DATE: 03/31/2014

NUMBER: SBSE-05-0314-0588

SUBJECT: Balance Due Update

AFFECTED IRM(s)/SUBSECTION(s): 5.19.1

CHANGE(s):

IRM 5.19.1.5.4.24 VLSP, corrected paragraph (2).

1. Normally, if the taxpayer calls or writes in indicating they cannot pay the amount due today or within 60 or 120 days, and the balance due exceeds either SIA $25,000 and under criteria or SIA over $25,000 criteria, a financial statement must be secured. However, the taxpayer may offer to make a VLSP to reduce the balance due to meet SIA criteria.

    In addition, the need for a VLSP may also be identified through financial analysis for taxpayers who are being considered for NSIAs or PPIAs.

    CAUTION: Do not establish an IA including a VLSP. The VLSP **must** be received before the IA can be granted.

2. Suspend the account to wait on the VLSP by entering:

    Notice Status
    - o Input a CC STAUP to the next status for 6 cycles.
    - o Control account on IDRS (if there is not already an open control).

    ACS - "TOR6,XX,VLSP"

    ACSS - "TOS5,XX,VLSP"

    (XX = number of days for the VLSP to be received, plus 21)

3. Input TC 971 AC 043. See IRM 5.19.1.5.4.7, *Pending IA Criteria*.
4. Notate in AMS, the amount of the promised VLSP, the date the taxpayer promises to pay it and the terms and conditions of the IA (i.e., total tax liability, payment amount and payment dates, user fee; see IRM

5.19.1.5.4.1, *Determining Appropriate IA*, and IRM 5.19.1.5.4.17, *IA Terms and Conditions*) agreed to by the taxpayer and the CR if VLSP is received.

NOTE: Undesignated payments are normally applied to the oldest period(s) first. If the account includes balances for multiple periods, this may mean that part of the VLSP is applied to accrued interest and penalties. As a result, if the VLSP is being made to meet SIA criteria, it would not reduce the balance sufficiently. If this is a possible issue, advise the taxpayer to designate the payment to ensure it is applied to assessed amounts only. Document AMS to show that this was discussed.

5. Inform the taxpayer if the VLSP is not received by the promised date, the IA will not be considered and provide WOEA. See IRM 5.19.1.8, *Warning of Enforcement Action and Enforced Collection.*
   o If the VLSP is received by the target date and the account now qualifies for SIA $25,000 and under criteria, grant the IA as noted on prior AMS comments.

     NOTE: If the taxpayer made the agreed VLSP to meet SIA $25,000 and under criteria, but the account balance still exceeds $25,000 because the VLSP was not applied as designated, honor the taxpayer's intent and grant the agreement under SIA $25,000 and under criteria if the other requirements are met. Document AMS.

   o If the VLSP is received by the target date and the account now qualifies for SIA over $25,000 criteria, follow instructions in IRM 5.19.1.5.4.25, *SIAs Over $25,000.*

     NOTE: If the taxpayer made the agreed VLSP to meet SIA criteria, but the account balance still exceeds $50,000 because the VLSP was not applied as designated, honor the taxpayer's intent and grant the agreement under SIA $25,000 criteria if the other requirements are met. Document AMS.

   o If the VLSP is received as agreed by the target date and the account is a NSIA or PPIA, follow instructions in IRM 5.19.1.5.4, *IAs,* or IRM 5.19.1.5.5, *PPIAs.*
   o If the VLSP is not received by the target date, send the case to Independent Review. See IRM 5.19.1.5.4.9, *IA Rejection Criteria.*

IRM 5.19.1.5.4.25 SIAs Over $25,000, corrected table in paragraph (3).

1. Beginning January 30, 2012 (and revised March 1, 2013), all employees are authorized to establish SIAs over $25,000 when the taxpayer meets the following criteria:
   a. IMF and Out of Business Sole Proprietor Taxpayers **ONLY**.
   b. The AAB (CC SUMRY) is between $25,001 and $50,000, and:
      - The AAB (CC SUMRY balance) **will** be fully paid in 72 months, or
      - The agreement **will** be fully paid prior to the CSED,
      whichever comes first.
   c. No managerial approval is required.
   d. No NFTL determination is required.
   e. The IA **must** be established as a DDIA or PDIA.

   REMINDER: Only CSCO and ACSS employees may input DDIAs on IDRS. See IRM 5.19.1.5.4.14, *DDIA*.

   NOTE: SIA over $25,000 criteria was expanded to allow PDIAs as an allowable payment method on March 1, 2013.

   NOTE: On March 1, 2013, the requirement to validate that the taxpayer has adequate income to support the proposed IA amount by use of the SLIAC or securing a CIS has been suspended except as noted in paragraph (4) below. Also, see IRM 5.19.1.5.4.25.1, *Reinstating SIAs Over $25,000*.

2. Some international taxpayers and taxpayers living in U.S. Territories **may** qualify for a SIA over $25,000. These taxpayers **must** agree to a DDIA using a bank account that is:

   o With a bank located in the U.S.,

   o With a U.S. bank that has a branch located in one of the U.S. Territories, or a foreign country, or

   o With a bank that offers US dollar accounts. The bank account must have a 9 digit US Routing number and a corresponding account number.

   If an international taxpayer does not have a bank that meets the criteria above, they **do not** qualify for a SIA over $25,000.

3. Encourage the taxpayer to make a VLSP to reduce the balance below $25,000. However, SIAs over $25,000 may **not** be granted where the first payment on the IA is a VLSP that is made to pay down the balance to

meet the $50,000 or less AAB (CC SUMRY balance) threshold. Taxpayers **must** meet the $50,000 AAB (CC SUMRY balance) threshold at the time the SIA over $25,000 is granted. However, taxpayers with a liability greater than $50,000 can be considered for a SIA over $25,000 **if** they pay down the liability to $50,000 or less **prior** to the IA being granted. Use the following If/And/Then chart:

If …	And …	Then …
The AAB (CC SUMRY balance) exceeds $25,000,	The taxpayer agrees to make a VLSP to reduce the balance to meet SIA $25,000 and under criteria: 1. The AAB (CC SUMRY balance) must be reduced to $25,000 or under; and o The AAB will be fully paid in 72 months, or o The agreement will be fully paid prior to the CSED, whichever comes first. **NOTE:** This	1. A SIA $25,000 and under can be granted per procedures in IRM 5.19.1.5.4.1(3), *Determining Appropriate IA*, and IRM 5.19.1.5.4.24, *VLSP.* 2. Document the results in AMS.

	must be verified by the Decision IA tool.	

The AAB (CC SUMRY balance) is between $25,001 and $50,000,	The taxpayer **does not** agree to make a VLSP to bring the AAB (CC SUMRY balance) to $25,000 or less,	a. The account does not meet SIA $25,000 and under criteria. Consider whether the taxpayer meets SIA over $25,000 criteria.
		
		  1. Determine if:
		
		    ▪ The AAB (CC SUMRY balance) will be fully paid in 72 months, or
		    ▪ The agreement will be fully paid prior to the CSED,
		
		  whichever comes first.
		
		  NOTE: This **must** be verified by the Decision IA tool.
		
		  2. Explain SIA over $25,000 requirements (including authorizing a DDIA or PDIA) to the taxpayer. If applicable, explain that a SIA over $25,000 will help them avoid a NFTL.
		
		b. If the taxpayer meets SIA over $25,000 criteria, follow instructions in paragraph (5).
		c. If:
		
		  ○ The taxpayer's proposed monthly payment will not full pay the AAB (CC SUMRY balance) within 72 months,
		  ○ The taxpayer's proposed monthly payment will not

		full pay the liability within the CSED, **OR**
		
		   o The taxpayer does not agree to enter into a DDIA or PDIA,
		
		then inform the taxpayer that they do **not** meet SIA over $25,000 criteria.
		
		d. If speaking with the taxpayer, inform them that their IA request cannot be processed. Ask them to provide a full financial statement.
		
		   o If you cannot secure any financial information immediately (verbally or by fax during the phone contact) (including working correspondence), set a deadline for the taxpayer to provide the necessary financial information. See instructions in IRM 5.19.1.5.4.1(3), *Determining Appropriate IA*.
		
		e. If the taxpayer provides financial information, analyze it and determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See: IRM 5.19.1.6, *Securing Financial Information*, IRM 5.19.1.5.4(11), *IAs*, IRM 5.19.1.5.5, *PPIA*, or IRM 5.19.1.7.1, *CNC Policy and Overview*, as appropriate.
		f. If pending IA criteria is met, input TC 971 AC 043 to all balance due modules to be included in the IA.

		See IRM 5.19.1.5.4.7, *Pending IA Criteria*.
		
		g. If Decision IA shows:
		
		    o The AAB (CC SUMRY balance) will be fully paid in 72 months, or
		    o The agreement will be fully paid prior to the CSED,
		
		whichever comes first, **AND** the taxpayer agrees to a DDIA or PDIA, follow the procedures in paragraph (5) below.
		
		h. Document the results in AMS.

The AAB (CC SUMRY balance) exceeds $50,000,	The taxpayer agrees to make a VLSP to bring the AAB (CC SUMRY balance) to $50,000 or less,	a. Consider whether the taxpayer meets SIA over $25,000 criteria.
		
		    1. Determine if:
		       ▪ The AAB (CC SUMRY) will be fully paid in 72 months, or
		       ▪ The agreement will be fully paid prior to the CSED,
		
		    whichever comes first.
		
		    NOTE: This **must** be verified by the Decision IA tool.
		
		    2. Explain SIA over $25,000 requirements (including authorizing a DDIA or PDIA) to the taxpayer. If applicable, explain that a SIA over $25,000 will help them avoid a NFTL.
		
		b. If the taxpayer meets SIA over $25,000 criteria, follow

		instructions in paragraph (5).
		c. If:
		o The taxpayer's proposed monthly payment will not full pay the AAB (CC SUMRY balance) within 72 months,
		o The taxpayer's proposed monthly payment will not full pay the liability within the CSED, **OR**
		o The taxpayer does not agree to enter into a DDIA or PDIA,
		then inform the taxpayer that they do **not** meet SIA over $25,000 criteria.
		d. If speaking with the taxpayer, inform them that their IA request cannot be processed. Ask them to provide a full financial statement.
		o If you cannot secure any financial information immediately (verbally or by fax during the phone contact) (including working correspondence), set a deadline for the taxpayer to provide the necessary financial information. See instructions in IRM 5.19.1.5.4.1(3), *Determining Appropriate IA*.
		e. If the taxpayer provides financial information, analyze it and

		determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See: IRM 5.19.1.6, *Securing Financial Information*. IRM 5.19.1.5.4(11), *IAs*, IRM 5.19.1.5.5, *PPIA*, or IRM 5.19.1.7.1, *CNC Policy and Overview*, as appropriate.
		
		f. If pending IA criteria is met, input TC 971 AC 043 to all balance due modules to be included in the IA. See IRM 5.19.1.5.4.7, *Pending IA Criteria*.
		
		g. If Decision IA shows:
		
		    ○ The AAB (CC SUMRY) will be fully paid in 72 months, or
		    ○ The agreement will be fully paid prior to the CSED,
		
		whichever comes first, **AND** the taxpayer agrees to a DDIA or PDIA, set a deadline for them to make the agreed down payment. Advise them to provide a completed, signed Form 433–D, *Installment Agreement*, or Form 9465, *Installment Agreement Request*, or Form 2159, *Payroll Deduction Agreement*, with their payment.
		
		h. If the case is in Notice Status, Input "50KPND" in AMS comments. Input CC STAUP 2209 and establish a control on IDRS (if there is not already an open control).
		If the case is in ST 22, ACS: "TOR6,60,50VLSP"

		ACSS: "TOS5,60,50VLSP" i. Follow the procedures in paragraph (5) below. j. Document the results in AMS.
The AAB (CC SUMRY balance) exceeds $50,000,	The taxpayer does not agree to make a VLSP to bring the AAB (CC SUMRY balance) to $50,000 or less,	a. Inform the taxpayer that they do not meet SIA over $25,000 criteria. b. If speaking with the taxpayer, inform them that their IA request cannot be processed. Ask them to provide a full financial statement. ○ If you cannot secure any financial information immediately (verbally or by fax during the phone contact) (including working correspondence), set a deadline for the taxpayer to provide the necessary financial information. See instructions in IRM 5.19.1.5.4.1(3), *Determining Appropriate IA*. c. If the taxpayer provides financial information, analyze it and determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See: IRM 5.19.1.6, *Securing Financial Information*. IRM 5.19.1.5.4(11), *IAs*, IRM 5.19.1.5.5, *PPIA*, or IRM 5.19.1.7.1, *CNC Policy and Overview*, as appropriate. d. If pending IA criteria is met, input TC 971 AC 043 to all balance due modules to be included in the IA. See IRM 5.19.1.5.4.7,

| | | *Pending IA Criteria*. |
| | | e. Document the results on AMS. |

4. As of March 1, 2013, if the taxpayer agrees to a payment meeting SIA over $25,000 criteria, their ability to make a proposed payment amount is **not** required to be verified **unless** they have defaulted on an IA in the past 12 months due to insufficient payments. If the taxpayer has defaulted on a SIA over $25,000 within the past 12 months for missing a payment and owes **and** the taxpayer still owes $25,001-$50,000, see IRM 5.19.1.5.4.25.1, *Reinstating SIAs Over $25,000*, for payment verification procedures.

   EXCEPTION: If the taxpayer's previous IA was a SIA $25,000 and under **or** the taxpayer now qualifies for SIA $25,000 and under criteria, you are **not** required to validate that the taxpayer has adequate income to support the proposed IA amount by use of the SLIAC or securing a CIS.

   NOTE: As of March 1, 2013, the taxpayer may have more than one opportunity to enter into a SIA over $25,000. If the taxpayer defaulted on a previous SIA for a reason other than insufficient payments, or defaulted more than 12 months ago, you are **not** required to validate that the taxpayer has adequate income to support the proposed IA amount by use of the SLIAC or securing a CIS.

5. All SIAs over $25,000 **MUST** be established as DDIAs or PDIAs. Follow procedures in IRM 5.19.1.5.4.14, *DDIA*, or IRM 5.19.1.5.4.15, *Form 2159, Payroll Deduction Agreement*, for establishing the DDIA or PDIA.

   REMINDER: All SIAs over $25,000 will use 36 in the YY position of the ALN. See Exhibit 5.19.1-11, *ALNs*.
   REMINDER: Only CSCO and ACSS employees may input DDIAs on IDRS.

   CAUTION: SIAs over $25,000 **cannot** include a backup CNC. If the taxpayer defaults on the IA, the taxpayer must provide a full financial statement to determine the appropriate case resolution.

6. If a SIA over $25,000 was discussed with the taxpayer but not finalized:

If …	And …	Then …
ACS, FA,	The taxpayer needs to provide: ○ Form 433–D ,	a. Advise the taxpayer to provide the missing DDIA or PDIA authorization. **NOTE:** Advise the taxpayer if they do not authorize either a

	Installment Agreement, ○ Form 9465, *Installment Agreement Request*, ○ Form 9465–FS, *Installment Agreement Request*, or ○ Form 2159, *Payroll Deduction Agreement*,	DDIA or PDIA, then their proposal does not meet SIA, and they must provide a financial statement in order for us to continue processing their request. **NOTE:** ACS employees will advise the taxpayer to forward the information to the appropriate ACSS site. **NOTE:** If the taxpayer indicates they can fax it in, follow IRM 5.19.1.5.4.14, *DDIA*, or IRM 5.19.1.5.4.15, *Form 2159, Payroll Deduction Agreement*, as appropriate. b. If pending IA criteria is met, input TC 971 AC 043 on all modules to be included in the IA. See IRM 5.19.1.5.4.7, *Pending IA Criteria*. c. If case is in Notice Status, input a CC STAUP to the next status for 6 cycles. If case is in ST 22, input: ○ ACS - "TOR6,60,50KPND". d. Document AMS. e. Verbally advise the taxpayer of the DDIA or PDIA terms and conditions, including the user fee. Advise them if they fail to submit the requested DDIA or PDIA authorization as agreed, or financial statement, the IA may be rejected and a NFTL may be filed.
ACSS, CSCO,	The taxpayer needs to provide: ○ Form 433–D, *Installment*	a. Send Letter 2272C, *Installment Agreement Cannot be Considered/ Extension of Time to Pay Cannot be Considered*, to request the missing DDIA or PDIA

		authorization.
	Agreement, ○ Form 9465, *Installment Agreement Request,* ○ Form 9465–FS , *Installment Agreement Request,* or ○ Form 2159, *Payroll Deduction Agreement,*	**NOTE:** Advise the taxpayer if they do not authorize either a DDIA or PDIA, then their proposal does not meet SIA, and they must provide a financial statement in order for us to continue processing their request. **NOTE:** ACSS employees will advise the taxpayer to forward the information to the appropriate ACSS site. b. If pending IA criteria is met, input TC 971 AC 043 on all modules to be included in the IA. See IRM 5.19.1.5.4.7, *Pending IA Criteria.* c. If case is in Notice Status, input a CC STAUP to the next status for 6 cycles. Control case. See IRM 5.19.1.6(20), *Securing Financial Information.* If case is in ST 22, input: ○ ACSS - "TOS5,60,50KPND". d. Document AMS. e. Advise the taxpayer of the DDIA or PDIA terms and conditions, including the user fee. Advise them if they fail to submit the requested DDIA or PDIA authorization, or financial statement, the IA may be rejected and a NFTL may be filed.

Follow paragraph (9) when the follow-up time expires.

7. The SIA Checklist can be used on AMS. However, if using the Checklist, you will have to manually input the ACS inventory assignment on ACSWeb.

8. If the taxpayer promised to make a VLSP to reduce their balance below $50,000 (which would qualify them for a SIA over $25,000 per paragraph (3) above), take the following actions when the follow-up time expires:

If …	Then …
If the taxpayer made the promised VLSP to qualify them for a SIA over $25,000 **and** provided a completed, signed: o Form 433–D , *Installment Agreement*, o Form 9465, *Installment Agreement Request*, o Form 9465–FS , *Installment Agreement Request*, or o Form 2159, *Payroll Deduction Agreement*,	a. Follow procedures in IRM 5.19.1.5.4.14, *DDIA*, or IRM 5.19.1.5.4.15, *Form 2159, Payroll Deduction Agreement*. b. Document AMS.
If the taxpayer made the promised VLSP to qualify them for a SIA over $25,000 but **did not** provide a completed, signed: o Form 433–D, *Installment Agreement*, o Form 9465, *Installment Agreement Request*, o Form 9465–FS, *Installment Agreement Request*, or o Form 2159, *Payroll Deduction Agreement*,	a. The taxpayer **does not** qualify for a SIA over $25,000. b. Determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See: IRM 5.19.1.5.4(10), *IAs*, IRM 5.19.1.5.5, *PPIA*, or IRM 5.19.1.7.1, *CNC Policy and Overview*, as appropriate. c. Input TC 971 AC 043 if IA cannot be input immediately. See IRM 5.19.1.5.4.7, *Pending IA Criteria*. d. Make NFTL determination. See IRM 5.19.4.5.2, *Lien Filing Determinations*. e. Secure managerial approval. See IRM 5.19.1.5.4.8, *IA Managerial Approval*, or IRM

but provided a financial statement as requested,	5.19.1.7.1.9, *CNC Managerial Approval*, as appropriate. f. Document AMS.

If the taxpayer made the promised VLSP to qualify them for a SIA over $25,000 but **did not** provide a completed, signed:
 	
   o Form 433–D , *Installment Agreement*,
   o Form 9465, *Installment Agreement Request*,
   o Form 9465–FS , *Installment Agreement Request*, or
   o Form 2159, *Payroll Deduction Agreement*,
 	
and
 	
did **not** provide financial information as requested,
	a. Input TC 971 AC 043. See IRM 5.19.1.5.4.7, *Pending IA Criteria*.
	b. Follow Independent Review procedures. See IRM 5.19.1.5.4.10, *Rejected Installment Agreement Independent Review*.
	c. Request NFTL filing. See IRM 5.19.4.5.2, *Lien Filing Determinations*.
	d. Document AMS.

If the taxpayer **did not** make the promised VLSP and their balance still exceeds $50,000,	a. The taxpayer **does not** qualify for a SIA over $25,000. b. Follow IA rejection procedures. See IRM 5.19.1.5.4.9, *IA Rejection Criteria*. c. Request NFTL filing. See IRM 5.19.4.5.2, *Lien Filing Determinations*. d. Document AMS.

9. **Follow-up actions:** If the taxpayer promised to provide information to finalize their SIA over $25,000, take the following actions after the follow-up time expires:

If …	Then …
If the taxpayer qualifies for a SIA over $25,000 **and** provides a completed, signed: o Form 433–D , *Installment Agreement,* o Form 9465, *Installment Agreement Request,* o Form 9465–FS , *Installment Agreement Request,* or o Form 2159, *Payroll Deduction Agreement,*	a. Follow procedures in IRM 5.19.1.5.4.14, *DDIA,* or IRM 5.19.1.5.4.15, *Form 2159, Payroll Deduction Agreement,* for establishing the IA. b. Document AMS.
If the taxpayer **did not** provide a completed, signed: o Form 433–D , *Installment Agreement,* o Form 9465, *Installment Agreement Request,* o Form 9465–FS , *Installment Agreement Request,* or o Form 2159, *Payroll Deduction Agreement,*	a. The taxpayer **does not** qualify for a SIA over $25,000. b. Determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See: IRM 5.19.1.5.4(10), *IAs,* IRM 5.19.1.5.5, *PPIA,* or IRM 5.19.1.7.1, *CNC Policy and Overview,* as appropriate. c. Input TC 971 AC 043 if IA cannot be input immediately. See IRM 5.19.1.5.4.7, *Pending IA Criteria.* d. Make NFTL determination. See IRM 5.19.4.5.2, *Lien Filing Determinations.* e. Secure managerial approval. See IRM 5.19.1.5.4.8, *IA Managerial Approval,* or IRM 5.19.1.7.1.9, *CNC Managerial Approval,* as appropriate.

but	f. Document AMS.
provided financial information as requested in paragraph (8) above,	
If the taxpayer **did not** provide a completed, signed: o Form 433–D , *Installment Agreement,* o Form 9465, *Installment Agreement Request,* o Form 9465–FS , *Installment Agreement Request*, or o Form 2159, *Payroll Deduction Agreement,* **and** did **not** provide financial information as requested in paragraph (8) above,	a. The taxpayer **does not** qualify for a SIA over $25,000. b. Follow IA rejection procedures. See IRM 5.19.1.5.4.9, *IA Rejection Criteria.* c. Request NFTL filing. See IRM 5.19.4.5.2, *Lien Filing Determinations.* d. Document AMS.

10. If the account meets "mirroring" criteria, follow existing procedures to complete the required package and forward to Philadelphia CSCO for input.

   o Input "50KSIA meets mirroring" to AMS.
   o ACS: Input "TOS3,90,MFT31"
   Follow instructions in IRM 5.19.1.5.4.12.1, *Front End Mirror Assessments Process for IA and CNC Closures*.

11. While SIA over $25,000 criteria is similar to NFTL withdrawal criteria, they are **not** the same. This means that if the SIA over $25,000 is granted for a

taxpayer with a previously filed NFTL, they may **not** necessarily qualify for a lien withdrawal. See IRM 5.19.4.6.4.1, *Withdrawal of NFTL for Direct Debit Installment Agreements*, for NFTL withdrawal criteria.

12. If a taxpayer is granted a SIA over $25,000, then later requests to lower their monthly payment amount and:

- o The AAB (CC SUMRY) will **not** be fully paid in 72 months,
- o The agreement will **not** be fully paid prior to the CSED, or
- o To discontinue their DDIA or PDIA and make manual payments,

then their request does **not** meet SIA over $25,000 criteria. Determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See:
IRM 5.19.1.5.4(11), *IAs*,
IRM 5.19.1.5.5, *PPIA*, or
IRM 5.19.1.7.1, *CNC Policy and Overview*,
as appropriate. Managerial approval and a NFTL determination are **both** required.