

IRM PROCEDURAL UPDATE

DATE: 05/20/2013

NUMBER: WI-21-0513-0951

SUBJECT: Third Party Designee

AFFECTED IRM(s)/SUBSECTION(s): 21.1.3.3.1

CHANGE(s):

IRM 21.1.3.3.1 Removed sentence regarding a company or business as a third party designee.

1. IMF taxpayers may designate a "Third Party Designee" (Check Box) on all paper and *e-file* Form 1040 Series returns. The Third Party Designee may be anyone including a paid or unpaid return preparer, a family member or friend. The Designee may be a person who is not the preparer. The following information must be entered in the Third Party Designee Section:
 - a. Designee Name
 - b. Designee Phone Number
 - c. Any five digit number the Designee chooses as his/ her Personal Identification Number (PIN).

NOTE: : The authority granted by a 1040 filer using the check box option also extends to any Form 1040-X *Amended U.S. Individual Income Tax Return* filed for the year in question as long as it is filed within the time period for the consent.

2. BMF taxpayers may designate a Third Party Designee on any BMF return. All BMF returns contain either a Third Party Designee Section or a Paid Preparer Designee check-box. The following information must be entered in the Third Party Designee section:
 - a. Designee Name
 - b. Designee Phone Number
 - c. Any five digit number the Designee chooses as his/her Personal Identification Number (PIN).

NOTE: The authority granted on a BMF return using the check box option also extends to any amended return filed for the year in question, as long as it is filed within the time period for the consent.

3. For the returns with the Paid Preparer check box, the third party designee authorization applies only to the individual whose signature appears in the "Paid

Preparer's Use Only" section of the return. It does not apply to the firm, if any, shown in that section.

4. Third Party Designee authority is limited to the specific tax form and period of the return, and is limited to issues involving processing of that specific return. Check box authorizations do not confer the designee with any representational privileges. They do not allow the designee to bind the taxpayer to a particular course of action, such as an extension or an installment agreement, or to make a commitment on behalf of the taxpayer. In addition, a check box designation does not allow the third party to receive, negotiate or endorse the taxpayer's refund check.
 5. The third party designee may discuss account related issues, but still may not discuss collection or examination proceedings (e.g., issues that are beyond return processing issues such as when the account is assigned to ACS, Examination (Exam), AUR, etc.).
 6. The third party designee cannot represent the taxpayer before the IRS. Representation before the IRS is a specific authority granted only by the completion and filing of a Form 2848, *Power of Attorney and Declaration of Representative*. The Third Party Designation does not allow a named designee to perform the tasks associated with representation and practice before the IRS.
 7. The third party designation authority expires one year from the due date of the return in question. Extensions of time to file a return do not extend the third party designation period. There are no exceptions or extensions to the expiration date of the third party designation period.
 8. The taxpayer or the designee may revoke the designation before the expiration date by submitting a written statement of revocation. A Transaction Code (TC) 971, with Action Code (AC) 263 changes the third party designee indicator to "0" indicating a revocation. See (9) below.
- NOTE:** The third party designee authority expires with the taxpayer's date of death if the death occurs during the one year period described in paren 7 above.
9. If the taxpayer authorizes an individual as a third party designee, the authorization does not authorize disclosures to other individuals associated with such individual, such as employees of such individual or members of such individual's staff.
 10. A third party check box field is shown on TXMOD (IMF and BMF), IMFOLR, BMFOLR, RTVUE, BRTVU or ERINVC. The field will show either:
 - Blank --a third party is not designated by the taxpayer;
 - 1--Third Party Designee is designated by the taxpayer; or
 - 0 – Third Party Designee is revoked.

NOTE: TE/GE assistors should use OL-SEIN to check for the presence of the check box indicator on the Form 990, Form 990-EZ, Form 990PF or Form 990-T until the information is available via IDRS.

11. The third party indicator on IMF is followed by:
- A five digit self-selected Personal Identification Number (PIN) — for a third party designee who is not a paid preparer; or
 - The designee's TIN or PTIN (Preparer Tax Identification Number) — for a third party designee who is a paid preparer.

NOTE: After December 31, 2010 all paid preparers will be required to use a PTIN on any current or prior year return filed.

CAUTION: Do not confuse a PIN and a PTIN. A Third Party Designee self-selected PIN is not an IRS assigned PTIN.

12. The third party indicator on BMF is followed by:
- For a third party designee — phone # and PIN.
 - For a paid preparer — phone # and either a TIN or PTIN.

NOTE: After December 31, 2010 all paid preparers will be required to use a PTIN on any current or prior year return filed.

NOTE: Forms 990, 990PF, 990-T and 990-EZ are verified using OL-SEIN as stated above and need only have a designee name and phone number to match for verification.

13. To verify the caller as a Third Party Designee, research on TXMOD (*IMF and BMF*), IMFOL, BMFOL, RTVUE, BRTVU ,TRDBV or ERINVC for:
- Taxpayer's name,
 - Taxpayer's TIN,
 - Tax period
 - Form(s)
 - Designee's TIN, PTIN, or PIN.

NOTE: If there is a TC 971 AC 263 on the account, do not use TRDBV, RTVUE or BRTVUE as it is not updated to reflect revocation.

CAUTION: A history item on an account indicating that a Power of Attorney (POA) or Tax Information Authorization (TIA) has been received is not a valid indication that a POA or TIA has been approved and is on file.

14. Validate the identification number provided by the Third Party Designee with the posted data using the following procedures:

- TIN - research using CC INOLE or CC ENMOD.
 - Self-selected PIN - research using CC TXMOD.
 - PTIN - validate the PTIN information provided by the designee with the data on TXMOD, IMFOLR, BMFOLR, RTVUE or BRTVU to ensure they match.
15. If a caller states that his/her PTIN is lost, forgotten or never received, have the caller contact the vendor at:
- Primary Toll Free: 877-613-PTIN (7846)
 - TTY: 877-613-3686
 - International Callers: 915-342-5655 (non-toll free)
 - Available Monday - Friday 8:00 a.m. to 5:00 p.m. CST
16. If there is no record of a Third Party Designee, no record of a POA/TIA/oral TIA, or no record of Oral Disclosure Consent (ODC), NO information may be provided.

NOTE: If the original input of the Third Party Designation does not show the presence of a third party check box field and/or the designee's PTIN/TIN/PIN is missing or incorrect, the caller may provide a copy (via fax) of the signed original return with the correct designee information. If the return was transmitted via e-file, a copy of the signed taxpayer authorization form may be needed. After receipt of the faxed copy that includes indication of taxpayer consent (signature), you may discuss the authorized issues with the designee. Copies of returns sent to IRS solely for the purpose of supplying designee information are disposed of as Classified Waste. Currently, Third Party Designee information cannot be input to Master File after original processing of the return.