



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

November 5, 2012

Control Number: SBSE-25-1112-084
Expiration Date: June 15, 2013
Impacted IRM: 25.1.8, 25.3.2

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

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

SUBJECT: Aging of ATAT and Suit Development Cases

The purpose of this memorandum is to reissue Interim Guidance Memorandum dated December 15, 2011, with control number SBSE-05-1211-100, titled, *Aging of ATAT and Suit Development Cases*. This memorandum provides guidance on the use of transaction code (TC) 971 action code (AC) 281 to stop the aging of Abusive Tax Avoidance Transaction (ATAT) cases and general program suit development cases. Internal Revenue Manual (IRM) 5.20.2, *Abusive Tax Avoidance Transactions Time Reporting*, has been updated. IRM 25.1.8, *Fraud Handbook, Collection Field Function*; and IRM 25.3.2, *Suits by the United States*; will be updated to include the appropriate use of TC 971 AC 281.

SB/SE Collection Policy analyzed the advisability of suspending the overage criteria for ATAT cases in Field Collection. Our findings indicate that the suspension of the overage indicator for ATAT cases and general program suit development cases will promote quality case work and enhance revenue and compliance by diminishing the unintended consequences of measures that are not congruent with the work expected to be performed.

The following cases will qualify for suspension of the overage calculation with group manager approval:

- All cases with an ATAT Integrated Collection System (ICS) sub code of 309 through 339
- Complex or fact-intensive cases where additional time is needed to analyze and gather the facts necessary for developing a suit recommendation

Previously TC 971 AC 281 was used to suspend the overage calculation on potential fraud development cases. As of January 1, 2012, the use of TC 971 AC 281 and TC 972 AC 281 was expanded to ATAT and suit development cases. The TC 971 AC 281 is input by selecting "Fraud Technical Advisor" from the Collection Activities menu to initiate the upload of TC 971 AC 281 or TC 972 AC 281. This option is only available to group managers, acting group managers, group secretaries, and ICS Quality Analysts (IQAs). Group managers must document approval to input the TC 971 AC 281 in the ICS case history.

"Fraud Technical Advisor" has two sub choices. The first will generate a TC 971 AC 281 to suspend the overage clock. The second will generate a TC 972 AC 281 which turns the overage clock back on. ICS cannot upload these transactions to IDRS unless there is open IDRS Bal Due or Del Ret module, therefore option "Fraud Technical Advisor" is blocked unless an open IDRS Bal Due or Del Ret module is present. Prepare a manual Form 4844 if there are no open modules on ICS.

Fraud, ATAT, and suit development cases will be marked with a TC 971 AC 281 and distinguished as follows:

Fraud: Revenue officers will follow the guidance in [IRM 25.1.8.8](#), *Aging of Collection Fraud Cases*. After approval of [Form 11661-A](#), *Fraud Development Recommendation - Field Collection*, by the Fraud Technical Advisor (FTA), the group manager or their designee, will input ICS subcode 910 to the case. The ICS subcode 910 will automatically trigger input of IDRS TC 971 AC 281 on the entity.

ATAT: ATAT cases will retain the appropriate ICS subcode of 309 through 339.

- Once group manager approval is documented in the ICS case history, the group manager or their designee will request upload of TC 971 AC 281 through the ICS application "Fraud Technical Advisor."
- The revenue officer group manager or designee will input TC 972 AC 281 prior to closing the case on ICS.
- To check for an unreversed TC 971 AC 281 take the following steps:
 - From the case summary screen, select "Entity Detail Menu."
 - Select item "View Entity Transactions."
 - A listing of the Entity transactions on the case will appear; scroll through to check for any unreversed TC 971 AC 281. The reversal of this Entity transaction is a TC 972 AC 281.

ATAT Fraud: ATAT cases in fraud development status will retain their ATAT ICS subcode.

- With FTA approval documented on [Form 11661-A](#), the revenue officer will input "FRD" for fraud in the location block on ICS.
- Under "Entity Detail," select "Name/Address."
- Select the taxpayer's address and click on "view/edit."

- Enter "FRD" in the location block and save. It is important to enter "FRD" in the location block. This is the mechanism for including the case in the Area fraud report. If "FRD" is not input in the location block, the case will not be counted in the Area fraud report. When the case is no longer in fraud development status or FTA involvement is withdrawn, the revenue officer will delete "FRD" from the location block on ICS.

Suit Development: Suit development cases will retain their ICS subcode.

- Once group manager approval is documented in the ICS case history, the group manager or their designee will request upload of TC 971 AC 281 through the ICS application "Fraud Technical Advisor" and will input "SUIT" in the location block on ICS.
- Under "Entity Detail," select "Name/Address."
- Select the taxpayer's address and click on "view/edit."
- Enter "SUIT" in the location block and save. If "SUIT" is not input in the location block, the case will be erroneously included in the Area fraud report. The revenue officer group manager or designee will input TC 972 AC 281 when the case is no longer in suit development status. This will be the earlier of the following:
 - When the suit recommendation is no longer being pursued;
 - Other actions, such as CNC classification, are being recommended to dispose of the case; or
 - The suit recommendation has been referred to the Department of Justice (DOJ).

Note: If warranted, the revenue officer will create an Other Investigation (OI) if additional assistance is requested by the DOJ after the suit has been referred.

It is very important that the correct ICS sub code is maintained and, if appropriate, the correct indicator of "FRD" or "SUIT" is input in the location block. Because the TC 971 AC 281 will be used for fraud, ATAT, and suit development cases, these fields will be used to differentiate the types of cases and prepare reports.

If you have any questions, please contact me or members of your staff should contact Collection Policy analyst JoAnn Zidanic.

cc: www.irs.gov