appealed and petitioned SNOD cases Assessable Criminal Restitution

1. Close the case to Appeals following all existing Appeals/Tax Court procedures.

   Note: Following current COP procedures, the fraud coordinator will notify, via e-mail, Appeals, CI and Collection Advisory that the COP/Restitution case has been forwarded to Appeals. The e-mail will contain a transmittal memorandum from the TS fraud coordinator to Appeals that will reflect: the identifying information of the COP/Restitution case, the CI probation liaison and field office, and the advisory probation liaison contact.

2. The local TS fraud coordinator's criminal restitution and COP responsibilities for the case are finished.

3. Appeals, upon resolution of the COP/Restitution case, will notify a designated CI and Collection employee. They will also notify the TS criminal restitution mail box (*SBSE TECH Svs Criminal Restitution) that the case has been resolved.

4. Upon notification in the TS criminal restitution mailbox, the centralized restitution coordinator will:

   a. Review IDRS for all applicable and related modules (MFT 31, 30, 02, 10, 01, etc.) to determine if there are duplicate assessments on Master File.
   b. If there are duplicate assessments (restitution on MFT 31 and civil tax on MFT 30, 02, 01, 10, etc.), transaction codes are required to identify the two accounts as duplicate assessment accounts.
      i. Prepare a Form 3177 to input a TC 972 with the same action code as was previously input (i.e., 180) on MFT 31.
      ii. Prepare a Form 3177 to input a TC 972 with the same action code as was previously input (i.e., 181) on MFT 30 (or 01, 02, 10 etc.).
      iii. Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 30 (or 01, 02, 10 etc.) to indicate there is now a duplicate assessment and the dollar amount of the duplication. See # 5 below.
      iv. Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 31 to indicate there is now a duplicate assessment and the dollar amount of the duplication. See # 5 below.

5. At least two Forms 3177 should be prepared to cross reference the MFT 31 account to the related MFT account (MFT 30, 02, 01, 10). **A separate Form 3177 must be prepared for each MFT and for each year.** This will direct any IDRS account viewer to the applicable restitution account and other related accounts.

   The line by line instructions for the cross referencing MFT 31 Form 3177 are as follows:

   - Initiator information – Enter your name, phone number, and employee number.
   - Date – Enter the date the form is completed.
   - Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 31 module.
   - EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears in the MFT 31 module.
   - TRC 971 – Enter the following instructions next to “Other (specify)” – AC-18X; XRef SSN or EIN of related entity/MFT 30, 02, 01, 10, etc/Year/$ amount of duplicate assessment (see Exhibit 8 for current definitions and instructions).

   - Enter MFT Code 31 and tax period in appropriate columns.

   Use Exhibit 9 as a guide.

The line by line instructions for the cross referencing MFT 30, 02, 01, 10 Form 3177 are as follows:

- Initiator information – Enter your name, phone number, and employee number.
- Date – Enter the date the form is completed.
- Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 30, 01, 02, 10 module.
- EIN or SSN – Enter the social security number or tax identification number related module/entity.
- TRC 971 – Enter the following instructions next to "Other (specify)" – AC-18X; XRef SSN or EIN of restitution liable defendant/MFT 31/Year/$ amount of duplicate assessment (see Exhibit 8 for current definitions and instructions).

- Enter MFT Code 30, 02, 01, 10 and tax period in appropriate columns.

Use Exhibit 10 as a guide.

The completed cross referencing Forms 3177 should be e-faxed to Memphis CCP (currently to Cheryl Moore; e-fax # 855-235-6797). See Exhibit 11.

The centralized reviewer or tax examiner should then monitor the modules for posting of the cross referencing Forms 3177. If the cross referencing Form 3177s do not appear on the module within two weeks (shown on TXMODA), the reviewer should follow up with Memphis CCP.

The centralized restitution coordinator criminal restitution responsibilities for the case are finished.

Status Code		Description	Review Type	Suspense Type
Status 20	**Centralized Tax Examiner**	Establish collateral from receipt of Form 14104	91	551 - 7 days
Status 20	**Centralized Restitution Coordinator**	Determine Restitution is Not Assessable	94	N/A
Status 25	**Centralized Restitution Coordinator**	Centralized Restitution Coordinator waiting for CCP processing "delay" or other issue preventing timely movement of the case - for example: ASED issue on MFT 31 account or multiple submissions needed of F3177 or F3870	As applicable	As applicable
Status 30 (CI Inventory)	**Centralized Restitution Coordinator**	Incomplete F14104 Package (CI Inventory) as identified by T/E upon receipt CI Premature Referral as identified by CRC as incomplete or inaccurate Centralized Restitution Coordinator waiting for CI processing "delay" or other issue preventing timely movement of the case - for example: CI freeze on module.	91 91 As applicable	550 - 45 days 552 - 26 days As applicable
Status 35	**Centralized Restitution Coordinator**	Send package for establishment of mft 31 account sent to CCP	91, 95 or 96	553 - 22 days
		Establishment of mft 31 account	91, 95 or 96	554 - 5 days
		Submit assessment package to CCP	91, 95 or 96	555 - 15 days
		Assessment is posted/Notice and Demand Letter is Issued	91, 95 or 96	556 - 7 days
		Forward ERCS record and related documents to local Technical Services Fraud Coordinator	91, 95 or 96	557 - 14 days
	Local Technical Services Fraud Coordinator	Local Technical Services Fraud Coordinator forwards civil closing package to PSP/Field within 14 days of receipt of restitution package. AIMS record already established.	91, 95 or 96	remains in 557
		Local Technical Services Fraud Coordinator forwards civil closing package to PSP within 14 days of receipt of restitution package - AIMS record is not established.	91, 95 or 96	558 - 60 days
		Final actions completed by Local Technical Services Fraud Coordinator and Restitution collateral to be closed. Update review type prior to closing collateral.	92 or 93	N/A

Review Types	
91	Court ordered Restitution
92	Restitution Assessment Process Completed - Civil Action Initiated
93	Restitution Assessment Process Completed - No Civil Action Warranted
94	Restitution Not Assessable
95	Restitution is BMF related
96	Restitution is RPP related
97	Restitution is NOT payable to IRS

Suspense Codes	
550	45 days - Establish collateral from receipt of Form 14104 (incomplete F14104)
551	7 days (Form 14104 received, establish collateral, CRC and LTSFC review within 7 days)
552	26 days (Form 14104 being perfected by CI)
553	22 days (Awaiting establishment of mft 31 account)
554	5 days (Preparation of assessment documents)
555	15 days (Assessment package submitted)
556	7days - Assessment posted/Notice and Demand Letter issued
557	14 days - CRC forwards ERCS record and related documents to LTSFC
558	60 days - LTSFC forwards civil closing package to PSP - awaiting establishment of ERCs controls

	Constitutes CI Inventory

Notice of Action for Entry on Master File

Initiator *(Name, phone no., employee no.)*	Date *(mmddyyyy)*	Taxpayer name Taxpayer Name on MFT 30 module	EIN or SSN Primary SSN of module EP/ TEB Plan/ Report

TRC	Explanation	Section	MFT Code	Taxable Period
130	Account frozen from refunding *(See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)*			
460	Extension of time for filing granted to *(enter date)* _____			
470	Taxpayer claim pending Closing code *(if applicable)* ☐			
480	Offer in Compromise pending			
481	Offer in Compromise rejected			
482	Offer in Compromise withdrawn			
520	Account in suit Closing code ☐			
530	TDAs changed to "Uncollectible Status" Closing code ☐			
	Responsibility unit code ☐			
531	Uncollectible account changed to "TDA Status"			
550	Collection expiration date extended to *(enter date)* _____			
560	Assessment expiration date extended to *(enter date)* _____			
570	Additional liability pending			
971	Other *(specify)* Establish MFT31 with TC 971 AC 102 for {SSN - restitution TP}		30	YEARS

Notice of Action for Entry on Master File

Initiator *(Name, phone no., employee no.)*	Date *(mmddyyyy)*	Taxpayer name Taxpayer Name on MFT 30 module	EIN or SSN Primary SSN of module EP/ TEB Plan/ Report

TRC	Explanation	Section	MFT Code	Taxable Period
130	Account frozen from refunding *(See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)*			
460	Extension of time for filing granted to *(enter date)* _____			
470	Taxpayer claim pending Closing code *(if applicable)* ☐			
480	Offer in Compromise pending			
481	Offer in Compromise rejected			
482	Offer in Compromise withdrawn			
520	Account in suit Closing code ☐			
530	TDAs changed to "Uncollectible Status" Closing code ☐			
	Responsibility unit code ☐			
531	Uncollectible account changed to "TDA Status"			
550	Collection expiration date extended to *(enter date)* _____			
560	Assessment expiration date extended to *(enter date)* _____			
570	Additional liability pending			
971	Other *(specify)* Establish MFT31 with TC 971 AC 102 for {SSN - restitution TP}		30	YEARS

FAX

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If you have received this communication in error, please notify the sender immediately by telephone call and return the communication to the fax number you will be given, then destroy the document(s). Thank you!

Department of the Treasury
Internal Revenue Service
Technical Services
Fax # (xxx) xxx-xxxx

Date

Number of pages including cover sheet

TO:	*Cheryl Moore*
Phone	*901-786-7122*
Fax Phone	855-235-6797

FROM:	
Phone	
Fax Phone	

REMARKS: ☐ *Urgent* ☐ *For your review* ☐ *Reply ASAP* ☐ *Please Comment*

Comments: F3177s RE: Criminal Restitution Cases

PLEASE INPUT TC 971 AC 102 per the attached F-3177's

1	11.
2	12.
3	13.
4	14
5.	15.
6	16.
7	17.
8.	18.
9	19.
10 .	20.

Reason Codes	Definition
141	Criminal restitution assessment with IMF client returns of the preparer the basis for the underlying tax liability, with duplicate or possible duplicate civil assessments
142	Criminal restitution assessment with BMF client returns of the preparer the basis for the underlying tax liability, with duplicate or possible duplicate civil assessments
143	Criminal restitution assessment with IMF underlying tax liability, with duplicate or possible duplicate civil assessment
144	Criminal restitution assessment with BMF underlying tax liability, with duplicate or possible duplicate civil assessment
145	Criminal restitution assessment with IMF underlying tax liability, with duplicate criminal restitution assessment
146	Criminal restitution assessment with BMF underlying tax liability, with duplicate criminal restitution assessment
147	There is reasonable cause to waive the FTP penalty, if know.
148	There is NO reasonable cause to waive the FTP penalty, if known
149	RESERVED
150	Used with CRN 337 to mirror payments

Exhibit 6 - Sample Form 3870

1. TIN	Cross Reference TIN	Department of the Treasury Internal Revenue Service **request for adjustment**
2. Name Street Address	3. Originating Office TC ☐ CC ☐	
City State Zip Code	Telephone Number ( )	Catalog No. 22515Q

4. MFT	5. Period Ending	6. Assessment Date	7. Source
31	Applicable tax period		TDA ☐ Letter ☐ Claim ☐ Other ____

8. DLN	9. Renumbered DLN	10. Personal Contact
		Yes ☐ No ☐ POA _____

11. **Reason for Adjustment**

Assess Criminal restitution per instructions below

12. **I hereby request that the items indicated above be included or changed on my Federal Tax Return or account as identified.**

Signature of Taxpayer		Date
13. Signature of Preparer	Telephone (work) (FAX) /	Date
14. Approving Official Signature and Title		Date

Assessment, Item, or Credit Adjustment Processing Information

15. Sequence Number	16. Blocking Series	17. Del. Int. to Date	18. Source Code	19. Reason Code	20. Math Error Code	21. Hold Code	22. Other
	00 or 05		02	143 & 148		04	

23. Priority Code	24. Posting Delay Code	25. Source Doc. Attached	26. Other	27.	28.
8, 1 or 5		YES			

29. TC No.	Increase / Decrease	Ref. No.	Item Adjustment	Ref. No.	Credit Adj.
290	$				
320 (if applicable)	$				

30. Remarks Per criminal case #

31. Terminal Operator's Number	Employee I.D.	Date Input

1. TIN	Cross Reference TIN	Department of the Treasury Internal Revenue Service
2. Name	3. Originating Office TC ☐ CC ☐	**request for adjustment**
Street Address		
City State Zip Code	Telephone Number ( )	Catalog No. 22515Q

4. MFT	5. Period Ending	6. Assessment Date	7. Source
31	Applicable tax period		TDA ☐ Letter ☐ Claim ☐ Other ____

8. DLN	9. Renumbered DLN	10. Personal Contact
		Yes ☐ No ☐ POA _____

11. **Reason for Adjustment**

1. TIN	Cross Reference TIN	Department of the Treasury Internal Revenue Service **request for adjustment**
2. Name Street Address	3. Originating Office TC ☐ CC ☐	
City State Zip Code	Telephone Number ( )	Catalog No. 22515Q

4. MFT	5. Period Ending	6. Assessment Date	7. Source
31	Applicable tax period		TDA ☐ Letter ☐ Claim ☐ Other ____

8. DLN	9. Renumbered DLN	10. Personal Contact
		Yes ☐ No ☐ POA _____

11. **Reason for Adjustment**

Assess Criminal restitution per instructions below

12. **I hereby request that the items indicated above be included or changed on my Federal Tax Return or account as identified.**

Signature of Taxpayer		Date
13. Signature of Preparer	Telephone (work) (FAX) /	Date
14. Approving Official Signature and Title		Date

Assessment, Item, or Credit Adjustment Processing Information

15. Sequence Number	16. Blocking Series	17. Del. Int. to Date	18. Source Code	19. Reason Code	20. Math Error Code	21. Hold Code	22. Other
	00 or 05		02	143 & 148		04	

23. Priority Code	24. Posting Delay Code	25. Source Doc. Attached	26. Other	27.	28.
8, 1 or 5		YES			

29. TC No.	Increase / Decrease	Ref. No.	Item Adjustment	Ref. No.	Credit Adj.
290	$				
320 (if applicable)	$				

30. Remarks Per criminal case #

31. Terminal Operator's Number	Employee I.D.	Date Input

Preparation and Routing Instructions for Form 3870

Item	Action
1.	Enter the taxpayer's EIN (BMF) or SSN (IMF) as appropriate. If the taxpayer is married or there is a cross reference to another SSN or EIN and that number is affected list that number.
2.	Enter the current name and address of the taxpayer. If the name or address differs from the assessment document, enter the name or address shown on the assessment document as remarks under Reason for Adjustment. If a Power of Attorney (POA) is representing the taxpayer also include the name of the POA and address if different than the account. Include the daytime telephone of the taxpayer or POA.
3.	Enter the district and employee assignment number of the originating office. Enter the IDRS transaction code and closing code for the request for adjustment.
4.	Enter the Master File Tax (MFT) account code: **01** - Form 941, **02** - Form 1120, **03** - Form 720, **09** - Form CT-1, **10** - Form 940, **30** - Form 1040 or as appropriate.
5.	Enter the month, day, and year (mmddyy) which ends the period to which the adjustment relates
6.	Enter the date of assessment to which the adjustment pertains as determined from the notice or account.
7.	Check applicable box. If “Other” is checked, specify.
8.	Enter the Document Locator Number (DLN) shown on the source document, if available.
9.	To be completed by the Returns Index and File Unit.
10.	Check the appropriate block.
11.	Give a complete statement of facts explaining why the adjustment is to be made.
12.	If this request is based on “personal contact”, obtain the taxpayer's signature and enter the date of the signing.
13.	Signature, telephone and fax number of the employee preparing the request and date the request is completed.
14.	Self explanatory.
15. - 30.	To be completed by the input operator.
31.	Self explanatory.

Distribution:

Part 1: Route for terminal input.

Part 2: For processing as Form 3177.

Part 3: Retain with case.

FAX

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Department of the Treasury
Internal Revenue Service
Technical Services
Fax # (xxx) xxx-xxxx

Date

Number of pages including cover sheet

TO:	*Beverly Bates - Team 203*
Phone	*901-786-7240*
Fax Phone	855-688-9555

FROM:	
Phone	
Fax Phone	

REMARKS: ☒ *Urgent* ☒ *For your review* ☐ *Reply ASAP* ☐ *Please Comment*

Comments: Criminal Restitution Case – TAXPAYER Name

The attached Form 3870 requires priority handling. This Form 3870 should be processed/input exactly as received. No changes should be made to the information on the form. Any questions should be addressed to:

CCP input issues: Linda Spivey via phone or email or Annette Bowers via email
Completed form issues: Name at Phone # or email

Please e-mail NAME via when Form 3870 is processed.

CCP Form 3870 Input by:
Date completed:

The contact person for CR is Beverly Bates. Her telephone number is 901-786-7240. Beverly's tour is from 2 pm- 11:30 pm CST. Beverly's manager is Pam Wright, her number is 901-786-7121 and her tour is also 2 pm- 11:30 CST. The DM is Brad Benham. His number is 901-786-7009.

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

TC 971 AC 18X action codes are used to define and link Restitution-Based Assessment (RBA) and associated Fraud Penalties to duplicate and non-duplicate RBA, Civil, and Fraud Penalty assessments and/or to underlying tax liabilities for a specific TIN, MFT, and tax period. The linkages are applied to the accounts in pairs (i.e. TC 971 "points" to a TIN / MFT / tax period and the corresponding TIN / MFT / tax period "points" back.

The **Memo Money Amount (MMA)** field of the TC 971 AC 18X is used to identify the amount of the Restitution-Based Assessment (RBA) and/or Fraud Penalty that is duplicate. The dollar amount of the MMA is displayed on CC TXMOD only when an amount greater than $.00 has been entered. The transactions for the RBA, MMA amount, and associated TC 971 AC 18X's are initiated by Exam Technical Services (TS) and input by Exam Centralized Case Processing (CCP), located in the Memphis Campus.

Campus Compliance Service (CCS) will review accounts to determine:

- Missing and/or broken links (one link points to a TIN / MFT / tax period, but that corresponding TIN / MFT / tax period does not point back)
- TC 971 AC 180/181 has Memo Money Amount (MMA) more than zero present in the MMA field
- TC 971 AC 182 – 189 MMA of the pair of linkages is greater than the smallest duplicate assessment amount
- TC 971 AC 18X MMA dollar amounts of pair of linkages do not match

Note: The combination of the TC 767 with the TC 30X or TC 29X amounts may represent the duplicate assessment amount.

If these conditions exist, CCS will contact Technical Services (TS) via e-mail at *SBSE TECH Svs Criminal Restitution and request Form 3177 to update and/or correct account. If they receive no response, they will elevate the inquiry to local TS management.

Action Codes	TC 971 / Action Code 18X Definitions
180	Input on RBA module (MFT 31) to cross-reference the module with the underlying tax liability (MFT 30). **No duplicate assessment (MMA = Zero)**. **Taxes Receivable**
181	Input on module with underlying tax liability (MFT 30) to cross-reference the RBA module (MFT31) where the tax is assessed and collected as Restitution-Based Assessment. **No duplicate assessment (MMA = Zero).**

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Action Codes	TC 971 / Action Code 18X Definitions
182	Input on module with duplicate **Fraud Penalty** assessment, where module assessment(s) is smaller, to cross-reference module(s) with duplicate civil assessment where module assessment(s) is larger. If assessments are the same, put the TC971/AC183 on either the primary SSN (TPH/TPW) or the Lead Co-Defendant account and the TC971/AC182 on the remaining duplicates. **(MMA = $$$ amount of the duplicate)** **TC971/AC182 not used by CFO, SBSE CCS needs code for MMA info. Code not used unless a duplicate exists.*
183	Input on module with the duplicate **Fraud Penalty** assessment, where module assessment(s) is larger, to cross-reference module(s) with duplicate civil assessment where module assessment(s) is smaller. If assessments are the same, put the TC971/AC183 on either the primary SSN (TPH/TPW) or the Lead Co-Defendant account and the TC971/AC182 on the remaining duplicates. **(MMA = $$$ amount of the duplicate)** **TC971/AC183 not used by CFO, SBSE CCS needs code for MMA info. Code not used unless a duplicate exists.*
184	Input on module with duplicate RBA/Civil assessment, where module assessment(s) is smaller, to cross-reference module(s) with duplicate RBA/Civil assessment where module assessment is larger. **(MMA = $$$ amount of the duplicate)** **EXCEPTION:** On cases with multiple co-defendants where one or more parties are civilly assessed, link Civil to co-defendant with TC971/AC184 to TC971/AC184.
185	Input on module with the duplicate RBA/Civil assessment, where module assessment(s) is larger, to cross-reference module(s) with duplicate RBA/Civil assessment where module assessment(s) is smaller. **(MMA = $$$ amount of the duplicate)** **Taxes Receivable.** **When RBA and Civil assessment amounts are equal, normally the TC971/AC185 will be on the MFT 31 module - **EXCEPTION:** if the Fraud Penalty (TC320) has been assessed on MFT 30 creating a larger assessed balance, then Action Code TC971/AC185 will be used on MFT 30 and TC971/AC184 will be on MFT 31.
188	Input on co-defendant module with duplicate RBA, where module assessment(s) is the same or smaller, to cross-reference module(s) with duplicate RBA on the Lead (primary) co-defendant assessment is the same or larger. **(MMA = $$$ amount of the duplicate)** **EXCEPTION:** On cases with multiple co-defendants, the Lead co-defendant will have the TC971/AC189 and linked to all co-defendants, and all co-defendants will have a TC971/AC188 linked to another TC971/AC188 on each others co-defendant.
189	Input on RBA module(s) of Lead (primary) defendant to cross-reference duplicate RBA module to all other co-defendants, **(MMA = $$$ amount of the duplicate).** **Taxes Receivable**

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

The following examples demonstrate how TC 971 action codes are applied for RBA cases when the basis for the restitution is an IMF taxpayer.

NOTE: In cases where taxpayers file separate returns, the civil assessment is a duplicate only to the same individual's RBA.

Example 1
RBA
No Duplicate Civil Assessment

MFT 30	**MFT 31**
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
	TC 290 $10,000.00
TC 971 AC 181 points to MFT 31 MMA = .00	TC 971 AC 180 points to MFT 30 MMA = .00

Example 2
RBA
Duplicate Civil Assessment

MFT 30	**MFT 31**
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
TC 300 $10,000.00	TC 290 $10,000.00
TC 971 AC 184 points to MFT 31 MMA = 10,000	TC 971 AC 185 points to MFT 30 MMA = 10,000

Example 3
Duplicate RBA and Civil Assessments
Fraud Penalty that is not a Duplicate

MFT 30	**MFT 31**
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
TC 300 $10,000.00 TC 320 $3,000.00	TC 290 $8,000.00
TC 971 AC 185 points to MFT 31 MMA = 8,000	TC 971 AC 184 points to MFT 30 MMA = 8,000

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 4
Duplicate RBA and Civil Assessments
Fraud Penalty was part of the basis for the restitution ordered
Fraud Penalty that is not a Duplicate

MFT 30	**MFT 31**
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
TC 300 $10,000.00	TC 290 $8,000.00 TC 320 $3,000.00
TC 971 AC 184 points to MFT 31 MMA = 8,000	TC 971 AC 185 points to MFT 30 MMA = 8,000

Example 5
Duplicate RBA and Civil Assessments
Fraud Penalty was part of the basis for the restitution ordered
Duplicate Fraud Penalty

MFT 30	**MFT 31**
TC 971 AC 102 to create MFT 31	TC 971 AC 102 generated from MFT 30
TC 300 $10,000.00 TC 320 $3,000.00	TC 290 $10,000.00 TC 320 $3,000.00
TC 971 AC 184 points to MFT 31 MMA = 10,000 TC 971 AC 182 points to MFT 31 MMA = 3,000	TC 971 AC 185 points to MFT 30 MMA = 10,000 TC 971 AC 183 points to MFT 30 MMA = 3,000

Example 6

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) convicted and ordered to pay restitution. TPH & TPW filed a joint tax return.
No Duplicate Civil Assessment
Duplicate RBA
TPH = Taxpayer Husband; Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant

TPH&W MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 181 points to MFT 31 of TPH MMA = .00 TC 971 AC 181 points to MFT 31 of TPW MMA = .00	
TPH MFT 31 TC 971 AC 102 generated from TPH&W MFT 30 TC 290 $15,000.00 TC 971 AC 189 points to TPW MFT 31 MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00	**TPW MFT 31** TC 971 AC 102 generated from TPH&W MFT 30 TC 290 $10,000.00 TC 971 AC 188 points to TPH MFT 31 MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 7

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) convicted and ordered to pay restitution. TPH & TPW filed separate tax returns.
No Duplicate Civil Assessment
Duplicate RBA
TPH = Taxpayer Husband; Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant

TPH MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 181 points to MFT 31 of TPH MMA = .00	**TPW MFT 30** TC 971 AC 102 to create TPW MFT 31 TC 971 AC 181 points to MFT 31 of TPW MMA = .00
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 $15,000.00 TC 971 AC 189 points to TPW MFT 31 MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH MMA = .00	**TPW MFT 31** TC 971 AC 102 generated from TPW MFT 30 TC 290 $10,000.00 TC 971 AC 188 points to TPH MFT 31 MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPW MMA = .00

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 8

Taxpayer #1 (TP1) and Taxpayer #2 (TP2) convicted and ordered to pay restitution
TP1's tax return was the basis for the restitution ordered
No Duplicate Civil Assessment
Duplicate RBA
Fraud Penalty that is not Duplicate
TP1 = Taxpayer Lead-Defendant
TP2 =Taxpayer Co-Defendant

TP1 MFT 30 TC 971 AC 102 to create TP1 MFT 31 TC 971 AC 181 points to MFT 31 of TP1 MMA = .00	**TP2 MFT 30** TC 971 AC 102 to create MFT 31
TP1 MFT 31 TC 971 AC 102 generated from TP1 MFT 30 TC 290 $15,000.00 TC 320 $3,000.00 TC 971 AC 189 points to TP2 MFT 31 MMA = 10,000 TC 971 AC 180 points to MFT 30 of TP1 MMA = .00	**TPW MFT 31** TC 971 AC 102 generated from TP2 MFT 30 TC 290 $10,000.00 TC 971 AC 188 points to TP1 MFT 31 MMA = 10,000

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 9

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) convicted and ordered to pay restitution. TPH & TPW filed a joint tax return.
No Duplicate Civil Assessment
Duplicate RBA
Duplicate Fraud Penalty
TPH = Taxpayer Husband; Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant

TPH&W MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 181 points to MFT 31 of TPH MMA = .00 TC 971 AC 181 points to MFT 31 of TPW MMA = .00	
TPH MFT 31 TC 971 AC 102 generated from TPH&W MFT 30 TC 290 $15,000.00 TC 320 $3,000.00 TC 971 AC 189 points to TPW MFT 31 MMA = 10,000 TC 971 AC 183 points to TPW MFT 31 MMA = 3,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00	**TPW MFT 31** TC 971 AC 102 generated from TPH&W MFT 30 TC 290 $10,000.00 TC 320 $3,000.00 TC 971 AC 188 points to TPH MFT 31 MMA = 10,000 TC 971 AC 182 points to TPH MFT 31 MMA = 3,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 10

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) convicted and ordered to pay restitution. TPH & TPW filed separate tax returns.
No Duplicate Civil Assessment
Duplicate RBA
Duplicate Fraud Penalty
TPH = Taxpayer Husband; Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant

TPH MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 181 points to MFT 31 of TPH MMA = .00	**TPW MFT 30** TC 971 AC 102 to create TPW MFT 31 TC 971 AC 181 points to MFT 31 of TPW MMA = .00
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 $15,000.00 TC 320 $3,000.00 TC 971 AC 189 points to TPW MFT 31 MMA = 10,000 TC 971 AC 183 points to TPW MFT 31 MMA = 3,000 TC 971 AC 180 points to MFT 30 of TPH MMA = .00	**TPW MFT 31** TC 971 AC 102 generated from TPW MFT 30 TC 290 $10,000.00 TC 320 $3,000.00 TC 971 AC 188 points to TPH MFT 31 MMA = 10,000 TC 971 AC 182 points to TPH MFT 31 MMA = 3,000 TC 971 AC 180 points to MFT 30 of TPW MMA = .00

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 11

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) convicted and ordered to pay restitution. TPH & TPW filed a joint tax return.
Restitution based on the joint return of TPH & TPW
Duplicate RBA
No Duplicate Civil Assessment
Fraud Penalty that is not Duplicate
TPH = Taxpayer Husband-Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant
TP3 = Taxpayer-Co-Defendant

TPH&W MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 181 points to MFT 31 of TPH MMA = .00 TC 971 AC 181 points to MFT 31 of TPW MMA = .00		**TP3 MFT 30** TC 971 AC 102 to create MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 $10,000.00 TC 320 $3,000.00 TC 971 AC 189 points to TPW MFT 31; MMA = 10,000 TC 971 AC 189 points to TP3 MFT 31; MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00	**TPW MFT 31** TC 971 AC 102 generated from TPW MFT 30 TC 290 $10,000.00 TC 971 AC 188 points to TPH MFT 31; MMA = 10,000 TC 971 AC 188 points to TP3 MFT 31; MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00	**TP3 MFT 31** TC 971 AC 102 generated from TP3 MFT 30 TC 290 $10,000.00 TC 971 AC 188 points to TPW MFT 31; MMA = 10,000 TC 971 AC 188 points to TPH MFT 31; MMA = 10,000

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 12
Taxpayer Husband (TPH) ordered to pay restitution
Joint return filed with TPW
Duplicate RBA and Civil Assessment

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 300 $10,000.00 TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000	
TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 $10,000.00 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000	

Example 13
Taxpayer Wife (TPW) ordered to pay restitution
Joint return filed with TPH
Duplicate RBA and Civil Assessment

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPW MFT 31 TC 300 $10,000.00 TC 971 AC 184 to point to TPW MFT 31 MMA = 10,000	
	TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 $10,000.00 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 14

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) ordered to pay restitution
Duplicate RBA and Civil Assessment
TPH = Taxpayer Husband; Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 $10,000.00 TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000 TC 971 AC 184 to point to TPW MFT 31 MMA = 10,000	
TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 $10,000.00 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 189 to point to TPW MFT 31 MMA = 10,000	**TPW MFT 31** TC 971 AC 102 generated from TPH MFT 30 TC 290 $10,000.00 TC 971 AC 184 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 188 to point to TPH MFT 31 MMA = 10,000

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 15
Taxpayer Husband (TPH) and Taxpayer Wife (TPW) ordered to pay restitution
TPH ordered to pay Fraud Penalty as part of restitution ordered
Duplicate RBA and Civil Assessment
Fraud Penalty that is not a duplicate
TPH = Taxpayer Husband; Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 $10,000.00 TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000 TC 971 AC 184 to point to TPW MFT 31 MMA = 10,000	
TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 320 $3,000.00 TC 290 $10,000.00 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 189 to point to TPW MFT 31 MMA = 10,000	**TPW MFT 31** TC 971 AC 102 generated from TPH MFT 30 TC 290 $10,000.00 TC 971 AC 184 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 188 to point to TPH MFT 31 MMA = 10,000

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 16
Taxpayer Husband (TPH) and Taxpayer Wife (TPW) ordered to pay restitution
TPW ordered to pay Fraud Penalty as part of restitution ordered
Duplicate RBA and Civil Assessment
Fraud Penalty that is not a duplicate
TPH = Taxpayer Husband; Co-Defendant
TPW = Taxpayer Wife-Primary-Lead-Defendant

	TPW (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 102 to create TPH MFT 31 TC 300 $10,000.00 TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000 TC 971 AC 184 to point to TPW MFT 31 MMA = 9,000
TPH MFT 31 TC 971 AC 102 generated from TPW MFT 30 TC 290 $10,000.00 TC 971 AC 184 to point to TPW MFT 30 MMA = 10,000 TC 971 AC 188 to point to TPW MFT 31 MMA = 9,000	**TPW MFT 31** TC 971 AC 102 generated from MFT 30 TC 320 $3,000.00 TC 290 $9,000.00 TC 971 AC 185 to point to TPW MFT 30 MMA = 9,000 TC 971 AC 189 to point to TPH MFT 31 MMA = 9,000

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 17
Taxpayer Husband (TPH) and Taxpayer Wife (TPW) ordered to pay restitution
TPH ordered to pay Fraud Penalty as part of restitution ordered
Duplicate RBA and Civil Assessment
Duplicate Fraud Penalty
TPH = Taxpayer Husband; Primary-Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant

TPH (Primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 $10,000.00 TC 320 $3,000.00 TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000 TC 971 AC 184 to point to TPW MFT 31 MMA = 9,000 TC 971 AC 182 to point to TPH MFT 31 MMA = 3,000	
TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 $10,000.00 TC 320 $3,000.00 TC 971 AC 183 to point to TPH MFT 30 MMA = 3,000 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 189 to point to TPW MFT 31 MMA = 9,000	**TPW MFT 31** TC 971 AC 102 generated from TPH MFT 30 TC 290 $9,000.00 TC 971 AC 184 to point to TPH MFT 30 MMA = 9,000 TC 971 AC 188 to point to TPH MFT 31 MMA = 9,000

Example 18

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) ordered to pay restitution. TPH & TPW filed a joint tax return.
Duplicate RBA and Civil Assessments
TPH = Taxpayer Husband-Co-Defendant
TPW = Taxpayer Wife-Lead-Defendant
TP3 = Taxpayer-Co-Defendant

TPH (Primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 $10,000.00 TC 971 AC 184 points to TPH MFT 31; MMA = 10,000 TC 971 AC 184 point to TPW MFT 31; MMA = 10,000 TC 971 AC 184 points to TP3 MFT 31; MMA = 10,000		**TP3 MFT 30** TC 971 AC 102 to create MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 $10,000.00 TC 971 AC 185 points to TPH MFT 30; MMA = 10,000 TC 971 AC 188 points to TPW MFT 31; MMA = 10,000 TC 971 AC 188 points to TP3 MFT 31; MMA = 10,000	**TPW MFT 31** TC 971 AC 102 generated from TPH MFT 30 TC 290 $10,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 189 points to TPH MFT 31; MMA = 10,000 TC 971 AC 189 points to TP3 MFT 31; MMA = 10,000	**TP3 MFT 31** TC 971 AC 102 generated from TP3 MFT 30 TC 290 $10,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 188 points to TPH MFT 31; MMA = 10,000 TC 971 AC 188 points to TPW MFT 31; MMA = 10,000

Example 19

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) Liable
Duplicate RBA and Civil Assessment
Duplicate Fraud Penalty
TPH = Taxpayer Husband-Co-Defendant
TPW = Taxpayer Wife-Co-Defendant
TP3 = Taxpayer-Lead-Defendant

TPH (primary on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 $15,000.00 TC 320 $3,000.00 TC 971 AC 185 points to TPH MFT 31; MMA = 10,000 TC 971 AC 184 points to TPW MFT 31; MMA = 10,000 TC 971 AC 184 points to TP3 MFT 31; MMA = 10,000 TC 971 AC 183 points to TPH MFT 31; MMA = 3,000		**TP3 MFT 30** TC 971 AC 102 to create MFT 31
TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 $10,000.00 TC 320 $3,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 188 points to TPW MFT 31; MMA = 10,000 TC 971 AC 188 points to TP3 MFT 31; MMA = 10,000 TC 971 AC 182 points to TPH MFT 30; MMA = 3,000	**TPW MFT 31** TC 971 AC 102 generated from TPH MFT 30 TC 290 $10,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 188 points to TPH MFT 31; MMA = 10,000 TC 971 AC 188 points to TP3 MFT 31; MMA = 10,000	**TP3 MFT 31** TC 971 AC 102 generated from TP3 MFT 30 TC 290 $10,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 189 points to TPH MFT 31; MMA = 10,000 TC 971 AC 189 points to TPW MFT 31; MMA = 10,000

Example 20

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Joint and Several Liability with Defendant #1 – Primary (TP1) and Defendant #2 (TP2) - Duplicate J&S RBA only
J&S restitution for TP1 totaling $15,000 based on TP1's F1040 of $10,000 and TP2's F1040 of $5,000
J&S restitution for TP2 totaling $5,000 based on TP2's F1040 totaling $5,000

TP1 MFT 30 TC 971 AC 102 to create MFT 31 TC 971 AC 180 to point to TP1 MFT 31 MMA = 0	**TP2 MFT 30** TC 971 AC 102 to create MFT 31 TC 971 AC 180 to point to TP2 MFT 31 MMA = 0 TC 971 AC 180 to point to TP1 MFT 31 MMA = 0
TP1 MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 $15,000.00 TC 971 AC 181 to point to TP1 MFT 30 MMA = 0 TC 971 AC 181 to point to TP2 MFT 30 MMA = 0 TC 971 AC 189 to point to TP2 MFT 31 MMA = 5,000	**TP2 MFT 31** TC 971 AC 102 generated from MFT 30 TC 290 $5,000.00 TC 971 AC 181 to point to TP2 MFT 30 MMA = 0 TC 971 AC 188 to point to TP1 MFT 31 MMA = 5,000

Example 21

Joint and Several Liability with Defendant #1 – Primary (TP1) and Defendant #2 (TP2) - Duplicate J&S RBA and civil assessments
J&S restitution for TP1 totaling $15,000 based on TP1's F1040 of $10,000 and TP2's F1040 of $5,000
J&S restitution for TP2 totaling $5,000 based on TP2's F1040 totaling $5,000

TP1 MFT 30 TC 971 AC 102 to create MFT 31 TC 300 $10,000.00 TC 971 AC 184 to point to TP1 MFT 31 MMA = 10,000	**TP2 MFT 30** TC 971 AC 102 to create MFT 31 TC 290 $5,000.00 TC 971 AC 184 to point to TP2 MFT 31 MMA = 5,000 TC 971 AC 184 to point to TP1 MFT 31 MMA = 5,000
TP1 MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 $15,000.00 TC 971 AC 185 to point to TP1 MFT 30 MMA = 10,000 TC 971 AC 184 to point to TP2 MFT 30 MMA = 5,000 TC 971 AC 189 to point to TP2 MFT 31 MMA = 5,000	**TP2 MFT 31** TC 971 AC 102 generated from MFT 30 TC 290 $5,000.00 TC 971 AC 185 to point to TP2 MFT 30 MMA = 5,000 TC 971 AC 188 to point to TP1 MFT 31 MMA = 5,000

Example 22

Joint and Several Liability with Defendant #1 – Primary (TP1) and Defendant #2 (TP2) - Duplicate J&S RBA only and Civil Assessment on TP1 only
J&S restitution for TP1 totaling $15,000 based on TP1's F1040 of $10,000 and TP2's F1040 of $5,000
J&S restitution for TP2 totaling $5,000 based on TP2's F1040 totaling $5,000

TP1 MFT 30 TC 971 AC 102 to create MFT 31 TC 300 $10,000.00 TC 971 AC 184 to point to TP1 MFT 31 MMA = 10,000	**TP2 MFT 30** TC 971 AC 102 to create MFT 31 TC 971 AC 180 to point to TP2 MFT 31 MMA = 0 TC 971 AC 180 to point to TP1 MFT 31 MMA = 0
TP1 MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 $15,000.00 TC 971 AC 185 to point to TP1 MFT 30 MMA = 10,000 TC 971 AC 181 to point to TP2 MFT 30 MMA = 0 TC 971 AC 189 to point to TP2 MFT 31 MMA = 5,000	**TP2 MFT 31** TC 971 AC 102 generated from MFT 30 TC 290 $5,000.00 TC 971 AC 181 to point to TP2 MFT 30 MMA = 0 TC 971 AC 188 to point to TP1 MFT 31 MMA = 5,000

TC 971 Action Codes with IMF Linkage Examples
@ 12/16/2013

Example 23

Joint and Several Liability with Defendant #1 – Primary (TP1) and Defendant #2 (TP2) - Duplicate J&S RBA only and Civil Assessment on TP2 only
J&S restitution for TP1 totaling $15,000 based on TP1's F1040 of $10,000 and TP2's F1040 of $5,000
J&S restitution for TP2 totaling $5,000 based on TP2's F1040 totaling $5,000

TP1 MFT 30 TC 971 AC 102 to create MFT 31 TC 971 AC 180 to point to TP1 MFT 31 MMA = 0	**TP2 MFT 30** TC 971 AC 102 to create MFT 31 TC 300 $5,000.00 TC 971 AC 184 to point to TP2 MFT 31 MMA = 5,000 TC 971 AC 184 to point to TP1 MFT 31 MMA = 5,000
TP1 MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 $15,000.00 TC 971 AC 181 to point to TP1 MFT 30 MMA = 0 TC 971 AC 184 to point to TP2 MFT 30 MMA = 5,000 TC 971 AC 189 to point to TP2 MFT 31 MMA = 5,000	**TP2 MFT 31** TC 971 AC 102 generated from MFT 30 TC 290 $5,000.00 TC 971 AC 185 to point to TP2 MFT 30 MMA = 5,000 TC 971 AC 188 to point to TP1 MFT 31 MMA = 5,000

Notice of Action for Entry on Master File

Initiator *(Name, phone no., employee no.)*	Date *(mmddyyyy)*	Taxpayer name Taxpayer Name on MFT 30 module	EIN or SSN Primary SSN of module EP/ TEB Plan/ Report

TRC	Explanation	Section	MFT Code	Taxable Period
130	Account frozen from refunding *(See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)*			
460	Extension of time for filing granted to *(enter date)* _____			
470	Taxpayer claim pending Closing code *(if applicable)* ☐			
480	Offer in Compromise pending			
481	Offer in Compromise rejected			
482	Offer in Compromise withdrawn			
520	Account in suit Closing code ☐			
530	TDAs changed to "Uncollectible Status" Closing code ☐			
	Responsibility unit code ☐			
531	Uncollectible account changed to "TDA Status"			
550	Collection expiration date extended to *(enter date)* _____			
560	Assessment expiration date extended to *(enter date)* _____			
570	Additional liability pending			
971	Other *(specify)* Establish MFT31 with TC 971 AC 102 for {SSN - restitution TP}		30	YEARS

Notice of Action for Entry on Master File

Initiator *(Name, phone no., employee no.)*	Date *(mmddyyyy)*	Taxpayer name Taxpayer Name on MFT 30 module	EIN or SSN Primary SSN of module EP/ TEB Plan/ Report

TRC	Explanation	Section	MFT Code	Taxable Period
130	Account frozen from refunding *(See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)*			
460	Extension of time for filing granted to *(enter date)* _____			
470	Taxpayer claim pending Closing code *(if applicable)* [ ]			
480	Offer in Compromise pending			
481	Offer in Compromise rejected			
482	Offer in Compromise withdrawn			
520	Account in suit Closing code [ ]			
530	TDAs changed to "Uncollectible Status" Closing code [ ]			
	Responsibility unit code [ ]			
531	Uncollectible account changed to "TDA Status"			
550	Collection expiration date extended to *(enter date)* _____			
560	Assessment expiration date extended to *(enter date)* _____			
570	Additional liability pending			
971	Other *(specify)* Establish MFT31 with TC 971 AC 102 for {SSN - restitution TP}		30	YEARS

FAX

Confidentiality Notice

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient, or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited.

If you have received this communication in error, please notify the sender immediately by telephone call and return the communication to the fax number you will be given, then destroy the document(s). Thank you!

Department of the Treasury
Internal Revenue Service
Technical Services
Fax # (xxx) xxx-xxxx

Date

Number of pages including cover sheet

TO:	*Cheryl Moore*
Phone	*901-786-7122*
Fax Phone	855-235-6797

FROM:	
Phone	
Fax Phone	

REMARKS: ☐ *Urgent* ☐ *For your review* ☐ *Reply ASAP* ☐ *Please Comment*

Comments: F3177s RE: Criminal Restitution Cases

PLEASE INPUT TC 971 AC 18X per the attached F-3177's

1	11.
2	12.
3	13.
4	14
5.	15.
6	16.
7	17.
8.	18.
9	19.
10 .	20.

Department of the Treasury
Internal Revenue Service

IRS

Date:

Taxpayer Identification Number:

Types(s) of tax:

Tax period(s):

Person to contact:

Contact telephone number:

Contact fax number:

Employee Identification Number:

Court case number:

Dear [Taxpayer]:

Why you are receiving this letter
We assess and collect criminal restitution payments that courts order you to pay. When we make an assessment, we must provide notice to you and request payment.

You must still pay the restitution payments directly to the court. They will send us those payments and we will apply your payment against the assessments made for the amount of criminal restitution. We only collect the amount due plus any accrued interest and penalty as shown below:

You have unpaid taxes for [list tax type/periods included in criminal restitution amount]

Amount due: [amount of criminal restitution assessment plus interest to date of notice]

The amount due is based on the amount of criminal restitution you were ordered to pay, or you agreed to pay, to the Internal Revenue Service, plus interest calculated up to the date of this notice.

Billing summary
Amount you owe: [criminal restitution amount]

Interest charges: [interest to date of notice]

Amount due by: [if amount due is less than $100,000 the due date is 21 calendar days from the date of the letter; if the amount due equals or exceeds $100,000, the due date is 10 business days from the date of the letter]

Interest charges
Interest is charged on unpaid amounts from the return due date until the tax is paid in full (Internal Revenue Code Section 6601). Even if the court waives interest under Title 18, Crimes and Criminal Procedures, you continue to accrue interest under Title 26, the Internal Revenue Code.

Description	Amount
Total interest	**[interest to date of notice]**

For a detailed calculation of your interest, call [phone number] .

Penalties
We're required by law to charge any applicable penalties.

Payment instructions
You must meet the court-ordered payment schedule. At any time, you may send in extra payments to reduce interest and penalty charges. Pay directly to the court and include a copy of this letter if you pay more than the required amount.

To avoid additional penalty and interest charges, you must pay the amount of $ [total amount due plus interest] by [due date] .

Keep a copy of the check or other method of payment for your records.

Third party contacts
If we need to take action to collect unpaid taxes from you, we may need to contact other persons. While our practice is to deal directly with you or your authorized representative, we may need to speak with other persons if you are unable to provide necessary information or we need to verify information that you have provided. If we do contact other persons, we will only tell them limited information (such as your name) that is necessary to obtain or verify the information we need. You may request a list of the other persons that we contacted.

Additional information
If your current address has changed, you may visit www.irs.gov/taxtopics/tc157.html for information on how to update your address.

Please keep a copy of this letter in your permanent records.

If you have any questions regarding this letter, or wish to obtain a list of other persons contacted, please don't hesitate to contact the person listed at the top of this letter.

Thank you for your cooperation.

Sincerely,

[Name]
[Title]

Notice of Action for Entry on Master File

Initiator *(Name, phone no., employee no.)*	Date *(mmddyyyy)*	Taxpayer name Taxpayer Name on MFT 30 module	EIN or SSN Primary SSN of module EP/ TEB Plan/ Report

TRC	Explanation	Section	MFT Code	Taxable Period
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460	Extension of time for filing granted to *(enter date)* _____			
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520	Account in suit Closing code [ ]			
530	TDAs changed to "Uncollectible Status" Closing code [ ]			
	Responsibility unit code [ ]			
531	Uncollectible account changed to "TDA Status"			
550	Collection expiration date extended to *(enter date)* _____			
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570	Additional liability pending			
971	Other *(specify)* Establish MFT31 with TC 971 AC 102 for {SSN - restitution TP}		30	YEARS