IRM PROCEDURAL UPDATE

DATE: 12/12/2014

NUMBER: SBSE-04-1214-1682

SUBJECT: Post Publication Revision to TY 2013 IRM 4.19.3, IMF Automated Underreporter Program

AFFECTED IRM(s)/SUBSECTION(s): 4.19.3

CHANGE(s):

IRM 4.19.3.20.1(4) - added Form 3699, *Return of Documents to Taxpayer*

4. The taxpayer's response (and all attachments) should be retained as part of the case file. If it can be determined that the taxpayer has submitted original documents (i.e., birth certificate, death certificates, marriage license, etc.) make a copy for the case file and mail the originals to the taxpayer with a Form 3699, *Return of Documents to Taxpayer*, or a cover letter.

   EXCEPTION: Do not return original Form W-2, Form W-2C, and/or Form 1099-R that are required at the time of filing.

IRM 4.19.3.20.1.19(4) - new for researching CC INOLES

4. Research CC INOLES to validate the name or name control and social security number of dependent(s). CC INOLES displays the date of birth which can be used to determine eligibility for child tax credit, additional child tax credit, and earned income tax credit.
   1. Do not allow any exemption amount or credit if the information on Form 1040X does not match data on CC INOLES. If the information matches see (5) below.
   2. Attempt an outcall to secure the dependent's correct SSN, name or date of birth. If unable to contact the TP by phone issue a Letter 2626C, include a Special Paragraph using the following verbiage as an example: "The information you provided for the additional dependent(s) does not match our records. Please confirm the name, social security number and date of birth of the person(s) being added as a dependent on Form 1040X and submit the information to us with a copy of this letter/notice."

IRM 4.19.3.20.1.19(5) - new for researching CC DUPOL, renumbered remainder of subsection

5. Research CC DUPOL, using the Processing Year not the Tax Year (i.e., search 2014 Tax Processing Year for TY 2013 Tax Return), to verify if the additional dependent was claimed on another return as an exemption or earned income credit for the tax year in question. Review the 'DEPD STAT IND' field in the CC DUPOL response screen. This field indicates the dependent's exemption status.

If	Then
The response is 'No Data Found' **OR** the value is 1	Allow the additional exemption for the dependent.
The value is 0 or blank	Do not allow the additional exemption for this dependent. Issue a letter or notice including a Special Paragraph using the following verbiage as an example: "Our records indicate the additional dependent(s) claimed on your Form 1040X have been claimed on another return. Dependents cannot be claimed on more than one tax return therefore we cannot allow an exemption for the additional dependent(s) claimed on your Form 1040X."

NOTE: Consider Category A criteria for referring the case to Exam for Earned Income Tax Credit for the additional dependents per IRM 21.5.3-3, *Examination Criteria (CAT-A) - Credits.*

IRM 4.19.3.20.1.22(3) - revised to clarify oral or written communication

3. A completed authorization statement on the CP 2000/CP 2501 allows the IRS to address the CP 2000/CP 2501 information with the Authorized Third party. When communicating (orally or in writing) with an Authorized Third Party, input the name on the Update Address window, selecting Address Type A for Authorized Third Party. See IRM 4.19.7, *IMF Automated Underreporter Technical System Procedures* - Updating Address Information.

    CAUTION: Do not send copies of letters/notices to an authorized third party.

    EXCEPTION: If the communication results in a no change determination, or if the taxpayer agrees to the proposed tax change, the above actions are not necessary.