

## INTERIM IRM PROCEDURAL UPDATE

**DATE: 10/02/2012**

**NUMBER: CPR\_WI-04-1012-1661**

**SUBJECT: Post Publication Revisions to TY 2011**

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

**CHANGE(s):**

**IRM 4.19.3.3.3(6)** - New for Potentially Dangerous Taxpayer (PDT) and Caution Upon Contact (CAU)

If the Tax Account screen displays the indicator PDT (Potentially Dangerous Taxpayer), see IRM 25.4.1, *Potentially Dangerous Taxpayer*, for additional information. If the Tax Account screen displays the indicator CAU (Caution Upon Contact), see IRM 25.4.2, *Caution Upon Contact Taxpayer*.

**IRM 4.19.3.3.3.4(17), (18), (20) - (22)** - Revised to correct procedures and provide IRM reference

17. **TC 971 with Action Code 505** indicates IRS data loss incidents. During screening close case using PC 23. During response phase see IRM 4.19.3.20.1.23 *Stolen Identity (IDT) - General*, and IRM 4.19.3.20.1.23.2, *Identity Theft Specialized Teams (IDTSpT) - Responses*, for additional information.
18. **TC 971 with Action Code 506** indicates IRS identified identity theft impacting Tax Administration. During screening close case using PC 23. During response phase see IRM 4.19.3.20.1.23 *Stolen Identity (IDT) - General*, and IRM 4.19.3.20.1.23.2, *Identity Theft Specialized Teams (IDTSpT) - Responses*, for additional information.
20. **TC 971 with Action Code 523** this indicator will be used as a last resort effort to prevent repeated identity theft of a dependent/secondary TIN for taxpayers whom have already suffered multiple impacts. If TC 971 with Action Code 523 is present, During screening close case using PC 23. During response phase see IRM 4.19.3.20.1.23 *Stolen Identity (IDT) - General*, and IRM 4.19.3.20.1.23.2, *Identity Theft Specialized Teams (IDTSpT) - Responses*, for additional information.
21. **TC 971 with Action Code 524** locking of an account will be initiated by the submission of a written request certifying that the taxpayer no longer has a filing requirement (Form 9452). The taxpayer will have the ability to submit the same form to unlock the account. If TC 971 with Action Code 524 is

present, During screening close case using PC 23. During response phase see IRM 4.19.3.20.1.23 *Stolen Identity (IDT) - General*, and IRM 4.19.3.20.1.23.2, *Identity Theft Specialized Teams (IDTSpT) - Responses*, for additional information.

22. **TC 971 with Action Code 525** this indicator would be input (systemically for e-file returns) to mark accounts of TIN owners whose number is being used for employment but is submitted with an ITIN return. Check the posted date using the **idt** Entity menu option. During screening close case using PC 23. During response phase see IRM 4.19.3.20.1.23 *Stolen Identity (IDT) - General*, and IRM 4.19.3.20.1.23.2, *Identity Theft Specialized Teams (IDTSpT) - Responses*, for additional information.

**NOTE:** The TC 971 with AC 525 **MUST** be for the AUR tax year to close the case. TC 971 AC 525 is posted in the processing year, therefore anything posted in 2011 is for a 2010 tax return.

**IRM 4.19.3.4.8(5)** - Added IRM reference

5. **Functional Fraud Coordinator (FFC)** - The FFC is a fraud liaison assigned to a specific function or operation within the Campus. The FFC is responsible for reviewing the Forms 13549, Campus Fraud Lead Sheet, and conducting research used to establish a pattern of non-compliance. See IRM 4.19.10.4.3, Responsibilities of the Functional Fraud Coordinator (FFC), for additional information.

**IRM 4.19.3.7.32.1(5)** - Corrected IRM reference

5. The United States has entered into bilateral Social Security agreements with certain foreign countries to eliminate dual coverage and dual contributions to the social security system for the same work. A bilateral Social Security agreement generally makes sure that SS taxes (including SE tax) are only paid to one country. For a list of countries, see IRM 3.22.3.146.3, *Correction Procedures (ME) - EC 209 Form 1040/1040NR*.

**IRM 4.19.3.8.6.1(8)** - Deleted "not"

8. The taxpayer may make contributions to an IRA during the tax year or by the due date of the return (including extensions).

**IRM 4.19.3.10.3(7)** - Added Note for toggling off paragraph

7. PARAGRAPH 78 automatically generates when the Mortgage Insurance Premium deductions are adjusted due to AGI. See Exhibit 4.19.3-7, *CP PARAGRAPHS*.

**NOTE:** If pursuing MIP due to lack of substantiation, toggle off PARAGRAPH 78.

**IRM 4.19.3.14.1(12)** - Added new j and k

12. Self-employment tax is not assessed for the following conditions.
- a. The payer name indicates that the PTK-1 income is from a limited partnership (e.g., Smith and Jones, LTD, LLC, LLP, LC, or LP).
- EXCEPTION:** G-PAY income elements on a fully U/R PTK-1 from a limited partnership are subject to SE Tax.
- b. Partially reported PTK-1 IR(s) that the taxpayer did not treat as self-employment income.
  - c. The payer name indicates that the taxpayer works for his/her spouse, or is under age 18 and works for his/her parents.
  - d. The taxpayer writes "Exempt-Form 4361" or "Exempt-Form 4029" on Form 1040, line 56, or there is some indication that he/she is exempt from SE tax.

**CAUTION:** If the taxpayer claims Exempt Form 4361 or Form 4029 on an ELF return, the applicable indicator is checked on the TRDB screen.

**NOTE:** Long Schedule SE, Section B, contains a box for taxpayers to check if they filed Form 4361, but they also had \$400 or more of OTHER earnings subject to SE tax. If the box is checked, determine if SE Tax should be computed.

- e. The taxpayer writes "Exempt-Notary" on Form 1040, line 56.

**CAUTION:** Only the income attributable to Notary Public is exempt from SE Tax.

- f. The taxpayer is a Statutory employee (Box 13 on Form W-2 is checked or IR indicates SEI).
- g. The taxpayer is a motor vehicle sales person and is paid OTINC by an auto manufacturer.
- h. The taxpayer is a member of a federally recognized tribe and received income from tribal per capita distributions or from Indian gaming proceeds. See IRM 4.19.3.7.6.1 (12), *Nonemployee Compensation(NEC) - Analyzation*.
- i. The taxpayer is a newspaper carrier or magazine seller under the age of 18.
- j. Scholarship/stipend or fellowship income.
- k. Non-compete income.

**IRM 4.19.3.15.1.3** - New subsection "Withholding and ITIN Filers"

1. A taxpayer not eligible for an SSN must use an ITIN when filing his/her return. The taxpayer provides an SSN to the employer in order to obtain employment. Thus, the employer withholds income tax on the taxpayer's wages under the SSN the taxpayer provided, and any Form W-2 (and possibly Form 1099) filed with the IRS will contain the SSN.

**NOTE:** These cases should **NOT** be sent to either the IDTSpT (the SSN should have been updated with a TC 971 AC 525 during processing) or Fraud, as the Internal Revenue Code recognizes these as legal tax returns.

- a. When the taxpayer files his/her return and claims the credit for income tax withheld, the taxpayer will need to demonstrate he/she truly earned wages for which the withholding credit is being claimed before the IRS can allow the credit, see (2) below for what documentation to accept.
  - b. When the taxpayer used an SSN that is invalid and the withholding for the taxpayer has been reported under the invalid SSN, research IDRS CC IRPTR, to determine if the wages and w/h are reported. If you are able to verify the wages and withholding has been reported, allow the withholding. If the wages and withholding cannot be verified, continue normal processing.
  - c. When the name on the return doesn't match the name on the W-2, allow the W-2 if the wages can be verified. If the wages cannot be verified, continue normal processing.
  - d. When the W-2 or other information return does not contain an SSN; such as all zero's or "applied for "is reflected, allow the withholding if the name on the return matches the name on the Form W-2 and the wage income is reported.
2. The taxpayer can document the W/H by providing the following:
    - o Form W-2, *Wage and Tax Statement*, or
    - o Form W-2G, *Certain Gambling Winnings*, or
    - o Form 1099-R, *Distribution from Pensions, Annuities, Retirement, or Profit Sharing Plans, IRAs, Insurance Contracts, etc.* or
    - o Form 4852, *Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirements or Profit-Sharing Plans, IRA, Insurance Contracts, etc.*, or
    - o Similar documentation (i.e. year ending pay stub)

**NOTE:** If the W/H amount appears to be altered, see IRM 4.19.3.4.8.1, *Identifying and Developing Fraud in AUR*.

**CAUTION:** Examine all documents and related information before making adjustments or answering taxpayer inquiries.

3. If allowing the W/H on the ITIN holders return, take the following actions:
  1. Prepare Form 9409, IRS/SSA Wages Worksheet, (for the SSN) to remove the information from the true SSN owners account. See IRM

4.19.3.20.7 (22) d, *Responses Needing Further Action* to prepare a Form 9409.

2. Input TC 971 AC 5XX, with the literal IRSID on the SSN owners account.

**IRM 4.19.3.16.5(11)** - Revised to indicate reasonable cause

11. If the tax examiner determines to suppress the substantial understatement penalty in full (i.e. income reported, reasonable cause, etc.), enter a zero (0) in the SUBSTANTIAL UNDERSTATEMENT PENALTY field on the Limit Penalties window. If the tax examiner determines to suppress the penalty in part (i.e. income reported, reasonable cause, etc.), enter the applicable amount in the SUBSTANTIAL UNDERSTATEMENT PENALTY field on the Limit Penalties window.

**IRM 4.19.3.19.1(3)** - New for transferring identity theft cases, renumbered remainder of subsection

3. If there is an indication of identity theft in the message window: immediately transfer and hand walk the case to the designated UID in the IDT Specialized Team.

**EXCEPTION:** If the AC is 525 you must verify that the IDT is for the AUR year. Check the posted date using the **idt** Entity menu option to determine the impacted tax year. If the indicator is not for the AUR year, continue normal processing. See IRM 4.19.3.20.1.23.2, *Identity Theft Specialized Teams (IDTSpT) - Responses*, for additional information.

**IRM 4.19.3.19.1(5)** - Revised to indicate -W with a TC 520

4. If a Freeze Code "-V" or "-W" or TC 520 (not reversed by TC 521 or 522) with CC of 81 or 84 is present, see IRM 4.19.3.20.1.10.1, *Bankruptcy Procedures - Tax Examiner Instructions*, for instructions.

**IRM 4.19.3.20.1.20(13)** - Added Note

13. "General Power of Attorney" or "Durable Power of Attorney" generally do not contain sufficient information to process on the CAF and should be retained in the case file and treated as a third party authorization. If, however, a general or durable power of attorney is submitted attached to a completed Form 2848 (a transmittal power of attorney), send both forms to the CAF Function for processing.

**NOTE:** A durable power of attorney is effective so that a representative may transact an individual's responsibilities at a time when the individual is either incapable or incompetent to act, until the individual dies. A properly executed and

effective durable power of attorney does not require the representative to sign a Form 2848 to act on behalf of the taxpayer. This, the representative may sign the taxpayer's returns, or any other form and discuss taxpayers situation without any further authorization.

**IRM 4.19.3.20.1.23(3)** - Revised to indicate open and reconsideration cases

3. All cases identified as IDT, both open and reconsideration, will be worked as priority without unreasonable delay and require the following:
  - IDRS indicators - input or updated within 2 working days of notification/receipt.
  - TP correspondence - worked and an acknowledgement or determination letter issued within 30 days of the receipt of all necessary documentation.
  - Detailed Case Notes documenting actions.

**IRM 4.19.3.20.1.23(4)** - Added IRM reference to step 2, added new step 4 and renumbered remainder of step list, added new step 5 to advise taxpayer about faxes, renumbered remainder of step list, revised step 7 for clarity, added caution for Universal Work

4. In situations where the taxpayer makes an allegation of identity theft, **telephone assistants** will research IDRS CC:ENMOD for a current (less than three (3) years old) TC 971 AC 522 for the AUR tax year with the literals INCOME, MULTI, INCMUL, NOFR or OTHER, which indicates acceptable documentation has been submitted. See Exhibit 4.19.3-16, *Identity Theft - Tax Administration Source Terms and Descriptions*, for additional information.
  1. If there is an existing current (TRANS-DT within three (3) years) TC 971 AC 522 with INCOME, MULTI, INCMUL, NOFR or OTHER, input TC 971 AC 522 NODCRQ which indicates AUR is not requesting additional documentation.
  2. If there is no TC 971 AC 522 for the AUR tax year with the literals INCOME, MULTI, INCMUL, NOFR or OTHER, or if the TRANS-DT is more than three (3) years old, input TC 971 AC 522 PNDCLM. Input the TC 971 AC 522, using IDRS CC REQ 77 and the appropriate literal. See IRM 4.19.3.20.1.23.2 (15), *Identity Theft Specialized Teams (IDTSpT) - Responses*, for additional information.
  3. Attempt to secure all IDT documentation via fax.
  4. Remind the taxpayer to provide justification for each issue on the notice and attempt to secure this signed response via fax.
  5. Advise the taxpayer that if they choose to fax the information to us, to please enlarge the image prior to faxing to avoid delays in resolving their case. Some faxed items like driver's licenses or social security cards may not be legible when we receive it. As these items must be legible, we

would have to contact them again to ask them to mail copies that we can read.

6. Leave a detailed Case Note documenting the call and actions taken.
7. Prepare Form 4442. Notate IDENTITY THEFT across the top. Either leave a synopsis of the call in Section B or enter "Refer to Case Note". Securely attach any faxed documentation. If the case is located in your Campus, hand walk to clerical to be built into the daily IDT response batch. If the case is not located in your Campus, fax to the clerical in the controlling Campus.

**CAUTION:** Do not request case using Universal Work or check the action required box.

**EXCEPTION:** The Philadelphia Call site will follow local procedures to expedite cases involving identity theft.

**IRM 4.19.3.20.1.23(8)** - Revised to include Reconsiderations

8. Responses/Recons with an indication of IDT found in normal response inventory batches must be immediately transferred and hand walked to the designated UID in the IDT Specialized Team.

**IRM 4.19.3.20.1.23.1(1)** - Revised to include reconsiderations

1. During initial sort, disagreed responses, all CP 2501 responses and all reconsideration requests will be screened in clerical for an indication of identity theft claims. These claims can be identified by the presence of Form 14039 , Identity Theft Affidavit, or key words/phrases.

**IRM 4.19.3.20.1.23.1(2)** - Added Note for Form 4442

1. The IDT Specialized Team must record and update every case in the AUR IDT Share Point on a daily basis. The AUR IDT Share Point is used to extract data for both weekly and monthly reports for Compliance Headquarters and PGLD (Privacy, Government Liaison and Disclosure).

**NOTE:** Form 4442 referrals resulting from telephone contact must also be recorded/logged into the Share Point. For additional information on how to process, see IRM 4.19.3.20.1.23.2 (9).

**IRM 4.19.3.20.1.23.2(2)** - Corrected IRM references

2. Verify the taxpayer response indicates they are a victim of identity theft and review for a clerical notation indicating TC 971 AC 522 and the input date. If a clerical notation is not present, research IDRS CC:ENMOD for a current (less than three (3) years old) TC 971 AC 522 for the AUR tax year with the literals INCOME, MULTI, INCMUL, NOFR or OTHER, which indicates acceptable

documentation has been submitted or the recent clerical input of a TC 971 AC 522 PNDCLM or NODCRQ for AUR.

**CAUTION:** Verify that the IDRS updates were made for the correct taxpayer. If the secondary taxpayer (spouse) is the victim and the indicator was placed on the primary, see (16) below to reverse the indicator for the primary TP and (16) to update the secondary TP.

If	Then
There is a recent AUR clerical TC 971 AC 522 PNDCLM or NODCRQ,	<ol style="list-style-type: none"> <li>3. Verify the accuracy and update, if necessary.</li> <li>4. Leave a Case Note documenting all IDRS actions.</li> </ol>
There is an existing current (TRANS-DT within three (3) years) TC 971 AC 522 with INCOME, MULTI, INCMUL, NOFR or OTHER	<ol style="list-style-type: none"> <li>5. Immediately input TC 971 AC 522 NODCRQ which indicates AUR is not requesting additional documentation.</li> <li>6. Leave a Case Note documenting all IDRS actions.</li> </ol>
There is no TC 971 AC 522 for the AUR tax year with the literals INCOME, MULTI, INCMUL, NOFR or OTHER	<ol style="list-style-type: none"> <li>7. Immediately input TC 971 AC 522 PNDCLM using IDRS CC REQ 77. For instructions on how to input TC 971, see (15) below.</li> <li>8. Leave a Case Note documenting all IDRS actions.</li> </ol>
The TRANS-DT is more than three (3) years old	<ol style="list-style-type: none"> <li>9. Immediately input TC 971 AC 522 PNDCLM using IDRS CC REQ 77. For instructions on how to input TC 971, see (15) below.</li> <li>10. Leave a Case Note documenting all IDRS actions.</li> </ol>

**NOTE:** IDRS updates are mandatory as IDRS is the Service-wide monitoring and tracking system for all IDT case work. See Exhibit 4.19.3-16, *Identity Theft - Tax Administration Source Terms and Descriptions*, for more information on the applicable literals.

**IRM 4.19.3.20.1.23.2(3)** - Expanded information for new returns, added Note with IRM references, added Caution regarding RSED

3. If the response indicates the taxpayer did not file a tax return and acknowledges the U/R issues, attempt to secure a signed return. Reconcile the IRs with both the secured return and the posted return. All of the information returns attributable to the taxpayer(s) should be reflected on the “new” secured return. If there are any discrepancies between the information returns and what the taxpayer reported/agreed to, contact the taxpayer. All AUR issues must be resolved prior to referral to DITA/CPAT.

**NOTE:** After all procedures in IRM 4.19.3.20.1.23.3 and IRM 4.19.3.20.1.23.4 have been completed, close the case with the appropriate ID theft PC.

Both the secured return and the posted return require referrals to the Compliance adjustment teams per IRM 4.19.3.20.1.23.3, *Identity Theft Complete Account Analysis (CAA)*.

**NOTE:** If the TP does not respond, see (13) below.

**CAUTION:** If the RSED on the secured return has expired notify the taxpayer that the refund will not be issued. Using IAT, issue a letter 105C include paragraphs A, R, 4, 5, 6 and e to explain why the refund will not be issued. Rather than issuing a separate 2626C, also include the approved wording as follows "Based on your response dated MM/DD/YYYY, no further action is required at this time for your YYYY case. We have placed an identity theft indicator on your account and are completing all adjustments to your accounts. You will receive notification when your account has been fully resolved. Please continue to file all federal tax returns as you normally would."

**IRM 4.19.3.20.1.23.2(4)** - Deleted existing (4), renumbered remainder of subsections, corrected IRM references remainder of subsection

1. If the taxpayer indicates the U/R income was the result of identity theft or their SSN being used illegally **and** the AUR systems shows:
  - a. A current (less than three (3) years, unreversed TC 971, AC 501, 504 or 522 for the tax year in question, see the table below to determine appropriate action to take.

<b>If</b>	<b>And</b>	<b>Then</b>
Unreversed TC 971 with AC 501, 504 or 522 with the literals INCOME, MULTFL, NOFR, INCMUL or OTHER present	There is a single U/R issue	Delete the income the taxpayer identified as being a direct result of the Identity Theft.
Unreversed TC 971 with AC 501, 504	There are multiple U/R	Delete the income(s) that the taxpayer identified as being a direct result of

or 522 with the literals INCOME, MULTFL, NOFR, INCMUL or OTHER present	issues <b>and</b> the taxpayer identifies specific U/R income issue(s) as related to Identity Theft	the Identity Theft.
Unreversed TC 971 with AC 501, 504 or 522 with the literals INCOME, MULTFL, NOFR, INCMUL or OTHER present	There are multiple U/R issues and the taxpayer <b>DOES NOT identify</b> specific U/R income issue(s) as related to Identity Theft	Contact the taxpayer and include a Special Paragraph using the following verbiage as an example: "We have received documentation that you are a victim of identity theft. If the discrepancies shown in the previous notice are a direct result of the identity theft, please provide a signed statement identifying each specific item(s) that is a result of the identity theft."

- b. A TC 971 AC 505, 506, 523, 524 or 525 present on the account, see the table below to determine appropriate action to take.

<b>If</b>	<b>AND</b>	<b>Then</b>
TC 971 AC 505, 506, 523 or 524	A notice has been issued	Close Case using PC 39, 69, or 89
TC 971 AC 525 is NOT for the AUR year		Continue normal processing
TC 971 AC 525 is for the AUR year	The case is in screening	Close case with PC 23
TC 971 AC 525 is for the AUR year	A notice has been issued, no response from TP	Close case with PC 52, 72, or 92
TC 971 AC 525 is for the AUR year	A notice has been issued, response from TP indicates ID theft	Close case with PC 39, 69, or 89
TC 971 AC 525 is for the AUR year	A notice has been issued, response from TP DOES NOT indicate ID theft	Close case with PC 51, 73, or 93

- c. No indication of identity theft in the AUR system, check IDRS CC:ENMOD for the conditions in a) above. If no indication, see (6) below.

**CAUTION:** If the unreversed TC 971 AC 501, 504 or 522 for the tax year in question is three (3) or more years old, see (5) below.

**IRM 4.19.3.20.1.23.2 a - Moved table from after c to after a**

1. If the taxpayer indicates the U/R income was the result of identity theft or their SSN being used illegally **and** the AUR systems shows:
  - a. A current (less than three (3) years, unreversed TC 971, AC 501, 504 or 522 for the tax year in question, see the table below to determine appropriate action to take.

<b>If</b>	<b>And</b>	<b>Then</b>
Unreversed TC 971 with AC 501, 504 or 522 with the literals INCOME, MULTFL, NOFR, INCMUL or OTHER present	There is a single U/R issue	Delete the income the taxpayer identified as being a direct result of the Identity Theft.
Unreversed TC 971 with AC 501, 504 or 522 with the literals INCOME, MULTFL, NOFR, INCMUL or OTHER present	There are multiple U/R issues <b>and</b> the taxpayer identifies specific U/R income issue(s) as related to Identity Theft	Delete the income(s) that the taxpayer identified as being a direct result of the Identity Theft.
Unreversed TC 971 with AC 501, 504 or 522 with the literals INCOME, MULTFL, NOFR, INCMUL or OTHER present	There are multiple U/R issues and the taxpayer <b>DOES NOT identify</b> specific U/R income issue(s) as related to Identity Theft	Contact the taxpayer and include a Special Paragraph using the following verbiage as an example: "We have received documentation that you are a victim of identity theft. If the discrepancies shown in the previous notice are a direct result of the identity theft, please provide a signed statement identifying each specific item(s) that is a result of the identity theft."

- b. A TC 971 AC 505, 506, 523, 524 or 525 present on the account, see the table below to determine appropriate action to take.

<b>If</b>	<b>AND</b>	<b>Then</b>
TC 971 AC 505, 506, 523 or 524	A notice has been issued	Close Case using PC 39, 69, or 89
TC 971 AC 525 is NOT for the AUR		Continue normal processing

year		
TC 971 AC 525 is for the AUR year	The case is in screening	Close case with PC 23
TC 971 AC 525 is for the AUR year	A notice has been issued, no response from TP	Close case with PC 52, 72, or 92
TC 971 AC 525 is for the AUR year	A notice has been issued, response from TP indicates ID theft	Close case with PC 39, 69, or 89
TC 971 AC 525 is for the AUR year	A notice has been issued, response from TP DOES NOT indicate ID theft	Close case with PC 51, 73, or 93

- c. No indication of identity theft in the AUR system, check IDRS CC:ENMOD for the conditions in a) above. If no indication, see (6) below.

**CAUTION:** If the unreversed TC 971 AC 501, 504 or 522 for the tax year in question is three (3) or more years old, see (5) below.

**IRM 4.19.3.20.1.23.2(8)** - Expanded for oral verification, added Caution for when to use Oral verification

8. If the taxpayer does not provide all of the requested documentation or provides illegible documentation and has provided contact information (telephone number), attempt to contact the taxpayer by telephone to verify missing documentation or clarify illegible items on documentation.

**CAUTION:** Oral verification should only be used when you are unable to determine a specific item on documentation provided (i.e. can't tell a 6 from an 8). When verifying illegible documentation verbally, a detailed case note must left.

Advise the taxpayer that we need the additional documentation in order to continue processing their case. **If there are multiple U/R issues**, remind the taxpayer that they must also identify the issues directly related to the identity theft. If unable to reach the taxpayer by phone issue a 2626C letter within 5 working days requesting the missing documentation and identification of the items related to the identity theft.

Use the following verbiage as an example, when the taxpayer has not provided the requested documentation or indicated which items are related to the identity theft: "To verify misuse of your Social Security Number, please provide legible copies of a valid U. S. federal or state, government-issued form of identification, either a completed, signed IRS Form [14039](#), Affidavit of Identity Theft (available at [www.irs.gov](http://www.irs.gov)) or a copy of a police report AND a signed statement specifying each item(s) impacted by the theft of your identity."

Use the following verbiage as an example, when the taxpayer has not provided the requested documentation or the documentation is illegible: "If you choose to fax the information to us, please enlarge the image prior to faxing to avoid delays in resolving your case. Some faxed items like your driver's license or social security card may not be legible when we receive it. As these items must be legible, we would have to contact you again to ask you to mail copies that we can read."

Use the following verbiage as an example, when the taxpayer has provided the requested documentation but has not indicated which items are related to the identity theft: "Although you indicated that you are a victim of identity theft, you have not stated which items on our previous notice were attributable to this identity theft. Please send us a signed statement indicating which items are a result of the theft of your identity."

Keep a listing of these cases for monitoring purposes per (9) below and leave a Case Note documenting the contact/attempted contact.

**REMINDER:** The telephone number must be input/updated on the AUR system, if available.

**NOTE:** If after two requests, the taxpayer has not submitted complete, legible documentation to substantiate the IDT or identify the specific AUR issues related to the IDT, see (13) below.

**IRM 4.19.3.20.1.23.2(9)** - Revised to include recomputed notices, added Note for Form 4442

9. After the batch has been released, monitor the case daily for the 2626C letter or recomputed notice to post. Once the letter has posted:

**NOTE:** Follow steps 2 - 4 when Form 4442 has been received based on a telephone call.

1. Request the case back from clerical.
2. Input the IPC SI.
3. The case will automatically move to BT 89003.
4. Place in the designated area for BT 89003, by follow up date.

IRM [4.19.3.20.1.23.2\(10\)](#) - Deleted last sentence

10. Cases that are in BT 89003 MUST be monitored for 45 days from the posted date of the letter.

**CAUTION:** If a response to the 2626C request for supporting documents is not received, see (13) below.

**IRM 4.19.3.20.1.23.2(11)** Revised to indicate when W & I will close case. Added Note for recomputed notices

1. When the taxpayer has provided legible copies of the requested documentation: an acceptable ID **AND** (preferably) the Form 14039, Affidavit or police report take the following actions:
  1. .
  2. If there are no other U/R issues , **SBSE** will close the case with the appropriate closing code PC 39, 69 or 89, as applicable; **W & I** , cases will not be closed until after all account actions have been completed per IRM 4.19.3.20.1.23.3 and IRM 4.19.3.20.1.23.4.

**NOTE:** Designate/Use PC 39, 69, or 89, **only** if the taxpayer has submitted the required documentation or there is evidence that this documentation has been previously submitted.

3. Continue normal processing on cases. Enter a ‘Y’ in the ID THEFT field in the Process Code window.

**NOTE:** If issuing a recomputed notice (i.e. PC 59 or 95) to the taxpayer follow the instructions in (10) above to return the case to the IDT inventory to return the case to IDTSpT.

**NOTE:** Process code 39, 69 or 89 or ‘Y’ in the ID THEFT field automatically generates a TC 971 AC 501 with the applicable information to the primary taxpayer on IDRS. Manual input is required when the spouse is the identity theft victim, for Reconsideration cases and for TY 2006 and prior cases, see (15) below.

4. Conduct a complete account review per IRM 4.19.3.20.1.23.3, *Identity Theft Complete Account Analysis (CAA)*.
5. As needed, see IRM 4.19.3.20.1.23.4, *Post Compliance Referrals (CPAT and DITA)*.

**IRM 4.19.3.20.1.23.2(12), (13) and (16)** - Corrected IRM references

12. If the taxpayer responds to the 2626C Letter timely and disagrees with the amount of income in question, .

**CAUTION:** If there is only one income item in question or if the response ignores the previous claim of identity theft, research IDRS CC: ENMOD for a current AUR initiated TC 971 AC 522 for the tax year in question. If present, reverse per (16) below using FALSE and ensure the case is not included in IDT inventory.

13. If the taxpayer does not respond to the 2626C Letter,

14. Continue normal case processing - issue a Statutory Notice at the end of the CP 2000 suspense period or resuspend the case for the remaining time in the Statutory Notice suspense period.
15. Update IDRS per (16) below using NORPLY.
16. Ensure the case is no longer in IDT inventory.

**IRM 4.19.3.20.1.23.4(1)** table - Added bulk E-fax and email address for Philadelphia DITA

1. Identity Theft referrals will no longer be forwarded to Accounts Management (AM) for post function adjustment work. If the CAA or the taxpayer response indicates adjustment actions are needed that are beyond the scope of AUR, W&I will forward a referral to the appropriate Compliance Post Adjustment Team (CPAT) using the Compliance Referral Checksheet and SBSE will forward to the Designated Identity Theft Adjustments group (DITA) using Form 4442 as follows:

**NOTE:** Non-Identity Theft mixed entity or scrambled SSN cases still follow normal procedures and are routed to Accounts Management.

<b>Austin CPAT</b>	<b>Fresno CPAT</b>	<b>Philadelphia DITA</b>
<b>ATL and AU AUR</b>	<b>ANSC and FSC AUR</b>	<b>All SBSE AUR Sites</b>
Fax # 512-460-4860 Bulk E-Fax # 855-690-7870  Internal Revenue Service 3651 South IH 35 Stop #6677  Austin, TX 73301	Fax # 559-458-7870 Internal Revenue Service CPAT Team Stop 81106 PO Box 24023  Fresno, CA 93779	Fax # 267-941-1425 Bulk E-Fax # 855-786-6575  Internal Revenue Service DITA Mail Stop 4-G20.500 2970 Market Street Philadelphia, PA 19104 Email (paperless case) *SBSE CCS DITA
Liaison: Bill Hartman Contact: 512-460-4994	Liaison: Katherine Gatz Contact: 559-454-7089	Liaison: Maureen Manieri Contact: 267-941-4602

2. When a referral to CPAT or DITA is necessary, send 2626C letter providing your direct contact information and a special paragraph using the approved wording as follows: "Based on your response dated MM/DD/YYYY, no further action is required at this time for your YYYY case. We have placed an identity theft indicator on your account and are completing all adjustments to your accounts. You will receive notification when your account has been fully resolved. Please continue to file all federal tax returns as you normally would."

3. When a referral to CPAT or DITA is necessary, WI will use the Compliance Referral Checksheet and SBSE will use Form 4442, both require specific instructions on the actions needed to correct the account. The referral also requires;
  1. Legible copies (marked as copies) of the identity theft claim, pertinent taxpayer correspondence and supporting documents, if submitted for the AUR tax year in question.
  2. Any other documents pertinent to the ID theft determination or the corrective actions being requested that are not available electronically. Do not forward documents available on CIS through AMS or IDRS prints.

**CAUTION:** Special attention is required for referrals with imminent Statutes. See the Statute Protection CP Function April 2012 job aid on the AUR Portal.  
**NOTE:** Incomplete referrals will be rejected and returned to IDTSpT.

4. Route the applicable forms to CPAT or DITA as follows:
  - a. E-mail or fax/E-fax the referral if there are no attachments
  - b. Fax/E-fax the referral if there are attachments.
  - c. Mail the referral if there is an original return.
  - d. Austin, Fresno, and Philadelphia Compliance functions may hand-walk or use internal delivery.
5. Prior to referring cases to CPAT or DITA, establish an IDRS control using IDRS CC: ACTON. Control Category Code TPPI has been designated for all Compliance identity theft cases. See (6) and (7) below.

**CAUTION:** WI sites will establish two IDRS control bases per (8) and (9) below.

6. Use Assignee Employee Number based on the CPAT and DITA alignments.

Campus IDRS	Assignee Employee Number
AUSC CPAT	0684700000
FSC CPAT	1069800000
DITA	0560100000

7. Use the following control field inputs for consistency in monitoring referrals. The IRS Received Date is the received date of the taxpayer's complete ID theft claim (Form 14039 and required substantiation documents) or the date of IRS-identified ID theft action.

CASE STATUS	ACTIVITY CODES	DEFINITION	IRS RECEIVED DATE
A	IDAURIDT2A	o AUR Form	IRS Received

	IDAURIDT2F IDAURIDT2P	4442 referral action completed and forwarded to AUSC (A), FSC (F) or PSC (P), includes global reviews; <ul style="list-style-type: none"> <li>○ ID - Referring Campus ID number from table below</li> </ul>	Date	
A	ITRAURID2A ITRAURID2F ITRAURID2P	<ul style="list-style-type: none"> <li>○ ITAR AUR Form 4442 referral action completed and forwarded to AUSC (A), FSC (F) or PSC (P), includes global reviews;</li> <li>○ ID - Referring Campus ID number from table below</li> </ul>	Received Date of Form 14103	
A	TASAUURID2A TASAUURID2F TASAUURID2P	<ul style="list-style-type: none"> <li>○ TAS AUR Form 4442 referral action completed and forwarded to AUSC (A), FSC (F) or PSC (P), includes global reviews;</li> <li>○ ID - Referring Campus ID number from table below</li> </ul>	Received Date of Form 12412	
<b>SBSE Campus</b>		<b>ID Code</b>	<b>WI Campus</b>	<b>ID Code</b>
Brookhaven		19	Andover	08
Ogden		29	Atlanta	07
Philadelphia		28	Austin	18
			Fresno	89

8. **WI sites** - The designated IDTSpT person will monitor the CPAT IDRS control to ensure that the referral has been received, by verifying that the CPAT employee number has been updated to "99999". This signifies the cases been received in CPAT and after taking the actions in (9) below allows WI AUR to close the case through normal processes.

**NOTE:** If the CPAT control base is not updated within two weeks (10 working days) of the referral date, contact CPAT for receipt status and continue weekly monitoring and contacts, as necessary, until the CPAT control is updated.

9. **WI sites** - A second IDRS control base for CPAT referrals must be opened and controlled to the IDTSpT 5-digit IDRS Unit number (ie, 06832) with generic employee number "00001" and placed in "M" status.

**NOTE:** The first IDRS control base (5) - (7) above, is used by CPAT for tracking purposes, while the second control base will be used by IDTSpT to reconcile AUR CPAT referral reports.

10. **WI sites** - When CPAT has completed the actions needed to "make the taxpayer whole" the Compliance Referral Checksheet will be returned to the W&I AUR site. Both IDRS control bases, the IDTSpT monitoring I and the CPAT referral control bases, are to be closed within 5 working days of CPAT notification that account actions are complete.

**IRM 4.19.3.20.1.23.4(2)** - Revised to indicate approved special paragraph verbiage

2. When a referral to CPAT or DITA is necessary, send 2626C letter providing your direct contact information and a special paragraph using the approved wording as follows: "Based on your response dated MM/DD/YYYY, no further action is required at this time for your YYYY case. We have placed an identity theft indicator on your account and are completing all adjustments to your accounts. You will receive notification when your account has been fully resolved. Please continue to file all federal tax returns as you normally would.

**IRM 4.19.3.20.1.23.4(3)** step 2 Caution - Expanded to see job aid on AUR Portal

3. When a referral to CPAT or DITA is necessary, WI will use the Compliance Referral Checksheet and SBSE will use Form 4442, both require specific instructions on the actions needed to correct the account. The referral also requires;
  1. Legible copies (marked as copies) of the identity theft claim, pertinent taxpayer correspondence and supporting documents, if submitted for the AUR tax year in question.
  2. Any other documents pertinent to the ID theft determination or the corrective actions being requested that are not available electronically. Do not forward documents available on CIS through AMS or IDRS prints.

**CAUTION:** Special attention is required for referrals with imminent Statutes. See the Statute Protection CP Function April 2012 job aid on the AUR Portal.

**NOTE:** Incomplete referrals will be rejected and returned to IDTSpT.

IRM [4.19.3.20.1.23.4\(5\)](#) - Added Caution for W & I control bases

5. Prior to referring cases to CPAT or DITA, establish an IDRS control using IDRS CC: ACTON. Control Category Code TPPI has been designated for all Compliance identity theft cases. See (6) and (7) below.

**CAUTION:** WI sites will establish two IDRS control bases per (8) and (9) below.

IRM [4.19.3.20.1.23.4\(8\)](#) and (9) - New for W & I control bases, renumbered remainder of subsection. (10) Expanded to indicate closing control bases

8. **WI sites** - The designated IDTSpT person will monitor the CPAT IDRS control to ensure that the referral has been received, by verifying that the CPAT employee number has been updated to "99999". This signifies the cases been received in CPAT and after taking the actions in (9) below allows WI AUR to close the case through normal processes.

**NOTE:** If the CPAT control base is not updated within two weeks (10 working days) of the referral date, contact CPAT for receipt status and continue weekly monitoring and contacts, as necessary, until the CPAT control is updated.

9. **WI sites** - A second IDRS control base for CPAT referrals must be opened and controlled to the IDTSpT 5-digit IDRS Unit number (ie, 06832) with generic employee number "00001" and placed in "M" status.

**NOTE:** The first IDRS control base (5) - (7) above, is used by CPAT for tracking purposes, while the second control base will be used by IDTSpT to reconcile AUR CPAT referral reports.

10. **WI sites** - When CPAT has completed the actions needed to "make the taxpayer whole" the Compliance Referral Checksheet will be returned to the W&I AUR site. Both IDRS control bases, the IDTSpT monitoring I and the CPAT referral control bases, are to be closed within 5 working days of CPAT notification that account actions are complete.

IRM [4.19.3.20.1.23.5](#) - Added subsection for AUR Identity Theft (IDT) Coordinator Responsibilities

1. The AUR Stolen Identity Coordinator (SIC) is responsible for:
  - a. Receiving, monitoring and managing Stolen Identity referrals received.
  - b. Acknowledging receipt of the referral within given timeframes.
  - c. Accepting or declining the referral based on the information provided.
  - d. Maintaining a file copy of all referrals.

- e. Maintaining a log showing the disposition of all referrals, including those that were declined.
  - f. Input of TC 971 AC 522 initiated by AUR for the tax year in question if there not one on the module or noted by clerical, see IRM 4.19.3.20.1.23.2 (15), *Identity Theft Specialized Teams (IDTSpT) - Responses*, for additional information.
2. Stolen Identity referrals will be sent to AUR by either the Identity Protection Specialized Unit (IPSU) or Taxpayer Advocate Service (TAS) and receipt must be acknowledged within the following timeframes:
- o Form 14027-B, Identity Theft Case Referral - within 2 (two) business days
  - o Form 14103, Identity Theft Assistance Request (ITAR) - within 5 (five) business days via secured email or fax number provided by the AM IPSU employee on Section II, Box 3
  - o Form 12412, Operations Assistance Request (OAR) - within 3 (three) business days unless the request is an expedite, in which case, within 1 (one) business day

**NOTE:** Most ID Theft referrals will originate from IPSU (Form 14027-B or Form 14103). The Taxpayer Advocate Service may issue a Form 12412 under certain conditions.

3. After acknowledging receipt, the SIC will determine if the referral pertains to an AUR case that originated in their campus. If the referral was mis-routed:
- a. Annotate the reason for the return (ie: declination) on the referral sheet.
  - b. Input a case note if case is available on the AUR database.
  - c. Return the annotated referral to the initiator.
4. For those referrals that pertain to an AUR case that originated in their campus, the AUR SIC will process the case as priority and:
- 1. Annotate the acceptance on the Referral Sheet and determine if the requested completion date is reasonable.
  - 2. Contact the initiator if there are questions regarding the recommended action or if additional time is required.
  - 3. Return a copy to the initiator.
  - 4. Input a case note if case is available on the AUR database.
  - 5. Input IDRS history items, as applicable.
  - 6. Reverse the AUR assessment on IDRS or if case is still open, the AUR database, if applicable.
  - 7. Close the IDRS control or release the case and notify the IPSU team that the case has been completed.
5. Form 14027-B, marked as "Global Review", should be checked to determine if we have an active AUR IDT case.

- a. If no **active IDT case**, leave case note to document the receipt of the form, move the case to IDT inventory and follow normal procedures.
- b. If AUR has an active case OR the form is marked as "Case Monitoring (IDTX)" acknowledge receipt of the form in Section V and return it to IPSU. If the form includes supporting documentation, verify that IDRS has been updated with TC 971 with AC 522 verifying receipt of acceptable documentation. If not present input TC 971 AC 522 INCOME. The case should NOT be accelerated or treated as a priority based on receipt of the form. Complete section 6 and 7 when working the case.

**IRM 4.19.3.20.2(1)** 2nd Note - Added IRM reference for Deaf/Hard of Hearing

1. The purpose of the AUR toll-free telephones is to assist taxpayers and/or their POA/authorized representatives who call IRS regarding AUR initiated contacts. Use instructions for written responses as guidance for telephone responses/accepting oral statements.

**NOTE:** Written documentation may be requested if unable to determine if the oral statement is valid.

**NOTE:** Hearing-impaired taxpayers may be speaking through a relay operator. The operator will announce they are calling as a relay operator on behalf of a taxpayer as soon as you answer. Do disclosure verification as if you were talking directly to the taxpayer and continue with the conversation. For additional information see IRM 21.2.1.60, Deaf/Hard of Hearing (DHOH) Callers and TTY/TDD Equipment.

**IRM 4.19.3.20.2.4(3)** - Revised for leaving message on answering machine, added alpha list with additional information

3. While tax information protected by IRC §6103 generally may not be left on an answering machine or voice mail, there are exceptions. When making an out call or returning the taxpayer's/representative's call and it is necessary to leave a message on an answering machine or voice mail, use the following guidelines:
  - a. If you "reasonably believe" you have reached the taxpayer's correct answering machine or voice mail, it is acceptable to leave your name, telephone number, any appropriate reference number for the inquiry, the fact that he or she works for the IRS (identifying the function of the calling employee is permissible), and the name of the person who should return the call. Additional information can be left on the recording if the taxpayer has given prior approval to leave such information on voice mail or the answering machine.
  - b. "Reasonable belief" is supported by the following:
    - The greeting on the answering machine or voice mail refers to the taxpayer being contacted or
    - The taxpayer has indicated that this is the telephone number where he or she may be reached directly

- c. A detailed Case Note should document the taxpayer's telephone number, his/her approval to call that number, and the taxpayer's permission for IRS to leave information on the recording
- d. If the employee does not have a reasonable belief he or she has reached the correct taxpayer, no tax or other confidential information should be disclosed on the message.

**IRM 4.19.3.20.2(4)** - Corrected IRM reference

1. **Identity Theft** - if the taxpayer indicates they are a victim of identity theft, see IRM 4.19.3.20.1.23(4), Stolen Identity (IDT) Claims - General, and IRM 4.19.3.20.1.23.1 (15), *Identity Theft (IDT) Claims - Special Handling*, for additional information.

**NOTE:** Use 700-48043 for all time spent on phone calls that involve a claim of identity theft.

**IRM 4.19.3.20.3.25(2)** step 1 - Revised to indicate Holtsville

2. If the taxpayer responds with Form SS-8:
  1. Forward the Form SS-8 to the SS-8 Group in Holtsville (using 4442 Inquiry Referral).  
  
**NOTE:** When forwarding to the SS-8 group, write "AUR - Please Expedite" across the top of the Form 4442.
  2. Leave a Case Note.
  3. Manually issue a 4314C Letter to the taxpayer.
  4. Provide the SS-8 Group Action 61/Policy Statement P-6-12 contact person/telephone number.
  5. Suspend the case in the unit for 60 days and monitor.
  6. If, after 60 days, the SS-8 group has not responded, contact SS-8 for determination status.

**IRM 4.19.3.20.3.25(6)** step 1 - Added Note

6. If the taxpayer submits an **AUR reconsideration request that includes a Form SS-8** take the following action:

**CAUTION:** This process is not for misclassification of wages. (i.e. bonus income, supplemental wages, etc.). This process is to determine worker status.

1. Forward the Form SS-8 to the applicable SS-8 team, in Holtsville.

**NOTE:**Do not include verbiage to "AUR - Please Expedite".

2. Send the taxpayer the appropriate C-Letter advising the taxpayer that the Form SS-8 has been forwarded for consideration and provide the TP with the SS-8 Action 61/Policy Statement P-6-12 contact. Include a statement that the process can take up to 180 days to be completed before a determination is rendered.
3. Close the AUR control (assign IPC 9I for TY 2005 and subsequent).

**NOTE:**Once the SS-8 group renders their determination, they will instruct the taxpayer to file a Form 1040X, including a copy of the favorable determination letter to the Service Center where they filed their original tax return.

**IRM 4.19.3.20.7(1)** - Added note for multiple 2626C letters

1. AUR receives responses that require additional action before the case can be closed. Additional action may include:
  - o Correspondence with the taxpayer via a letter or recomputation notice
  - o Correspondence with a payer
  - o Research
  - o Referral
  - o Routing of information, including non-IRP related inquiries
  - o Address updates
  - o Extension of the CP 2000 suspense period
  - o Telephone contact
  - o Designation as an ARDI case (i.e., Proposed Adjustment of \$100,000 or more)

**NOTE:** Do not issue multiple 2626C letters to request the same information and/or documentation or to provide the taxpayer the same clarification. If unable to secure the information after the second attempt, continue processing.

**IRM 4.19.3.20.7(24)** - Revised to include If/Then table, moved information from (d) to new (25), renumbered remainder of subsection

1. Take the following actions when the **employer/payer responds** to the 2625C letter,

<b>IF</b>	<b>THEN</b>
The information provided by the employer/payer indicates the income does not belong to the taxpayer	<b>NOTE:</b> If the result is a no change closure, use normal no change PCs, not those designated for Stolen Identity.

<p>The employer/payer indicates the same situation occurred in a subsequent year</p>	<p>and attach a copy of the response from the employer/payer and the IR(s) to the subsequent year's return. <b>NOTE:</b> If the result is a no change closure, use normal no change PCs, not those designated for Stolen Identity.</p>
<p>The information provided by the employer/payer indicates that the income DOES belong to the taxpayer (the name and SSN on the IR is correct).</p>	<p>Issue a 2626C Letter to inform the taxpayer that the employer/payer verified the income for the taxpayer's name, address, and SSN.</p>
<p>The taxpayer responds to the 2626C Letter and disagrees with the amount of income in question.</p>	
<p>After being informed that the employer/payer verified the income, the taxpayer responds and still disclaims knowledge of or denies receipt of the income</p>	<p>Issue a 2626C using the following verbiage as an example: "If you believe that someone is illegally using your social security number, please send legible copies of a valid federal or state issued identification and either a completed, signed Form 14039, Identity Theft Affidavit (available at <a href="http://www.irs.gov">www.irs.gov</a> or a copy of a police report and provide a signed statement identifying each specific item(s) that is a result of the identity theft." <b>NOTE:</b> Case is not considered IDT until the taxpayer makes a claim. Use the appropriate letter IPC.</p>
<p>If it <b>cannot be determined</b> that the income belongs to the taxpayer OR if the payer refuses to furnish the necessary information, <b>AND</b> the taxpayer disclaims knowledge of or denies receipt of the income</p>	<p><b>NOTE:</b> If the result is a no change closure, use normal no change PCs, not those designated for Stolen Identity.</p>

**IRM 4.19.3.24(3)** - Corrected IRM references

3. When working request for reconsideration based on identity theft involvement, manually input TC 971 AC 501 upon resolution of the case. See IRM 4.19.3.20.1.23 (4), *Stolen Identity (IDT)- General*.

**IRM 4.19.3.24.2.1(3) table - Changed definition for IPC 9B and 9E**

3. Internal Process Codes have been designated for use with cases in BT 81 as follows:

<b>IPC</b>	<b>Definition</b>	<b>Action</b>
9B	IDT Recon - CPAT/DITA Referral	Moves case to BT 82 for Recon Suspend
9E	Recon Research/Referral within AUR	Moves case to BT 82 for Recon Suspend
9F	Recon Full Abatement of the AUR Assessment	Closes the Recon case within AUR and moves the case to closed BT 96002 - use with IDRS RC 068.
9I	Recon Information Request/MISC (Not appropriate if an abatement is made, use 9F or 9P)	Closes the Recon case within AUR and moves the case to closed BT 96002
9L	Recon Payer Letter	Moves case to BT 82 for Recon Suspend
9N	Recon No Change to AUR Assessment	Closes the Recon case within AUR and moves the case to closed BT 96002 - use with IDRS RC 066 or RC 064, as appropriate.
9P	Recon Partial Abatement of the AUR Assessment	Closes the Recon case within AUR and moves the case to closed BT 96002 - use with IDRS RC 067
9R	Recon Referral – Non-AUR Issue	Closes the Recon case within AUR and moves the case to closed BT 96002

**NOTE:** IPC 9P should be used when the original AUR closure was no change and the reconsideration results in a change to the account.

**IRM 4.19.3.24.3(3) - Revised to include identity theft**

3. When suspending cases for payer contact, identity theft, additional research, returns, etc., a record of case actions must be maintained. Options for this record include:
  - o A History Sheet completed and attached to the case

- Case notes on AUR, providing the case has not been archived
- IDRS History Items
- Assignment of IPC 9B, 9E or 9L, if the case is in BT 81

**NOTE:** Worksheets used in recomputation or any TE notes should be maintained with the case.

**IRM 4.19.3.24.3(8)** step 1 - Added Reminder for checking address

8. If the conditions in (7) above are met or if one or both taxpayers are deceased take the following actions:

1. Check the entity information for the tax years involved.

**REMINDER:** Verify the address is that of the taxpayer before issuing any notice/refund.

2. Move the TC 706 back to the correct year and module for refunding the payments.

**CAUTION:** Determine if the name line changed. If the name line changed, ensure the TC 706 is placed on the correct module.

**REMINDER:** If the abatement is due to a claim Identity Theft, use Hold Code 2.

**NOTE:** If the payment is not moved to the correct tax year/module, an erroneous refund situation may occur.

**IRM 4.19.3.24.4-(3)** - Added bullet for Exam Criteria (CAT-A)

3. **Within Campus**, route the following non-AUR issues:

- Injured Spouse
- AUR Examination closures
- NOL cases
- Scrambled SSN
- Mixed Periods/Entity
- Examination Criteria (CAT-A) refer to IRM [21.5.3-2](#)

**NOTE:** If the case is in BT 81 assign IPC 9R.

**IRM 4.19.3.24.6(2)** step 7 - Changed 9B to 9E

2. When ordering the tax return:
  1. Complete a history item.
  2. Suspend the case.

3. Monitor for 30 days. If the return is not received, make a second request.
4. Check the STAUP and extend, if needed.
5. Send the appropriate C-Letter (interim) to the taxpayer, as needed.
6. Update the IDRS control base.
7. If the case is in BT 81, assign IPC 9E.

**Exhibit 4.19.3-3** - Changed definition for IPC 9B and 9E

**Reconsideration - Closed Cases**

**9B** - IDT Recon - CPAT/DITA Referral - suspense

**9E** - RECON Research/Referral within AUR - suspense

**9F** - RECON Full Abatement of AUR the assessment - closure

**9I** - RECON Information Request/MISC - closure

**9L** - RECON Payer Letter - suspense

**9N** - RECON No change to AUR assessment - closure

**9P** - RECON Partial adjustment - closure

**9R** - RECON Referral non-AUR issue - closure

**Exhibit 4.19.3-7** - Corrected IRC to 6651(a)(1) in Paragraph 35, deleted "received" from Paragraph 67, corrected IRC to 6662(c) in Paragraph 86

**35 - Failure-to-file penalty** When you file your tax return after the due date, we charge a penalty of up to 5% of the unpaid tax per month for no more than 5 months or up to 25% of the unpaid amount. If the return is more than 60 days late, we may charge the minimum of \$135 or 100% of the balance due, whichever is less. We count part of a month as a full month. (Internal Revenue Code section 6651(a)(1)).

**67 - Unemployment compensation** Unemployment Compensation is fully taxable because it is considered a substitute for wages.

**86 - Accuracy-related penalty due to negligence** An accuracy-related penalty is charged if there is any underpayment of tax on your return due to negligence. This penalty is 20% of the net tax increase on the portion due to negligence. (Internal Revenue Code section 6662(c))

**Exhibit 4.19.3-9** - Deleted value and meaning for ID

