



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

March 5, 2012

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Expiration: March 5, 2013  
Impacted: IRM 5.12.1.2;  
IRM 5.12.6.4.3

MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS  
DIRECTOR, ADVISORY AND INSOLVENCY

FROM: Scott D. Reisher /s/ **Scott D. Reisher**  
Director, Collection Policy

SUBJECT: Revision to Interim Guidance for Returned Lien Collection Due  
Process Notices

The purpose of this memorandum is to revise the Interim Guidance (IG) issued with control number SBSE-05-1211-033 on December 22, 2011. Specifically, this memorandum corrects wording regarding the Transaction Code (TC) 971 action codes 253 (Undelivered) and 254 (Unclaimed) and clarifies that the definitions of those codes in Internal Revenue Manual (IRM) 5.12.1.2.18 supersede those found in IRM 5.12.6.4.3.1. The other procedures outlined in the interim guidance memorandum regarding handling lien Collection Due Process (CDP) notices returned by the United States Postal Service (USPS) as undelivered remain the same. The impacted sections of the Internal Revenue Manual (IRM) 5.12.1, Lien Appeals, and 5.12.6, Procedures for Lien Processing, will be revised to include the information in this memorandum. Please ensure that this memorandum is distributed to all affected employees in your organization.

Pursuant to IRM 5.12.2.6, employees should ensure the accuracy of the address of the taxpayer(s) and any co-obligor(s) when requesting the Notice of Federal Tax Lien (NFTL) and issuing the CDP notice, Letter 3172, *Notice of Federal Tax Lien Filing and Your Rights to a Hearing Under IRC 6320*. If a change to the last known address as shown on the Integrated Data Retrieval System (IDRS) has been identified and verified, the employee must take appropriate action to update the address information on IDRS and ensure the CDP notice is sent to the proper address.

Employees receiving CDP notices returned as undeliverable must research the notice to determine if a more current address is available for re-issuance of the notice (IRM 5.12.1.2.17(2); 5.12.6.4.3(1)). If authorized to access the Automated Lien System (ALS),

research should include using the ALS Notadd feature to see other addresses where the notice was mailed.

The address of the CDP notice is correct if it was the last known address of the taxpayer at the time the NFTL was requested (IRM 5.12.1.2.17(3)). Effective immediately, this definition supersedes that found in the chart in IRM 5.12.6.4.3(2) (i.e., address as of the date of the notice).

If it is determined the notice was not sent to the last known address as defined above, the employee must issue a new notice to the correct address (IRM 5.12.6.4.3(2)). In accordance with IRM 5.12.1.2.17(5), this shall be accomplished by the employee updating the address on ALS using the Notadd function. If ALS access is not available, send a request by secure email to Centralized Lien Processing (CLP) to update ALS. In the request, the employee must reference the serial number of the lien, the certified mail number associated with the notice, and the current address for the taxpayer and co-obligor, if applicable.

If it is determined that the address on the notice was the address of record at the time the lien was prepared, but the address was updated on IDRS within two cycles after that time, a courtesy copy of the notice may be, but is not required to be, sent to the taxpayer's current address (IRM 5.12.6.4.3(2)).

In accordance with IRM 5.12.1.2.17(2) and 5.12.6.4.3.1, Field Collection employees will input Transaction Code (TC) 971 to IDRS to reflect the status of the returned CDP notice. This is accomplished by the employee following standard IDRS input procedures or by utilizing ALS. When the Notadd function is used to update the delivery status of the returned notice, ALS will systemically upload to IDRS the applicable TC 971 Action Code (AC), i.e., Undeliverable (AC 253), Unclaimed (AC 254), or Refused (AC 255). To use this functionality, the employee can access Notadd on ALS or, if access is not available, send a request to CLP to update ALS. The request to CLP must include the serial number of the lien and the certified mail number associated with the notice.

**Note:** TC 971 AC 252 to indicate initial mailing of the CDP notice is systemically uploaded to IDRS reflecting a date 10 (ten) calendar days from the print date for CDP notices printed through ALS, For manually issued CDP notices, the issuing employee must request input of the TC 971 ac 252 to IDRS by following standard input procedures.

Effective immediately, the time to research a returned CDP notice and request, as appropriate, re-issuance of the notice or input of the applicable TC 971 action code will now be fourteen (14) calendar days from the date the responsible employee receives the returned notice.

Notices returned on cases assigned to the field will be associated with the Collection case file and the ICS history documented to reflect that the notice was returned (IRM 5.12.1.2.17(3) and (4); 5.12.6.4.3.1(4)). Additionally, it is recommended that the ICS history be documented with the address a replacement notice, if any, was issued. Follow the remaining procedures in IRM 5.12.1.2.17 and 5.12.6.4.3 as applicable.

Procedures for notifying Powers of Attorney (POAs) of the filing of a NFTL and the issuance of a CDP notice remain unchanged. If a POA has been designated for any module included on the NFTL, whether or not the designation has posted to IDRS, the POA must be notified. See IRM 5.12.1.2.10 for further instruction.

If you have any questions, please contact me, or a member of your staff may contact Kyle Romick or Rosalind Rush, Program Analysts.

cc: Director, Campus Compliance Services  
Director, Appeals Tax Policy & Valuation  
Director, Filing and Payment Compliance