

IRM PROCEDURAL UPDATE

DATE: 06/20/2014

NUMBER: WI-21-0614-1029

SUBJECT: CAF Processing Procedures

AFFECTED IRM(s)/SUBSECTION(s): 21.3.7

CHANGE(s):

IRM 21.3.7.1(1) Removed reference to Disclosure Authorization (DA).

1. A third party authorization is a signed document and/or an oral statement made by a taxpayer granting specific authorities to a third party. Third party authorizations include:
 - Form 2848, Power of Attorney and Declaration of Representative,
 - Form 8821, Tax Information Authorization,
 - Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return,
 - Oral Disclosure Consent (ODC), a non-written tax information authorization, or
 - Third Party Designee (also known as Check-box authority).

These authorizations may be submitted through paper submission via fax or mail or taxpayer contact directly with IRS for oral authorizations.

IRM 21.3.7.1.4(6) Removed "most current "to clarify the use of IRS received date stamped on the authorization.

6. Use the IRS received date that is stamped on the authorization. See IRM 21.5.1.4.2.4

IRM 21.3.7.3.2 Changed "telephone request" to "correspondence" and removed procedures related to telephone requests regarding a lost/forgotten CAF number.

1. The CAF Function may receive correspondence for a lost or forgotten CAF number. Research and provide the CAF number as follows:
 - Confirm there is an existing CAF number(s) for the name and address provided.

- Use CAF IAT letter tool to send **Letter 1727C**, Power of Attorney Representative Number to the third party requesting the lost/forgotten CAF number.

IRM 21.3.7.5.1(4)(a)7 Added the word individual's before fiduciary. IRM 21.3.7.5.1(4)(b) Added CAF does not accept electronic signature of the representative(s), removed Level I, and revised Designation levels for clarity.

4. Essential elements are:

- a. **Essential element 1** The taxpayer's dated signature is required. An electronically signed, printed or stamped signature is **not** acceptable.

1. For IMF joint accounts, each spouse must execute his or her own power of attorney or tax information authorization on a separate Form 2848 or Form 8821, to designate a representative/appointee even if the same representative/appointee is being named on the authorization.
2. For BMF accounts, a signature, date and title is required.
[REDACTED]
3. A thumbprint or **X** with a witness signature is acceptable.
4. A hand printed (not typed) signature is acceptable.
5. When the taxpayer signs and dates the **Form 2848** before the representative, the signature dates of the taxpayer(s) and representative(s) **must be** within 45 days for domestic authorizations and **within 60** days for authorizations of taxpayers/representatives residing abroad. If the taxpayer's dated signature is more current than the representative's signature, the 45 and 60 day rule does not apply. As long as the signature dates meet this requirement, the Form 2848 may be submitted and processed at any time.
6. Form 8821 must be received by the IRS within 120 days of the date it was signed and dated by the taxpayer only when the Form 8821 does not address tax matters.

NOTE: The only time a taxpayer signature is not required is when a faxed Form 8821 Oral Tax Information Authorization (OTIA) is received from an internal source in the CAF function and line 7 is notated that this is an "Oral Tax Information Authorization", "Oral TIA", or "OTIA". For BMF accounts, the name and title must be notated on the OTIA of the individual granting this authority.

7. If the Form 2848 is signed by an individual's fiduciary, (e.g., executor/administrator/trustee of a bankruptcy, trustee of a trust/conservator/designee/guardian/receiver/personal representative/person in possession of property of a decedents

estate, debtor in possession of assets in any bankruptcy proceeding by order of the court) research **CC ENMOD** or **CC INOLE** to verify that the person signing the form matches the second name line.

NOTE: The document with most recent taxpayer signature date, whether already processed to the CAF database or just received by fax or mail, with the same tax matters listed is the document that has representational authority for the taxpayer.

- b. **Essential element 2** - Only applies to Form 2848. The representative's designation under which he or she is authorized to practice before the IRS must be present. Designation types (A - R) are listed below. In addition, the representative must list the Licensing jurisdiction (state) or other licensing authority and Bar, license, certification, registration, or enrollment number, if applicable. The representative's signature and date are also required. An electronically signed, printed or stamped signature is **not** acceptable. For multiple representatives listed on the same form, only one signature date is required; however, all representatives must sign the Form 2848. #



- **A** - Attorney - enter two-letter state abbreviation, i.e., "NY" for New York, for which they are admitted to practice in the Licensing jurisdiction column and list their associated bar or license number on Form 2848.
- **B** - Certified Public Accountant (CPA or LPA) - enter two-letter state abbreviation, i.e., "NY" for New York, in which they are licensed to practice in the Licensing jurisdiction column and their associated certification or license number.
- **C** - Enrolled Agent - enter enrollment card number issued by Office of Professional Responsibility (OPR) in the Bar, license etc. column.
- **D** - Officer - enter title of the officer, i.e., President, Vice-President, Secretary, Treasurer, etc.
- **E** - Full-time Employee - enter title or position, i.e., Comptroller, Accountant, Bookkeeper, etc.
- **F** - Family member - enter relationship to taxpayer, i.e., spouse (husband or wife), parent (mother or father), child (son or

daughter), sibling, (brother or sister).

- **G** - Enrolled Actuary - enter the enrollment card number issued by the Joint Board for the Enrollment of Actuaries.
- **H** - Unenrolled Return Preparer - Enter your PTIN.
- **K** - Student Attorney or CPA - Enter **LITC** or **STCP** and attach copy of Authorization for Student Tax Practice letter from TAS.
- **R** - Enrolled Retirement Plan Agent - enter the enrollment card number issued by OPR.

NOTE: The Office of Professional Responsibility (OPR) may request designation level changes specific to a recorded authorization. Do not accept any CAF designation changes from any other functional areas, including Return Preparer Coordinator (RPC), Criminal Investigation (CI), and Treasury Inspector General for Tax Administration (TIGTA). Refer the requestor to OPR.

- c. **Essential element 3** - Specific tax matter(s), i.e., type of tax or tax form number, is required. Specific (or inclusive) Period(s) is/are required. Refer to IRM 11.3.3.1.1(3)(d), General Requirements for Disclosure to Designee. All tax periods listed on an authorization are input whether displayed on CC **IMFOL/BMFOL** or not.

NOTE: Use of the four digit year (i.e., 2008) generally is acceptable for both calendar year and fiscal year taxpayers. If the authorization does not provide a calendar year or fiscal year ending month use the fiscal year month as established for the entity.

- d. **Essential element 4** - Clear identification of the taxpayer, i.e., name, address, taxpayer identification number is required. The presence of two of the three identifiers is sufficient. Research can be done to locate the third identifier.
- e. **Essential element 5** - Clear identification of the third party, i.e., name and address is required. A CAF number is not required.

NOTE: If a business entity is named as an appointee authorized to receive tax information, this will include all employees of the named business entity and a list is not required.

IRM 21.3.7.5.3.1(1) Clarified acceptable POA submissions for joint filed returns.

1. If a joint return has been filed, one or both spouses may choose to be represented by the same or different POAs. Effective for Form 2848, revision date of October 2011 or later, if both spouses choose to be represented by the same individual(s) or different individual(s), both the husband and wife are required to file and sign separate Forms 2848. If only one spouse is to be represented, only the represented spouse is required to sign the Form 2848. Regardless, any authorized representative for either spouse is allowed access to tax information related to the joint tax return.

IRM 21.3.7.5.3(4) Note Revised to clarify a rejection when more than one EIN is found during research for a sole proprietor.

4. **Line 1**, Verify and enter taxpayer or business entity information. When the name on the request does not match the name shown on **CC INOLES**, and proper research determines the TIN is the correct taxpayer, use the name as shown on **CC INOLES** and update CAF information to match. Refer to IRM 21.3.7.4.

NOTE: Allow processing of Form 2848 and/or Form 8821 when it can be determined through research that the taxpayer is a sole proprietor. As a sole proprietor business, the taxpayer files a tax return that includes Schedule C income and the matters they are authorizing the listed representative/appointee the authority includes both their individual and business tax matters. If more than one sole proprietor EIN is found during research, reject the form to the taxpayer to determine the correct EIN.

REMINDER: When researching a business EIN of a sole proprietor, there would never be an income tax liability tax return requirement associated with the EIN, ie. Form 990, Form 1065, or Form 1120. You may see filing requirements that include but not limited to Forms 720, 940, 941, 943, 945 or 2290 associated with a sole proprietor EIN. CC INOLES research of the SSN should cross reference to the EIN.

IRM 21.3.7.5.6 Removed Level I, Registered Tax Return Preparer from the title.

21.3.7.5.6 (10/01/2013) (06/20/2014)	Unenrolled Return Preparer (Level H) I Representative Research, Rejections and Processing
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IRM 21.3.7.5.6(1) IRM 21.3.7.5.6(2) IRM 21.3.7.5.6(3) Removed all references to Level I, Registered Tax Return Preparer based on court ruling. IRM 21.3.7.5.6(3)(c) Revised to include PTIN research. IRM 21.3.7.5.6(3)(d) Paragraph added for PTIN validation requirement, using CC RPVUE.

1. The Unenrolled Return Preparer (designation Level **H**) can only file a Form 2848 if the representative prepares and signs the tax return for the year(s) or periods(s) submitted and the return is under examination with the IRS.
2. The October 2011 revision of the Form 2848 added the Level I designation for Registered Tax Return Preparer. On Feb. 11, 2014, the U.S. Court of Appeals for the District of Columbia Circuit upheld the decision of the lower court in the case of Loving vs. IRS, finding insufficient statutory support for the IRS' regulation of federal tax return preparers. This court decision removes the Level I, Registered Tax Return Preparer designation. If the CAF function receives a Level I designation for processing, it shall be treated as a Level H, Unenrolled Return Preparer.

The Form 2848 requests the representative to provide a PTIN. The inclusion of this information on the Form 2848 is an aid to agency personnel verifying certification status and is a required element for processing to CAF. The CAF employee will enter the PTIN onto the CAF database. The PTIN is a required field when input is in conjunction with a level (h) designation authority.

3. All Level H authorizations must be researched to ensure eligibility. Take the following steps to ensure that the Level H representative can be added to the CAF:

- a. Verify the taxpayer/business name on the Form 2848 matches with information found using CC **INOLE**.

- If the information matches on CC **INOLE**, proceed to the next step.
- If the information does not match on CC **INOLE**, return the Form 2848 to the taxpayer using the CAF **IAT tool**, Correspondex Letter 4527C, stating we can not verify the taxpayer's entity information. Input a narrative on AMS documenting the rejection.

- b. Verify the tax year(s) or period(s) are under examination, i.e., **FRZ -L** or **TC 922**, is present on the tax module using CC **TXMOD**. Use CC **IMFOL** or CC **BMFOL**, with definer **I** or **T**, if CC **TXMOD** is not available.
- c. Verify that the representative's PTIN exists on the module indicating a paid preparer using CC **IMFOL** or CC **BMFOL**, with definer **R**.
- d. Verify the PTIN belongs to the representative using CC **RPVUE** with definer **P**.

- If the examination indicator, the return preparer information is present and the PTIN is valid, no further validation is required.
- If the examination indicator and/or the paid preparer's information is not found and validated, return the Form 2848 to the taxpayer using the CAF **IAT tool**, Correspondex Letter

4527C. Input a history item on AMS documenting the rejection.

IRM 21.3.7.5.6(4) Revised to include PTIN validation.

4. If after research is completed and you have determined the original return was prepared by the paid preparer with a valid PTIN and the year(s) or period(s) have a **FRZ -L** or **TC 922**, process the Form 2848 to the CAF.

IRM 21.3.7.7.3(2) Edited timeframe from 10 calendar days to 5 business days.

2. All receipts will be processed within 5 business days, including bulk receipts.

IRM 21.3.7.10.2(3)(a) Revised second and third bullets to clarify IRS received date and third party name control.

3. Prior to deleting the authorization:
 - a. Document the action in Accounts Management Services (AMS) as a history item and include the following:
 - Revocation;
 - IRS received date of revocation request;
 - Third Party name control ;
 - CAF number;
 - Applicable Form number;
 - Years and periods that were deleted;
 - SDLN;
 - Letter 2675C and
 - Any other pertinent information about the case.
 - b. Access CC **CFINK** using taxpayer's TIN and print the screen for reference to use when deleting records.

IRM 21.3.7.11.1(1) Revised to include IRS received date stamped on CAF 77 listing. IRM 21.3.7.11.1(4) second bullet - Removed "on the batch label". IRM 21.3.7.11.1(4) fourth bullet - Changed "name" to "name control" when CAF number is available.

1. When a CAF 77 listing is received in a CAF Function for processing, use the IRS received date that is stamped on the CAF 77 listing and notate the employee

- IDRS number who is working the listing. Upon completion of the CAF 77 listing, the listing will be maintained for 7 years by the processing CAF function.
2. When revocation is clearly identified by the representative, revoke all years and forms from the taxpayer's account. (This must be done before generating a letter to the taxpayer.)
 3. Use the CAF IAT letter tool to send Letter 2675C, *Power of Attorney Termination Response*, to the taxpayer.
 4. Document the action in Accounts Management Services (AMS) as a history item and include the following:
 - o CAF 77 Revocation;
 - o Date of listing (IRS received date);
 - o Signature date of original SDLN;
 - o Third party name control;
 - o CAF number
 - o Applicable Form number;
 - o Years and periods that were deleted;
 - o SDLN;
 - o Letter 2675C and
 - o Any other pertinent information about the case.
 5. When the batch is complete, return to the Work Lead.

IRM 21.3.7.13(4) first bullet - Changed "name" to "name control" when CAF number is available.

4. When an authorization is returned to the taxpayer, input an Issue to Accounts Management Services (AMS) on the taxpayer's account. Be sure to include:
 - o the representative's name control (and CAF number if available). If CAF number is unavailable, include the representative's full name
 - o type of form returned
 - o tax period(s)
 - o brief reason why the form is being returned (rejected)

IRM 21.3.7.13.1(4) first bullet - Changed "name" to "name control" when CAF number is available.

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 - o type of form returned
 - o tax period(s)
 - o brief reason why the form is being returned (rejected)

IRM 21.3.7.14.2(1)(a) Removed Registered Tax Return Preparer, Level I from the 861C letter.

1. The following is a list of approved correspondence letters for use by the CAF functions. Sites should not use quick notes or locally developed letters without Headquarters authorization.
 - a. **Letter 861C** - Power of Attorney, Tax Information Authorization and/or United States Estate Tax Return (Forms 2848, 8821, or 706) Incomplete for Processing, will be used when:
 - An authorization is incomplete for the taxpayer,
 - An authorization is incomplete for a third party,
 - b. **Letter 1727C** - Power of Attorney Representative Number, will only be used:
 - To advise the third party of CAF number(s), or
 - To refer third party to the Freedom of Information Act (FOIA) client listing request procedures.
 - c. **Letter 2475C** - Address Change Request, will be used:
 - When a change of address is indicated, or
 - To obtain corrected information regarding the third party.
 - d. **Letter 2673C** - Representative/Taxpayer Response, will be used:
 - Revocation/withdrawal statements,
 - 3 future year recording limitation, or
 - Representative not eligible to practice.
 - e. **Letter 2675C** - Power of Attorney Termination Response, will be used:
 - Notifying the taxpayer of a withdrawal, or
 - Notifying the third party of a revocation.
 - f. **Letter 4527C** - CAF Designation Level H Rejection, will be used when:
 - Notifying a taxpayer that an Unenrolled Tax Return Preparer did not prepare the return, or
 - Notifying a taxpayer that the year(s) requested are not under examination.

Exhibit 21.3.7-2 Revised chart to include all Form(s) 8038, Tax Exempt Bonds and Form 8963, Insurance Provider Fee.

FORM	MFT	TITLE	TIN	FILING PERIOD
Civil Penalty - Valid after 1981	13	Civil Penalty, 8278, 2749, CVPN, TFRP	EIN	Any
Civil Penalty - Valid after 1981	55	Civil Penalty, 8278, 2749, CVPN, TFRP	SSN	Any
CT 1	09	Railroad Retirement	EIN	CY
11-C	63	Occupational Tax & Registration for	EIN	CY/FY

		Wagering		
706 Series (filed only once)	52	U.S. Estate Tax	SSN (V)	000000
706 GSD	78	Generation Skipping Transfer Tax Return for Distribution	EIN, SSN (V, W)	CY
706 GST	77	Generation Skipping Transfer Tax Return for Termination	EIN	CY
709 Series	51	Gift Tax Return	SSN	CY
720	03	Excise Tax	EIN	Quarterly
730	64	Wagering	EIN	Monthly
940 Series	10	Unemployment Tax	EIN	CY
941 Series	01	Withheld Income/FICA	EIN	Quarterly
942 Valid 1994 and Prior	04	Household Employees	EIN	Quarterly
943 Series	11	Agriculture/FICA	EIN	CY
944 Valid after 2006	14	Employer's Annual Tax Return	EIN	CY
945 Valid after 1994	16	Payer's Annual Tax Return	EIN	CY
990	67	Exempt Tax Return	EIN	CY/FY
990-C - Valid 2005 and prior	33	Farmers Co-op Tax Return	EIN	CY/FY
990-EZ	67	Short Form Return of Organization Exempt from Income Tax	EIN	CY/FY
990-PF	44	Return of Private Foundation	EIN	CY/FY
990-T	34	Exempt Organization Business Income Tax Return	EIN	CY/FY
1023/1024/1028 (EO. Applications)		See IRM 21.3.7.8.8		
1040	30	Individual Income Tax Return	SSN	CY/FY
1040NR (Non Resident)*	30	Non Resident Alien Income Tax Return	SSN	CY/FY
1040PR (Puerto Rico) **	30	Self Employment Tax Return - Puerto Rico	SSN	CY/FY
1041 Series	05	U.S. Tax Return for Estates & Trusts	EIN	CY/FY
1041-A	36	U.S. Information Return-Trust Accumulation of	EIN	CY/FY

		Charitable Amounts		
1042 Valid after 1985	12	Annual Withholding Return for U.S. Source Income for Foreign Persons	EIN	CY
1065	06	Partnership	EIN	CY/FY
1066	07	Real Estate Mortgage Investment Conduit Income Tax Return	EIN	CY/FY
1120 Series	02	Corporate Tax Return	EIN	CY/FY
2290	60	Highway Use Tax	EIN	Any
4720 (Process one year at a time)	50	Return of Certain Excise Tax on Charities & Other Persons	EIN	CY/FY
5227	37	Split Interest Trust Information Return	EIN	CY
5300/5307/5310 (EP Applications)		See IRM 21.3.7.8.7		
5330 (Process one year at a time)	76	Return of Excise Taxes Related to Employee Benefits Plan	EIN/SSN (V)	CY/FY
5500 Series	74	Employment Benefit Plan	EIN(P)	CY/FY
6406 (EP Application)		See IRM 21.3.7.8.7		
8804/8805 - Valid after 2004	08	Partnership Withholding Tax	EIN	CY/FY
8038/8038-CP/8038-G/8038-GC/ 8038-R/8038-T	46	Misc. Tax Exempt Bond Issues	EIN	CY/FY
8038-B	85	Information Return for Build America and Recovery Zone Economic Development Bonds	EIN	CY/FY
8038-TC	86	Information Return for Tax Credit Bonds	EIN	CY/FY
8752 - Valid after 1991	15	Required Payment or Return	EIN	CY
8857	31	Innocent Spouse, Separation of Liability or Equitable Relief	SSN	CY/FY

8963	79	Insurance Provider Fee	EIN	FY/09 only
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* Return information only - Send to ASPC - only if the taxpayer is a non-resident, not just filed a non-resident return.

**Return information only - Send to PSC - only if the taxpayer or representative have a foreign address.

CY = Calendar Year and FY = Fiscal Year