



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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MEMORANDUM FOR TECHNICAL SERVICES EMPLOYEES

FROM: Mary L. Coleman /s/ *Mary L. Coleman*
Director, Examination Technical Services

SUBJECT: Interim Guidance for Restitution-Based Assessment
Procedures

The purpose of this memorandum is to issue interim guidance for restitution-based assessment processing when restitution has been ordered based on Business Master File (BMF) accounts and on Return Preparer Program (RPP) accounts (i.e., client returns of a return preparer). These procedures are effective immediately.

IRC 6201(a)(4) requires criminal restitution payable to the Internal Revenue Service ordered after August 16, 2010, to be assessed as if it were a civil tax. Whether a criminal restitution order can be assessed as a tax under IRC 6201(a)(4) depends on whether the restitution ordered is traceable to a tax imposed by Title 26. The applicability of IRC 6201(a)(4) will be determined by Criminal Investigation with input from Criminal Tax Counsel, based on a review of the district court's restitution order. This determination will be reflected on Form 14104, *Notification of Court Ordered Criminal Restitution Payable to the IRS*.

The following provisions are helpful in interpreting IRC 6201(a)(4):

- The assessment of the restitution as if it were a tax is a directly assessable tax and does not require the issuance of a statutory notice of deficiency (SNOD) (IRC 6213(b)(5)).
- The amount of the restitution cannot be challenged in a civil administrative or judicial proceeding based on the existence or amount of the underlying tax liability (IRC 6201(a)(4)(C)).
- The Office of Appeals does not consider or process criminal restitution appeals. If an appeal is filed on the criminal restitution determination, the appeal is under the sole jurisdiction of the Department of Justice.
- The assessment of the restitution as if it were a tax can be made at any time and is not subject to a statute of limitations (IRC 6501(c)(11)).
- A restitution-based assessment under IRC 6201(a)(4)(A) can be no less than and no greater than the amount ordered as restitution.
- Interest under IRC 6601 accrues on the restitution-based assessment.

Examination Technical Services is responsible for making all criminal restitution assessments. The procedures described in the attachment to this interim guidance memorandum cover the following aspects of the criminal restitution process:

- BMF-based Criminal Restitution Assessments
- RPP-based Criminal Restitution Assessments

Interim Guidance Memorandum SBSE-xxxxxx will be incorporated into a new IRM 4.8.6 by xxxxx x, 2015.

If you have questions, you may contact me or a member of your staff may contact Bill England, Program Manager, Examination Technical Services.

Distribution:

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SBSE CCP (Memphis)

Kansas City Restitution Unit

Attachment (xx)

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Technical Services (TS) has exclusive responsibility for ensuring the completion of the assessment for criminal restitution (CR) cases where IRC 6201(a)(4) is applicable.

IRC 6201(a)(4) requires certain criminal restitution ordered after August 16, 2010, to be assessed as if it were a civil tax. Whether criminal restitution can be assessed as a tax under IRC 6201(a)(4) depends on whether the restitution ordered is traceable to a tax imposed by Title 26. Restitution ordered for a criminal violation of IRC 7201 (attempt to evade or defeat tax), IRC 7202 (willful failure to collect or pay over tax), IRC 7203 (willful failure to file return), IRC 7206(1) (fraud and false statements), as well as several other criminal tax violations under the Internal Revenue Code and Title 18 **may meet** the requirements necessary to be assessed as a tax. The applicability of IRC 6201(a)(4) will be determined by Criminal Investigation (CI) with input from Criminal Tax Counsel and will be reflected on Form 14104, *Notification of Court Ordered Criminal Restitution Payable to IRS*.

The detailed instructions below specifically address restitution ordered based on a Business Master File (BMF) account and a Return Preparer Program (RPP) account. These procedures are effective immediately. The general restitution procedures contained in this document are the most current procedures available.

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Part 1 – Roles and Responsibilities of the Centralized Restitution Assessment Group

A TS group has been designated to make all of the CR assessments. This group will receive all CI closing packages that contain court ordered restitution payable to the IRS. These tasks will be accomplished by tax examiners (TEs) and Centralized Restitution Coordinators (CRCs) in this specialized TS group.

Section 1: Roles and Responsibilities of Centralized Group Tax Examiners

To track and monitor CR inventory at the group and national level, TS will establish Examination Returns Control System (ERCS) collateral records for all taxpayers against whom restitution payable to the IRS has been ordered by the court. An ERCS collateral record will be established upon receipt of the Form 14104 package into the TS centralized CR mailbox; *SBSE TECH Svs Criminal Restitution. The restitution collateral record should be set up within three business days after the receipt of the Form 14104 package.

Note: All packages that are **not complete and accurate** will be returned to CI within 30 calendar days of receipt in the CR mailbox. TS will take no further actions until a complete and accurate Form 14104 package is received back into the CR mailbox. Upon receipt of a **complete and accurate** Form 14104 package, TS will resume processing the Form 14104 package.

A. Establishing Collateral Records

The TE who is working the CR mailbox will create a collateral record **within three business** days of receiving the Form 14104 package. The ERCS “date in review” will be the date a Form 14104 package is received in the CR mailbox.

NOTE: Upon receipt of a subsequent Form 14104 in the mailbox due to CI providing an accurate or complete package, the “Date in Review” will be updated to the date the new Form 14104 package was received in the restitution mailbox.

1. Pull CC INOLES to verify / confirm the accuracy of the name and taxpayer identification number (TIN) per Form 14104.
2. Collateral records are for TS inventory purposes only. These records do not go to AIMS and **should never be** updated to a field, PSP, Campus or Appeals status.
3. The TE will complete the following for each Form 14104 taxpayer package to create the collateral record on ERCS:
 - a. Log into ERCS; User Group: **Review** User; Examination Main Menu
 - b. Select #1 Request Tax Return and then select #4 Control Collateral Examination
 - c. Input 20X 88700 XXXX based upon the designated centralized reviewer group and the designated TS employee ERCS identification number (ID) of the reviewer. (For collateral records the primary business code (PBC),

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secondary business code (SBC) and employee group code (EGC) must correspond to the assigned reviewer's group number.)

- d. Follow the prompts to input the social security number (SSN) / employer identification number (EIN); as applicable
- e. Taxpayer name – The name should always be preceded by the letters “REST” and a hyphen “-“. This will aid in identifying the collateral as a CR record. The format will be “REST-last name, first name” or “REST-name of corporation”
- f. MFT: Input 30
- g. Tax Period: Input 198811
- h. Activity Code: Input either 272 if the defendant is an individual or 203 if the defendant is a corporation
- i. Source Code: Input 70
- j. Status Code: Input 20
- k. Statute: Input “04/OO/1992”
- l. Tracking Code: Input 6568
- m. Project Code: Input 1168
- n. Review Type: Input 91 if the restitution is based on the defendant's Form 1040; 95 if the restitution is based on a corporate liability in full or part; or 96 if the restitution is based on returns prepared by a return preparer in full or part (if unsure, use Review Type 91)
- o. Tech Service Code: Enter applicable Technical Services Code (TSC) of TS group
- p. Joint Committee (Y/N) select N
- q. Foreign Controlled Corporation: select N
- r. Select Y if all is correct
- s. Since there is only one year, enter N for no more to input
- t. Y related: N (none)
- u. CIC: N (none)
- v. Aging Reason <enter> = none
- w. Control PBC: 217
- x. Go into ERCS (Examination Main Menu)
- y. Select #2 Correct and Display Record
- z. Select #2 Correct Multiple Examinations
- aa. Update the Suspense Type #17 to 551
- bb. Update “Date in Review” to the date the Form 14104 was received in the mailbox

B. Initial Review of the Form 14104 package

1. After the creation of the collateral record, the TE will then review the Form 14104 package to determine the next appropriate steps.
2. The Form 14104 package will be reviewed for **completeness**. A complete package contains the following at a minimum:
 - a. The most current version of the Form 14104
 - b. The correct name and SSN / EIN based on the IDRS research performed;
 - c. A check mark in the Final Adjudication box in the Approval section of the Form 14104;

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- d. The most current version of the Form 13308, *Criminal Investigation Closing Report*, and
 - e. A Judgment and Commitment Order (J&C).
3. If the Form 14104 is complete, the TE will complete the following:
 - a. Determine if the same information was simultaneously sent to the local TS office. If this information was not sent to the local TS office, then the TE is to forward the information to the local TS office.
 - b. Update the ERCS collateral record with the CRC reviewer's ERCS ID# and the TSC Code.
 - c. Forward the Form 14104 package to the CRC.
 - d. Move the incoming e-mail with the attachments into a designated folder for reference at a later date.
 4. If the Form 14104 is **NOT complete**, the TE will update the collateral record to Status Code 30 and Suspense Type 550 and will reply to the sender of the e-mail from CI and the local TS office. In the body of the e-mail the TE should state the following:
 - a. "The Form 14104 package is not complete";
 - b. What caused the package to be incomplete; and
 - c. To resubmit a completed Form 14104 package to the TS centralized mailbox, the local TS office and all other required parties.

Note: TS will take no further actions until a complete Form 14104 package is received back into the CR mailbox. When a Form 14104 package is received back into the CR mailbox, the TE will update the collateral record to Status Code 20, Suspense Type 551 and the "date in review" to the date the Form 14104 was received in the mailbox. The TE will also follow steps 3b, 3c and 3d above.

5. The TE in the CRC group will print the Form 14104 package, create a case file, attach a Form 9984, *Examining Officer's Activity Record*, and pull appropriate IDRS information.
6. The collateral record will be assigned on ERCS to the CRC.
7. The collateral record should be updated, as appropriate, to reflect all steps taken in the CR assessment process. See Exhibit 1 for current review types, suspense types, etc. to be used for CR cases.

Section 2: Roles and Responsibilities of Centralized Restitution Coordinators (CRCs)

The CRC will review the Form 14104 package to ensure accuracy of the closing package. This review is called "Perfecting a CI – CR Package." The CRC will review the closing documents within 7 business days of receipt using the following as a guide to "perfect" the CI - CR package:

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A. Perfecting the CI - CR Package (reviewing the Form 14104 package by the CRC)

1. Verify current revision of Form 14104 was used.
2. Research IDRS CC INOLE to verify the Form 14104 name in Section 1 and TIN in Section 2 are for the subject identified.
3. Research IDRS CC ENMOD to verify transaction code (TC) 910 has posted.
 - a. TC 910 will not prevent CR “perfection” but is a general item that our fraud coordinators look for. If the TC 910 is your only “issue,” then you don’t need to address it. It will be addressed by the local TS office when they process the civil side of the case.
4. Research IDRS CC SUMRY to verify CI “Z” freezes have been released (will not prevent case from being “perfected”).
5. Verify the Approval section at the top of Form 14104 has the box checked for final adjudication to indicate all appeal deadlines have expired and no appeals are outstanding. Restitution can’t be assessed if the subject has submitted an appeal. Cross-reference Form 13308 Box 3a.
6. Verify Section 5 date – Date should correspond to J&C date and be after August 16, 2010.
7. Verify Section 6 “Restitution payable to the IRS” ties to the total amount in Section 14 AND to the amount payable to the IRS per the J&C. Note: The J&C must state that restitution is payable to the IRS and list a dollar amount of the restitution ordered.
 - a. A signature is not required on the J&C as long as the docket number is indicated.
 - b. The main document in a CI closing package is the J&C NOT the Form 14104.
 - c. If the J&C does not list the IRS as a victim, follow up with CI for confirmation that the IRS is a victim and for what amount. In some instances, the J&C only states: "The defendant is to pay the IRS \$XXX within three years as a special condition of supervised release." This is a term of probation and is not an order of restitution. In other instances, the order of restitution and the victims are sealed. In these situations a written confirmation of the IRS as a victim should be secured by CI, ideally from the Assistant United States Attorney (AUSA). If that is not possible, a written confirmation from CI will suffice.
8. Joint and Severally Liable (J&S) for the Restitution Based Assessment
 - a. Verify that the joint and severally liable names per Form 14104 reconcile to the J&C, and supporting documents, i.e., plea agreement, special agent report (SAR), spreadsheets, etc.
 - b. For Return Preparer Program J&S cases, client lists should be provided that specify what each defendant owes and what clients were the basis

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for the restitution ordered. Sometimes it may be the same client list for all of the defendants. When the restitution amounts are different for some of the J&S return preparers, this indicates that different clients made up the restitution calculation. Separate client lists are therefore needed for each defendant.

9. Verify that a checkbox is selected in Section 8.
10. If Section 8 checkbox b is selected, verify that the amounts attributable to the defendant and / or other co-conspirators are accurate and separately identified. Note: Restitution for a fictitious return isn't assessable restitution but the total should appear in Section 14d.
11. If Section 8 checkbox c is selected, verify that the amounts shown on the attached listing are accurate and include all applicable identifying information (EIN, year / period and amount of restitution).
12. If checkbox in Section 10 is selected, ensure information requested is provided by the CI special agent (SA).
13. If the restitution is based on a corporate or employment tax liability, verify that Section 14a Column 1 contains related EIN(s) for the corporate or employment tax module. All applicable periods and restitution amounts MUST be reflected.
14. If some of the restitution is based on a penalty, verify the nature or code section of the penalty. Restitution assessed as a penalty is assessed using the same transaction code or reference number of the civil penalty.
15. Verify that the total amounts in Section 14 shown by CI correspond to the total restitution stated as tax, penalty, and interest by comparing to amounts shown in documents provided (i.e., Information / Indictment, plea agreement, government sentencing document, court document, court transcript) or available documentation prepared by IRS independently of the grand jury which may have also been presented to the grand jury. There should not be any negative amounts on the Form 14104. Note: If supporting details are not provided, accept the amounts reflected in section 14.

Form 14104 accepted as prepared by CI: If upon review of Form 14104, J&C, and Form 13308 it is determined that the Form 14104 package is correct as stated, document such in the activity record and proceed to the "Creation of MFT 31 account" directions in this document.

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Form 14104 that needs additional information: If upon review of Form 14104, J&C, and Form 13308 it is determined that the Form 14104 is **NOT accurate**, the CRC will document such in the activity record and reply to the sender of the e-mail in CI and the local TS office. In the body of the e-mail the CRC should state the following:

- (1) The Form 14104 package is not accurate,
- (2) What is needed to make the package accurate, and
- (3) Then return the accurate Form 14104 package to the TS centralized mailbox and all other required parties.

NOTE: TS will take no further actions until a complete Form 14104 package is received back into the CR mailbox. The collateral will be updated to Status Code 30, Suspense Type 552. When a Form 14104 package is received back and the CRC determines the CI documents are accurate and complete, the TE will update the collateral record from Status Code 30, Suspense Type 552 to Status Code 20, Suspense Type 551 and the “Date in Review” to the date the Form 14104 was received in the mailbox.

B. Creating MFT 31 Tax Modules

After the Form 14104 package has been “perfected” (see applicable instructions), the needed MFT 31 modules will be created to make the restitution-based assessment (RBA). MFT 31 modules are needed for all restitution ordered against an individual; NOT a corporation. There are two ways that a MFT 31 module can be created; via Form 3177 entering a TC 971 AC 102 on a MFT 30 module and via MFREQ. The procedures to follow will address both situations and when they are used.

Note 1 - There are several sample Forms 3177 that should be used for reference only. The assigned employee should use a blank form, not the sample, when submitting forms to CCP.

Note 2 - Although the instructions in this document generally will address all restitution situations, the format and data that are shown on the sample Forms 3177 are specific to a common restitution scenario.

1. When the restitution to be assessed is IMF-based (i.e., based on the defendant’s own Form 1040), the MFT 31 account will be established through the defendant’s MFT 30 account. If a joint return was filed, use the primary spouse’s SSN. See procedures in **Step 1a** below.
 - a. If the MFT 30 module is on retention, use IDRS CC IMFOLB to recall the module from retention.
 - b. If there is no MFT module present, use IDRS CC MFREQ to create a MFT 30 module.

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2. When the restitution to be assessed is BMF-based (i.e., based on a business entity related to the defendant), use IDRS CC MFREQ to create MFT 31 accounts. For example, use MFREQ to create MFT 31 accounts for a BMF-based assessment for a Form 940 for tax period 200706 and 200709. **See Step 1b** below.
3. If restitution is based on BOTH an IMF liability and a BMF liability for the same period (e.g., tax year 200712 for the defendant's Form 1040 and for a related calendar year Form 1120), the MFT 31 account will be created through the defendant's MFT 30 module, NOT MFREQ. **See Step 1a** below.
4. If restitution is based on BOTH an IMF liability and a BMF liability for different periods, (e.g., 200712 for the defendant's Form 1040 and for a related fiscal year Form 1120 for 200710) the MFT 31 accounts will be created through the defendant's MFT 30 module to create the 200712 module and using MFREQ for the 200710 module. **See Step 1a** and **Step 1b** below.
5. When the restitution to be assessed is RPP-based (tax returns prepared by the defendant), use IDRS CC MFREQ to create MFT 31 accounts. For example, use MFREQ to create MFT 31 accounts for a RPP-based assessment for client returns for Form 1040 tax years 200712 and 200812. **See Step 1b** below.

Step 1a – Creation of MFT 31 account through the defendant's MFT 30 module using Form 3177. The following information will be entered on Form 3177:

1. Initiator information – Enter your name, phone number, and employee number.
2. Date – Enter the date the form is completed.
3. Taxpayer Name – Enter the name found on the MFT 30 entity where the defendant filed the tax return. (Note: The defendant may not be the primary name/SSN on the MFT 30 entity.)
4. EIN or SSN – Enter the social security number found on the MFT 30 entity where the defendant filed the tax return. (Note: The defendant may not be the primary SSN/name on the MFT 30 entity.)
5. TC 971 – Enter the following instructions next to "Other (specify)" – Establish MFT31 with TC 971 AC 102 for (SSN of restitution liable defendant).
6. Enter MFT Code 30 and tax period(s) in appropriate columns.

Use Exhibit 2 - Sample Form 3177 – Creation of MFT 31 Module as a guide. This form is sent to CCP for processing.

Step 1b – Use IDRS CC MFREQ to create a MFT 31 module for the periods needed. This will immediately create a "dummy" MFT 31 module but it will drop off IDRS in six cycles if no other transactions are posted on the module.

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As soon as the MFT 31 module is created, prepare Form 3177 to “record” a TC 971 AC 102 onto the MFT 31 module as follows:

1. Initiator information – Enter your name, phone number, and employee number.
2. Date – Enter the date the form is completed.
3. Taxpayer Name – Enter the name of the defendant liable for criminal restitution. (Note: This will be same name found on the MFT 31 module.)
4. EIN or SSN – Enter the social security number of the defendant liable for criminal restitution. (Note: This will be same SSN found on the MFT 31 module.)
5. TC 971 – Enter the following instructions next to “Other (specify)” – To record TC 971 AC 102 - {EIN/SSN of related entity, MFT 02, 01, 30, etc. and the MFT 02, 01, 30, etc. tax year period} (e.g., 12-345678 // 02 // 200309). Note: To record TC 971 AC 102 in RPP cases - {SSN of the defendant, MFT 31, and the MFT 31 tax year period} (e.g., 123-45-6789 // 31 // 200712).
6. Enter the MFT Code 31 and MFT 31 taxable period in appropriate column.

Use Exhibit 3 – Sample Form 3177 – To record TC 971 AC 102 as a guide and send to CCP.

Note: MFREQ usage - IDRS command code MFREQ has several uses. For restitution assessment purposes, MFREQ should be used to create a module in the following situations:

1. IMF-based or BMF-Based modules not on Master File – when a tax period is not present on master file (e.g., no MFT 30 200912 tax period or the related MFT 02 200812 tax period). Use command code MFREQ for the missing tax period to create a dummy IMF / BMF module (i.e., the missing 200912 MFT 30 module).
2. BMF-based assessment only – when the restitution is based on a related BMF entity of the defendant (e.g., restitution based on a related payroll entity (Form 941) for 200903, 200906, 200909 and 200912 tax periods). Use command code MFREQ to create a dummy MFT 31 module for tax periods 200903, 200906, 200909 and 200912 and follow **Step 1b** above to record the TC 971 AC 102.
3. IMF and BMF assessments – when the restitution is based on both an IMF module of the defendant and a related BMF entity of the defendant (e.g., restitution based on the defendant’s Form 1040 for 200912 and related payroll entities (Form 941) for 200903, 200906, 200909 and 200912 tax periods. Use command code MFREQ to create a dummy MFT 31 module for tax periods 200903, 200906, and 200909 ONLY and follow **Step 1b** above to record the TC 971 AC 102. Follow **Step 1a** above to create a MFT 31 module for 200912.

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4. RPP-based assessment only – when the restitution is based on client returns prepared by the defendant (e.g., restitution based on returns (Form 1040 returns for 200712 and 20012 tax years)). Use command code MFREQ to create a dummy MFT 31 module for period's 200712 and 200812 and follow **Step 1b** above to record the TC 971 AC 102.

A MFREQ dummy module will drop off after six cycles if no history is recorded. The needed forms should be submitted as soon as possible after the dummy module is created to prevent it from dropping off Master File.

Step 1c – If you discover that an MFT 31 account was previously created for the taxpayer for another purpose, additional research is needed. The MFT 31 should be evaluated to determine why the MFT 31 account was created and the nature of what was assessed in the MFT 31 module. The ASED should also be evaluated to ensure sufficient time remains on the ASED to post an assessment.

If the ASED reflected on the MFT 31 module has expired or will expire within one year, a new ASED date needs to be input (via a TC 560). The new ASED date should be a date one year from the current month ending date (for example, 3/31/2015, if the update is done in March of 2014).

Prepare Form 3177 to “record” a TC 971 AC 102 on the MFT 31 account and update the ASED if needed. The following information will be entered on Form 3177:

1. Initiator information – Enter your name, phone number, and employee number.
2. Date – Enter the date the form is completed.
3. Taxpayer Name – Enter the name of the defendant liable for criminal restitution. (Note: This will be same name found on the MFT 31 module.)
4. EIN or SSN – Enter the social security number of the defendant liable for criminal restitution. (Note: This will be same SSN found on the MFT 31 module.)
5. TC 560 – If applicable, enter the updated ASED date - enter the MFT Code 31 and MFT 31 taxable period in appropriate column.
6. TC 971 – Enter the following instructions next to “Other (specify)” – To record TC 971 AC 102 for {SSN of defendant, MFT 30, and the MFT 30 tax year period} (e.g., 123-45-6789 // 30 // 200312) - enter the MFT Code 31 and MFT 31 taxable period in appropriate column.

Use Exhibit 3 – Sample Form 3177 – To record TC 971 AC 102 as a guide and send to CCP.

The completed Forms 3177 should be e-faxed to Memphis CCP (currently to Andrea Bates, e- fax # 855-235-6797). See Exhibit 4 – Sample Fax Cover Sheet – MFT 31 Account. It should take about three weeks for the account to establish.

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The ERCS collateral record suspense type will be updated to 553 when all Forms 3177 have been submitted to CCP for processing.

Step 2 – Notification of the Kansas City Restitution Unit

On a weekly basis, the centralized restitution reviewer or tax examiner will provide a list to the Kansas City (KC) Restitution Unit via their email (*W&I Criminal Restitution) that identifies the MFT 31 accounts that were created for the RBA (i.e., Form 3177 was submitted to create the MFT 31 account or MFREQ was used to create the dummy MFT 31 module) since the last weekly notification.

Upon receipt of the listing, KC will research their files for any payments received for the defendants reflected. For those defendants that have made a payment, KC will begin to prepare the necessary paperwork to move the payment(s) into the MFT 31 account. When the MFT 31 account has been fully created, KC will submit the needed forms to move the payments to the MFT 31 account.

Step 3 – Monitor IDRS

After waiting 22 calendar days, the CRC or TE will monitor IDRS for the creation of the MFT 31 account or the posting of the TC 971 AC 102 onto the MFT 31 module. The ERCS collateral record suspense type will be updated to 554 when all MFT 31 accounts have been created and reflect the TC 971 AC 102.

After all MFT 31 accounts have been created, the CRC will continue with the restitution process and submit Forms 3870 and Forms 3177 to Memphis CCP.

C. Assessing BMF-based / RPP-based Restitution and Related Issues

1. Assessment Statute Expiration Date (ASED)

Generally, a recently created MFT 31 module will not reflect an ASED. However, when the MFT 31 account was previously used for another reason, there may be an ASED present. Prior to submitting the restitution assessment paperwork, all MFT 31 modules that will be used for the restitution-based assessment should be reviewed.

- a. If there is no ASED on the module and only one restitution assessment is needed on the module, no further steps are required.
- b. If there is an ASED on the module or if multiple assessments (usually BMF-based) will be made on the module, the ASED needs to be updated or created. Submit a Form 3177 to CCP, Andrea Bates, to input a TC 560 to reflect an ASED (1 year from the current date). The Form 3177 should be submitted prior to submitting the Form 3870. For most BMF cases, this can be accomplished on the same Form 3177 that will be processed to input the TC 971 102 onto the MFT 31 module.

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Note: There is an issue with the ASED when multiple Forms 3870 need to be submitted for one tax period. When an assessment posts to the restitution MFT 31 account, the system creates an ASED based upon the normal due date of the year / period of the module. While working cases when multiple assessments are needed on the same module (usually only when working BMF cases) where multiple BMF entities were the basis of the restitution ordered, the ASED needs to be updated or input in advance of the assessments posting. If the ASED is not updated in advance, the second and subsequent assessments will not post since there will be an expired ASED (because of the first assessment). When updating an ASED, a new ASED date needs to input (via a TC 560 on Form 3177). The new ASED date should be a date one year from the current month ending date (e.g., 3/31/2015, if the update is done in March of 2014).

2. Assessment of BMF-based and RPP-based Restitution and Cross-Referencing Accounts

a. **If no civil assessment exists on MFT 31**

Step 1 – Assess criminal restitution via Form 3870, *Request for Adjustment*. A separate Form 3870 is required for each period and for each assessment. The following are line by line instructions:

- 1) Line 1 – Enter the SSN of the defendant liable for criminal restitution (the SSN of the MFT 31 account).
- 2) Line 1 (cross reference TIN) – IF APPLICABLE: Enter the EIN of the BMF entity that was the basis for the restitution being assessed.
- 3) Line 2 – Enter the name and address of the defendant liable for criminal restitution.
- 4) Line 4 – Enter 31.
- 5) Line 5 – Enter applicable tax period.
- 6) Line 11 – Enter “Assess Criminal restitution per instructions below” and any other needed processing instructions.
- 7) Line 13 – Enter your signature as the preparer of the form along with your telephone number and the date.
- 8) Line 14 – Your manager should sign as the approving official and enter the appropriate title and the date.
- 9) Lines 16 Blocking Series – Enter “00” if no TC 150 appears on the MFT 31 module, or enter “05” if TC 150 appears on the MFT 31 module (this may occur if account was previously created for another purpose such as innocent spouse).
- 10) Line 18 Source Code – Enter “02” if assessment is based on IMF / RPP liability or leave blank if the liability is based on BMF liability.
- 11) Line 19 Reason Code – Enter the appropriate 14X code(s) based on the facts of the case. (See Exhibit 5 – Criminal Restitution Reason Codes for applicable reason codes and their definitions.) Up to three reason codes can be used.
- 12) Line 21 Hold Code – Enter “0” or leave “blank” if multiple assessments will be made in a single tax period / module.

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- 13) Line 23 Priority Code (only use one code) – Enter “8” if this assessment amount is within \$10 of a prior assessment on the MFT 31 module; or enter “1” if there is a TC 420 on the MFT 31 module; or enter “5” if a priority code 8 or 1 is NOT needed.
- 14) Line 25 Source Doc – Always enter “Yes”.
- 15) Line 29 Adjustments –
 - i. **For IMF and RPP based restitution assessments:** Enter TC 290 in the first column with related restitution as tax assessment amount in the second column. If applicable, enter the penalty transaction code (e.g., TC 320 for the fraud penalty) in the first column and related restitution as penalty amount in second column. Note: All penalty transaction codes should be separately reflected.
 - ii. **For BMF based restitution assessments:** Enter TC 298 in first column with related restitution as tax assessment amount in the second column. If applicable, enter the penalty transaction code (e.g., TC 320 for the fraud penalty) in the first column and related restitution as penalty amount in second column. Note: All penalty transaction codes should be separately reflected.
 - iii. Line 30 Remarks – Enter “Per Criminal Case # “(case number from J&C).

Use Exhibit 6 – Sample Form 3870 as a guide.

b. If a civil assessment already exists on the MFT 31-

Step 1 - Since the MFT 31 module should NEVER contain a duplicate assessment, a Form 3870 should be prepared as reflected below to take into account the previous civil assessment. The Form 3870 should be prepared as previously reflected with the following exceptions:

- 1) If the civil assessment in the MFT 31 account is for the **same amount of the restitution ordered** for the year, use Form 3870 to input TC 290 for \$0 (with the applicable Reason Code which is usually 143) with an explanation in the remarks section that explains that restitution was assessed as part of the civil assessment that posted on the module.
- 2) If the civil assessment in the MFT 31 account is for **more than the restitution ordered for the year**, use Form 3870 to input TC 290 for \$0 (with the applicable Reason Code which is usually 143) with an explanation in the remarks section that explains that restitution was assessed as part of the civil assessment that posed on the module.
- 3) If the civil assessment in the MFT 31 account is for **less than the restitution ordered for the year**, use Form 3870 to input TC 290 for an amount so the total civil assessment plus the TC 290 equaled the restitution ordered (with the applicable Reason Code which is usually 143). There would be an explanation in the remarks section that explains that restitution was assessed as part of the civil assessment that posted on the module and this TC 290 assessment.

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- 4) Example: Assuming the assessment already on the MFT 31 account is the same as would be assessed as restitution, the TC 290 should be for \$0. On Form 3870, in Section 11, explain as follows: “The TC 300 assessment made on xx/xx/xx represented the restitution ordered by the court. No restitution needs to be assessed.”
- i. Input a TC 971 180 onto the MFT 31 account as you would normally do in Step 2 below. The MMA = .00.
 - ii. Input a TC 971 181 onto the MFT 30 account as you would normally do in Step 2 below. The MMA = .00.
 - iii. If the TC 290 is for \$0, you will NOT need to issue a N&D Letter.

All completed Forms 3870 should be e-faxed to Memphis CCP (currently to Beverly Bates: e-fax # 855-688-9555). See Exhibit 7 – Sample Fax Cover Sheet – Form 3870. It should take about 15 calendar days for the assessment to be reflected on IDRS. Multiple assessments needed in the same module or period will take longer. In addition to sending Forms 3870 to CCP, see Section D below, CC RAPID Input, for possible other documents to be sent with the Form 3870.

Step 2 – Once the Form 3870 is prepared, you will then prepare at least two Forms 3177 to cross reference the MFT 31 account to the related MFT account (e.g. MFT 30, 02, 01, 10). **A separate Form 3177 must be prepared for each MFT and for each tax period.** This will direct any IDRS account viewer to the applicable restitution account and other related accounts.

The line by line instructions for the cross referencing MFT 31 Form 3177 are as follows:

- 1) Initiator information – Enter your name, phone number, and employee number.
- 2) Date – enter the date the form is completed.
- 3) Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 31 module.
- 4) EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears in the MFT 31 module.
- 5) TC 971 – Enter the following instructions next to “Other (specify)” – AC-18X; XRef SSN or EIN of related entity/MFT 30, 02, 01, 10, etc. / Year / amount of duplicate assessment, if any (see Exhibit 8 – BMF/RPP TC 971 Definitions and Examples or Exhibit 9 – IMF TC 971 Definitions and Examples for current BMF / RRP and IMF definitions and instructions).
- 6) Enter MFT Code 31 and tax period in appropriate columns.

Use Exhibit 10 – Sample Form 3177 – Cross Referencing MFT 31 Accounts as a guide.

The line by line instructions for cross referencing MFT 30, 02, 01, 10 on Form 3177 are as follows:

- 1) Initiator information – Enter your name, phone number, and employee

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number.

- 2) Date – Enter the date the form is completed.
- 3) Taxpayer Name – Enter the name of the entity that was the basis for the criminal restitution as it appears in the MFT 30, 01, 02 and 10 modules.
- 4) EIN or SSN – Enter the social security number or tax identification number of the related module/entity.
- 5) TC 971 – Enter the following instructions next to “Other (specify)” – AC-18X; XRef SSN of restitution liable defendant/MFT 31/Year/ \$ amount of duplicate assessment, if applicable (see Exhibit 8 – BMF/RPP TC 971 Definitions and Examples or Exhibit 9 – IMF TC 971 Definitions and Examples for current BMF/RRP and IMF definitions and instructions).
- 6) Enter MFT Code 30, 02, 01, 10 and tax period in appropriate columns.

Use Exhibit 11 as a guide.

The completed Forms 3177 should be sent via secured e-mail to Ogden CCS at *SBSE Ogden RBA

The CRC or TE should then monitor the modules for posting of the assessments and the cross referencing Forms 3177. If a pending posting does not appear on the module within 15 calendar days (shown on TXMODA), the reviewer should follow up with Memphis CCP or CCS.

The ERCS collateral record suspense type will be updated to 555 when all Forms 3870 and Forms 3177 have been submitted to CCP for processing.

Step 2 Note: Form 3177 Cross Referencing for RPP Cases – In RPP cases, actual client returns or some kind of extrapolation based on client returns is the basis for the restitution ordered. However, in most instances, the restitution ordered is substantially less than the actual tax loss sustained by the government. This is because CI’s investigation only captures enough clients and client returns needed to support the charges against the defendant. CI does not include every return prepared by the defendant in their investigation. Therefore, there are generally many other client returns that were prepared incorrectly that were never considered when restitution was determined.

- a. In cases where it is clear that the restitution ordered included **all** false returns prepared by the defendant, there will be a possibility of duplicate assessments; the restitution assessment based on the loss from the client return and the subsequent examination or amended return to correct the return. In these situations, IDRS will be reviewed on every client return year to determine if there has been an adjustment made to correct the false return.

If a duplicate assessment situation exists, the defendant’s MFT 31 module and the adjusted return of the client will be flagged as duplicate assessment accounts using TC 971 AC 184 and AC 185. AC 185 will generally be on the MFT 31 account of the preparer / defendant and the AC 184 will generally be on the client return. The MMA amount will be the amount of the duplicate assessment found on the client return module. The amount of the duplicate

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assessment (MMA) will never be more than the tax loss provided by CI for the specific client.

Example: A defendant was ordered to pay \$15,000 of restitution for 2007 based on the following: client #1 loss of \$7,000, client #2 loss of \$2,000, client #3 loss of \$1,000, and client #4 loss of \$5,000. If only client #3 and #4 are audited / adjusted reflecting an increase in tax for client #3 \$1,000 and an increase in tax for client #4 \$2,000, the following 18X transactions would be reflected:

Client #1 – nothing

Client #2 – nothing

Client #3 – would reflect a TC 971 AC 184 to X-References to SSN of the defendant, MFT 31, Year 200712. The MMA would be \$1,000.

The defendant's MFT 31 account would reflect a TC 971 AC 185 to X-References to SSN of client 3, MFT 30, Year 200712. The MMA would be \$1,000.

Client #4 – would reflect a TC 971 AC 184 to X-References to SSN of the defendant, MFT 31, Year 200712. The MMA would be \$2,000. (Note: Even though \$5,000 was ordered based on client 4's return, his account was adjusted only for \$2,000; the MMA would be therefore only be \$2,000.)

The defendant's MFT 31 account would reflect a TC 971 AC 185 to X-References to SSN of client 4, MFT 30, Year 200712. The MMA would be \$2,000.

Note: The MFT 31 module of the defendant preparer will reflect a TC 290 to assess the restitution of \$15,000 for 200712. See Exhibit 8, Example 17.

- b. In cases where the actual client returns of the defendant / preparer are unknown, (e.g., when CI extrapolates the tax loss based on a few client returns), no cross referencing to client returns is required.

Step 2 Note: Joint and Severally Liable Cases – In many RPP cases, the restitution ordered is joint and several with other co-defendants. In these instances, it is imperative to secure a listing of client returns that were the basis for the restitution ordered for each defendant. The following example illustrates how the Form 3177 would be prepared to reflect a duplicate assessment due to the assessment of restitution on each defendant.

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Form 3177 Cross Referencing Example – two defendants are ordered to pay restitution jointly and severally with each other. The restitution amount is based on multiple client returns for 2003 only. Also see Exhibit 8, Example 14.

- Defendant 1 – Lead
 - TC 971 AC 189 for 200312 XREF: TP2
 - MMA = The TOTAL CR amount for all of the same client returns for the 200312 period
 - If needed, AC 18X's pointing to each of the client returns with their respective MMAs (the tax loss for the respective client).

- Defendant 2 – co-defendant
 - AC 188 for 200312 XREF TP1
 - MMA = The TOTAL CR amount for all of the same client returns for the 200312 period
 - If needed, AC 18X's pointing to each of the client returns with their respective MMAs (the tax loss for the respective client).

D. IDRS CC RAPID Input

Command code RAPID was created (effective Jan. 2014) for CCS to assist with monitoring of duplicate assessment accounts. Whenever there are duplicate assessments, TS will prepare at least two Forms 3177 to cross-reference the duplicate assessment modules as described in section C above. One of the Forms 3177 is entered onto the MFT 31 module and will contain a TC 971 AC 184 or AC 185 with an MMA for the amount of duplicate assessment. The second Form 3177 is entered onto the MFT 30, 02, 01, etc. module and will contain a TC 971 AC 184 or AC 185 with an MMA for the amount of duplicate assessment. The data needed for the input into RAPID will be obtained by CCP from the Form 3177. The Form 3177 for the MFT 30, 02, 01, etc. module will be sent to CCP with the Form 3870. All completed Forms 3870 and Forms 3177 for the MFT 30, 02, 01, etc. module should be e-faxed to Memphis CCP. (Currently to Beverly Bates, e-fax # 855-688-9555). This department will be processing both the input into CC RAPID and also the input of all Form 3870's.

Note: This is in addition to sending the Forms 3177 to Ogden CCS as described in Section C above.

E. Issuance of the Notice and Demand Letter

This process includes instructions for the preparation and issuance of notice and demand (Letter 4885). The notice and demand (N&D) letter must be sent via regular mail to the taxpayer and authorized representative, if applicable, for the MFT 31 account on the restitution assessment date. The N&D may be issued the Friday prior to the date the assessment posts to the MFT 31

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module. In order to prepare the letter you must pull an IMFOLT or TXMODA and possibly INTST. The IMFOLT / TXMODA will be the source of the restitution assessment amount and interest amounts for the N&D. The INTST may be needed to calculate the accrued interest to the date of the N&D. A N&D will be issued for every year there is a restitution assessment. If the RBA is related to a BMF account, then use the assessed interest amount (TC 340). If there are multiple assessments, add up all the TC 340s for the total interest to put on the N&D.

Note: In February 2015, the issuance of the N&D will no longer be required. A systemic notice and demand (CP 94) will be issued at this time.

Step 1: Prepare the N&D letter (Letter 4885). The following are step by step instructions to prepare the N&D letter:

- a. Enter taxpayer name and last known address in the upper left hand portion of the letter.
- b. Enter the date the letter is issued.
- c. Enter taxpayer SSN.
- d. Enter type of tax (= Income).
- e. Enter tax period(s) for which criminal restitution payable to IRS was ordered.
- f. Enter your name as person to contact.
- g. Enter your contact phone number.
- h. Enter your contact fax number.
- i. Enter your employee identification number.
- j. Enter Court case number which appears on the J&C.
- k. In the line that begins with "You have unpaid taxes for", list tax period of the restitution assessment.
- l. In the line that begins with "Amount due", enter the amount of the module balance per IMFOLT/TXMODA. In most instances, the "Amount Due" will equal the criminal restitution assessment plus interest, less payments applied to the module, to date of notice.
- m. In the line that begins with "Amount you owe," enter criminal restitution assessment amount.
- n. In the line that begins with "Interest charges," enter the interest accrued to the date of the notice.
- o. In the line that begins with "Amount due by," enter a due date that is 21 calendar days from the date of the letter if the amount due is less than \$100,000. If the amount due is equal or greater than \$100,000, enter a due date that is 10 business days from the date of the letter.
- p. On page two of the letter under the word "Amount," enter the amount of interest accrued through the date of the notice.
- q. In the line that begins with "For a detailed calculation," enter your phone number.
- r. In the line that begins "To avoid additional penalty and interest charges," enter the total amount due plus interest and the payment due date.
- s. Enter your name, title and signature at the bottom of page 2. See Exhibit 13 – Sample Notice and Demand Letter.

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The completed N&D should be mailed and dated the date the assessment posts to the MFT 31 module. The N&D can be mailed on the Friday before the posting date. All posting dates are on a Monday.

Step 2: Upon confirmation that the restitution assessment correctly posted, the TC 971 AC 18X linkages are correctly posted and issuance of the notice and demand letter, the CRC will notify Collection Advisory at their dedicated COP/Restitution email address: *SBSE EEF Dallas Restitution. The following will be included in the e-mail: taxpayer's name, EIN/SSN, and years of restitution assessments.

F. Forwarding ERCS Record to Local Technical Services Fraud Coordinator

The ERCS collateral record should be updated to the appropriate LTSFC as described below for civil disposition. The LTSFC and group manager will be contacted via e-mail that the restitution collateral record has been transferred to the group. There should be no need to transmit any documents to the LTSFC since they should have already received the same information that the CRC received from CI. This will serve as the notification for the LTSFC to proceed with appropriate civil actions.

- a. Update to Suspense Type 557 (14 calendar days).
- b. Update TSC to the TSC of the LTSFC who will commence appropriate civil actions.
- c. Update the PBC, EGC, and reviewer ERCS ID to the applicable number of the LTSFC.

G. Referral of Taxpayer Inquiries to Campus Compliance Services (CCS)

Once a Notice & Demand Letter 4885 (N&D) is issued to a Criminal Restitution taxpayer, the TS contact person listed on the letter may receive an inquiry from the taxpayer recipient.

- a. The TS contact person should attempt to address the taxpayer's inquiry directly if the problem is related to the following:
 - 1) Taxpayer questions or disputes the assessment or the assessment amount,
 - 2) Requests for information on penalty and or interest computations, or
 - 3) All other technical questions or issues that are not specifically addressed in section b below.
- b. The TS contact person should refer taxpayer inquiries that are listed below to CCS:
 - 1) Questions regarding restitution payments made and received by the IRS and or credited to their restitution assessment or another assessment,
 - 2) Requests for the balance remaining on the restitution module(s),

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- 3) Requests for an installment agreement,
 - 4) Taxpayer claims an inability to pay, is incarcerated or is deceased.
- c. Form 4442, *Inquiry Referral*, should be used to send referrals to CCS. Phone and e-mail inquiries received can be documented using Form 4442 and sent to CCS by secure email to: *SBSE Ogden RBA.

Written inquiry correspondences may be forwarded to CCS along with Form 4442 to the following address:

Internal Revenue Service
1973 N. Rulon White Blvd.
Ogden UT 84404
ATTN: CSCO RBA / MS 5300

Referrals sent to CCS that are not under their purview will be returned to TS. CCS will determine if collection related referrals received from TS should be further referred to Collection Advisory or Field Collection.

H. Resolution of a COP / Restitution Case by Appeals

Appeals, upon resolution of the COP/Restitution case, will notify a designated CI and Collection employee. They will also notify the TS criminal restitution mail box (*SBSE TECH Svs Criminal Restitution) that the case has been resolved. Upon notification in the TS criminal restitution mailbox, the centralized tax examiner will forward the information to the Local TSFC. The LTSFC will review IDRS for all applicable and related modules (MFT 31, 30, 02, 10, 01, etc.) to determine if there are duplicate assessments on Master File.

Part 2 – Role and Responsibilities of the Local Technical Services Fraud Coordinator

Section 1: Overview

Upon receipt of closing documents that include the Form 14104, the Local Technical Services Fraud Coordinator (LTSFC) will ascertain whether the information was also sent to the CR mailbox. If the information was not sent to the CR mailbox, the LTSFC will forward the information to the CR mailbox at *SBSE TECH Svs Criminal Restitution.

- The responsibility for reviewing the Form 14104 and related closing information for determining the accuracy of the Form 14104 will rest with the CRC. If the CRC determines that the Form 14104 package is not accurate, the package will be returned to CI to correct the package with a courtesy copy sent to the LTSFC.
- The LTSFC will take no actions, except as reflected below, on the closing package until notified by the CRC that the required restitution process has been completed.
 - The LTSFC may contact CI to obtain relevant documents to assist in making a determination if an examination is warranted

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- All cases in Fraud and Grand Jury suspense will be immediately returned to the field
- Cases with imminent civil statutes, 3-year or 6-year, will be immediately forwarded to PSP for civil actions as warranted
- Cases with a COP period expiring in 18 months or less will be immediately forwarded to PSP for civil actions as warranted
- At any point during the restitution assessment process, the LTSFC should forward additional pertinent restitution assessment information that they have in their possession to the CRC via the CR mailbox.
- Since restitution cases may also be conditions of probation (COP) cases, if applicable, the LTSFC will create a COP collateral record within 10 calendar days of receipt of the closing package per the 12/4/10 Memorandum from the TS Area Director regarding ERCS collateral records for cases with COP and IRM 4.8.2.10.3.7.9, *Responsibilities of Technical Services (Examination) to Monitor Conditions of Probation*.

Note: There may be two collateral records open for this taxpayer for this time period – one for COP and one for criminal restitution until the completion of the restitution assessment process.

Section 2: Receipt of Completed Restitution Case from Centralized Restitution Coordinator

1. Upon confirmation by the CRC that all required restitution actions have been completed, a centralized restitution TE will update the ERCS collateral record to Suspense Type 557 and to the TSC, PBC, EGC and ERCS ID of the LTSFC.
2. The LTSFC and group manager will be contacted via e-mail that the restitution collateral record has been transferred to the group. There should be no need to transmit any documents to the LTSFC since they should have already received the same information that the CRC received from CI. This will serve as the notification for the LTSFC to proceed with appropriate civil actions.

Section 3: Civil Actions on Cases with a Restitution-Based Assessment

1. Upon notification from the CRC that the restitution assessment process has been completed, the LTSFC must take appropriate civil actions within 14 calendar days.
2. The LTSFC will review the CI closing package to determine if a civil examination is warranted based on the facts of the case. If necessary, the LTSFC will contact CI to obtain relevant documents to make this examination determination.
 - a. If it has been determined based upon the review of the closing documents and the facts of the case that **civil examination actions are warranted**, the LTSFC will, prepare a memorandum to the appropriate examination group and / or, if applicable, PSP containing specific instructions for civil disposition of the case.

NOTE: All cases already open on AIMS need appropriate civil actions to conclude the civil examination.

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- b. If it has been determined based upon the review of the closing documents and the facts of the case that **no civil examination actions are warranted** and all required procedures as per IRM 4.8.2.10.3.6.3.5, IRM 4.8.2.10.3.6.3, and IRM 25.1.6.2 have been addressed, the LTSFC will prepare appropriate documentation to support this decision. The case file can then be filed with the group's COP files, if this is a COP case.
3. Since restitution cases may also be COP cases, the procedures already outlined in other Technical Services IRM sections (e.g., IRM 4.8.2.10.3.6.3, *Civil Settlement*, IRM 4.8.2.10.3.7.9, *Responsibilities of Technical Services (Examination) to Monitor Conditions of Probation*, IRM 4.8.2.10.3.7.10, *Technical Services Closing Actions*, should be addressed in connection with procedures outline in this section.
4. The LTSFC will follow up with CI if the TC 914 has not been reversed.

A. Cases in Fraud or Grand Jury Suspense

1. The LTSFC will follow the procedures outlined in IRM 4.8.2.10.3.6.3.1. The LTSFC will also determine whether or not the case should be returned to the originating group's manager. If the case cannot be returned to that group for civil disposition, the fraud coordinator will consult with PSP to determine which group is to receive the case file. Refer to IRM 4.8.2.10.3.7.5, *Routing of Case From Technical Services*.
2. Prior to forwarding a case for civil disposition, the LTSFC will ensure the following actions are taken (assistance from PSP may be needed) :
 - 1) Update / input the appropriate aging reason codes (16, 17 or 18);
 - 2) Input Project Code 1168 and or Tracking Code 6568. Note: If there is already a national project code on the module, just Tracking Code 6568 will be input; and
 - 3) Input AIMS Freeze Code "P", "Civil Dispositions", to ensure the case is returned to Technical Services fraud coordinator.
3. The LTSFC will prepare a memorandum as described in the part D below.

B. Cases NOT in Fraud or Grand Jury Suspense (not established on AIMS)

1. LTSFC will follow the procedures in IRM 4.8.2.10.3.6.3.2. The LTSFC will prepare two memorandums. The first memorandum is to transmit the CI closing package to PSP for appropriate civil disposition.
2. The LTSFC will prepare a second memorandum as described in the part D below.

C. Return Preparer Program (RPP) Cases

1. In some instances, the basis for the restitution ordered is client returns prepared by the defendant. When considering the appropriate civil actions on the client returns of a RPP defendant, the statute of limitations of the client return should be considered.
2. Client returns with more than 18 months on the client statute of limitations may be sent to PSP / the Return Preparer Coordinator for civil actions if the evidence available supports an examination.

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3. PSP should be advised that restitution was assessed against the return preparer and all returns that are selected for examination should contain an AIMS Freeze Code “P”, “Civil Dispositions”, to ensure the client returns audited are returned to LTSFC.
4. At the conclusion of the audit of the client returns, the LTSFC will be responsible for the input of the TC 971 AC 18x to identify the client return modules and the preparer’s MFT 31 restitution assessment modules as duplicate assessment modules. See Section 4 below in part C4 for instruction on the completion of Form 3177.

D. All Case Files / Packages Forwarded for Civil Disposition

1. The LTSFC will prepare a memorandum to transmit the case for civil disposition. The memo should be tailored based on the specifics of the case; refer to IRM 4.8.2.10.3.7.4, *Technical Services Memorandum Regarding Civil Action*.
2. When a case is forwarded for civil disposition, the LTSFC should forward the following documents as applicable.
 - a) Form 13308, *Criminal Investigation Closing Report*
 - b) Judgment and Commitment Order
 - c) Form 14104, *Notification of Court Ordered Criminal Restitution Payable to IRS*,
 - d) Indictment, information, complaint and / or other court action
 - e) Special agent's report (SAR) (Administrative cases only)
 - f) Plea agreement, if applicable
 - g) Court documents related to the prosecution trial
 - h) Applicable witness files to support the penalty and adjustments other than any Rule 6(e) information from grand jury proceedings
 - i) Other applicable non Rule 6(e) grand jury supporting documents to support the penalty and adjustments
 - j) Tax returns (originals and copies)

NOTE: If the above documents are needed and not available, the LTSFC should determine if any of the documents are available through PACER. If not available through PACER, the special agent may be contacted to help locate the documents. Refer to IRM 4.8.2.10.3.6.3.3, *Documentation Needed to Develop the Fraud Penalty*.

3. A copy of the civil disposition memo(s) and CI Closing package will be maintained by the fraud coordinator in a dummy file.

E. Monitoring and Collateral Record Updates

1. The LTSFC is responsible for monitoring and ERCS actions when the **case is open on AIMS or a civil examination is warranted**. The LTSFC will confirm that the restitution was assessed and needed TC 971 Action Codes 18x are present.
 - a) AIMS records established - If an AIMS record (and possibly a COP collateral record) is already established for the taxpayer, the LTSFC will update the restitution collateral record to Review Type 92 and close (Status Code 90)

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the restitution collateral record. Review Type 92 will indicate that the restitution assessment process was completed for this taxpayer and civil action has been initiated. At this point for COP cases, monitoring of civil actions is provided for via the COP procedures per IRM 4.8.2.10.3.7.9.

Note: In some instances, the civil case may already have already been examined and therefore does not require civil actions. In these instances, the restitution collateral record can be updated to Review Type 92 and closed (Status Code 90).

- b) No AIMS record established – If there is not an AIMS record established for the taxpayer, the restitution collateral record will remain in Status Code 35 and monitored until the civil examination case is established on AIMS. When forwarding the memorandum to PSP, the restitution collateral record suspense type should be updated to 558 (60 calendar days). The LTSFC will monitor AIMS until the establishment of the civil case on AIMS (Status Code 08). If the closing information was forwarded more than 60 calendar days prior, follow up actions are required with PSP. Upon creation of the AIMS record by PSP, the LTSFC will confirm that a COP collateral record been created, if needed, and the restitution collateral record will be updated to Review Type 92 and closed (Status Code 90). Review Type 92 will indicate that the restitution assessment process was completed for this taxpayer and civil action has been initiated. At this point for COP cases, monitoring of civil actions is provided for via the COP procedures per IRM 4.8.2.10.3.7.9.
- c) The LTSFC is responsible for the following ERCS actions when it has been determined that **no civil actions are warranted**. The LTSFC will confirm that the restitution was assessed and needed TC 971 Action Codes 18x are present.
 - 1) The review type for the restitution collateral record will be updated to 93 and closed (Status Code 90). Review Type 93 will indicate that the restitution assessment process has been completed and no civil action is warranted.
- d) The LTSFC is responsible for the following ERCS actions for Return Preparer Program cases. The LTSFC will confirm that the restitution was assessed.
 - 1) The review type for the restitution collateral record will be updated to Review Type 92 and closed (Status Code 90) if client returns were sent to PSP or updated to Review Type 93 and closed (Status Code 90) if client returns were NOT sent to PSP.

Section 4: Conclusion of Civil Actions / Examination

At the conclusion of the civil examination process for a case involving assessable criminal restitution, the case will be returned to Technical Services for review. Since all civil settlement cases have an AIMS freeze code P when they are forwarded to the field for civil settlement, all cases will be returned to TS.

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Note: Unless specifically stated, the instructions to follow do not supersede instructions in other Technical Services IRMs or instructions posted to the Fraud Home Page.

Prior to closing the case from the group, the revenue agent (RA) will:

1. Check the “Civil Disposition of Joint Investigation – AIMS Freeze Code P (includes Criminal Restitution)” block on Form 3198, *Special Handling Notice for Examination Case Processing*, to ensure the case is properly routed to Technical Services prior to closing. See IRM 4.8.2.10.3.7.8(10).
2. If the case is going to Appeals, the RA will **also** check the “Unagreed to Appeals” block on the Form 3198.
3. If the case needs a notice of deficiency, the RA will **also** check the “Unagreed for Statutory Notice” block on the Form 3198.

A. Review of Cases with Assessable Restitution

1. Review the Form 14104 and ensure the appropriate amount of restitution was assessed on MFT 31 for ALL cases where restitution was assessable (see section 8 of Form 14104). Contact the centralized restitution group if restitution was not assessed, if what was assessed is believed to be incorrect, or if there are questions on payments. Never correct the MFT 31 restitution assessment. This is the responsibility of the CRC.
2. Review the revenue agent report (RAR) and ensure the report is correctly prepared reflecting all civil adjustments. The RAR should be prepared following current report preparation procedures and should have no reference to restitution on the report or attachments.

Note: The field has been advised that they should not issue an examination report to the taxpayer if the total restitution-based assessment is greater than the total proposed civil assessments for the same years reflected on the examination report (tax + penalties). If a case comes to Technical Services and a report was issued to the taxpayer, contact local Area Counsel for guidance on how to proceed.

3. Perform all other required review actions, as appropriate, for the case being reviewed as follows:
 - a.) SNOD case review – see IRM 4.8.9
 - b.) General Case Review Procedures – see IRM 4.8.2.7
 - c.) Unagreed Appeals case review – see IRM 4.8.2.8.2.1
 - d.) Burden of Proof – see IRM 4.8.2.10.3.8.1(3)
4. Review the RAR to ensure the IRC 6663 fraud penalty or the IRC 6651(f) fraudulent failure to file penalty was asserted. If not asserted, the case file should fully document the reason for not asserting the penalty and Counsel’s concurrence should be included in the case file, as per IRM 4.8.2.10.3.6.3.5 and IRM 25.1.6.2. All applicable IRM sections should be addressed as well.
5. Review the Form 5344 to ensure the proper information was entered in item 38. See IRM 25.1.6.5(1).

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6. Remove the AIMS freeze code P prior to closure to CCP or Appeals.
7. For all COP cases, copy the RAR and statutory notice of deficiency (SNOD), if applicable, and place the copy in the hardcopy “dummy” COP file. Follow all other required monitoring responsibilities discussed in IRM 4.8.2.10.3.7.9, *Responsibilities of Technical Services (Examination) to Monitor Conditions of Probation*. Also, refer to the Instructions for Collateral Records document on the Fraud Home Page at the following site:

<https://organization.ds.irsnet.gov/sites/SBSEfeTS/SME/Fraud/FORMS/Forms/All%20Forms.aspx>

B. Restitution-Based Assessment (RBA) on MFT 31 and Civil Assessment Needed on MFT 31 Module

Since the MFT 31 module should NEVER contain a duplicate assessment, the processing of civil assessments on a MFT 31 module with a RBA should be made with caution. When a restitution assessment is already on a MFT 31 module and a civil assessment is needed on the same MFT 31 module that would in effect duplicate the restitution assessment the following actions should be taken:

1. The MFT 30 module should be closed the way it would normally be closed. For example, in an innocent spouse case, the Form 5344 for the MFT 30 module would reflect a TC 300 \$0 with a Disposal Code of 12 and \$1 in Item 35.
2. The MFT 31 module would reflect the proper assessments so the account is correctly stated. The Form 5344 would reflect the proper TC 300 depending on the facts of the case. There are 3 possible ways to prepare the Form 5344:
 - a.) If the restitution assessed on MFT 31 is the SAME as the tax due on the civil report - prepare Form 5344 with TC 300 \$0; applicable TC of penalties to be assessed; Disposal Code 12; Item 35 enter \$1; Item 51 enter reason code 143
 - b.) If the restitution assessed on MFT 31 is GREATER than the tax due on the civil report - prepare Form 5344 with TC 300 \$0; applicable TC of penalties to be assessed; Disposal Code 12; Item 35 enter \$1; Item 51 enter reason code 143
 - c.) If the restitution assessed on MFT 31 is LESS than the tax due on the civil report - prepare Form 5344 with TC 300 for a dollar amount so the restitution already assessed on MFT 31 and TC 300 to be assessed equals that tax due per the report; applicable TC of penalties to be assessed; Disposal Code 03, 04, 09, 10 as applicable; Item 51 enter reason code 143

C. Agreed (to include Survey and No Change cases) and Defaulted SNOD Cases with Assessable Criminal Restitution

1. Close the case to Memphis CCP
2. Monitor the account(s) until the civil assessment(s) have posted, if applicable.
3. After the civil assessment posts for COP cases, the fraud coordinator will notify the CI Liaison and Collection Advisory at their dedicated COP/Restitution email address: *SBSE EEF Dallas Restitution, via e-mail, that the assessment(s) posted.

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4. There will now be duplicate assessments; an assessment of the restitution on MFT 31 and civil tax on MFT 30 (or 01, 02, 10 etc.); transaction codes are required to identify the two accounts as duplicate assessment accounts.
 - a.) Prepare a Form 3177 to input a TC 972 with the same action code as was previously input (e.g., 180) on MFT 31.
 - b.) Prepare a Form 3177 to input a TC 972 with the same action code as was previously input (e.g., 181) on MFT 30 (or 01, 02, 10 etc.).
 - c.) Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 30 (or 01, 02, 10 etc.) to indicate there is now a duplicate assessment and the amount of the duplication – see part 5 below.
 - d.) Prepare a Form 3177 to input a TC 971 with action code 18X on MFT 31 to indicate there is now a duplicate assessment and the amount of the duplication see part 5 below.
5. At least two Forms 3177 should be prepared to cross reference the MFT 31 account to the related MFT account (MFT 30, 02, 01, 10). **A separate Form 3177 must be prepared for each MFT and for each year.** This will direct any IDRS account viewer to the applicable restitution account and other related accounts.
 - a.) The line by line instructions for the cross referencing MFT 31 Form 3177 are as follows – see Exhibit 10:
 - 1.) Initiator information – Enter your name, phone number, and employee number.
 - 2.) Date – Enter the date the form is completed.
 - 3.) Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 31 module.
 - 4.) EIN or SSN – Enter the social security number of the defendant liable for criminal restitution as it appears in the MFT 31 module.
 - 5.) TRC 971 – Enter the following instructions next to “Other (specify)” – AC-18X; XRef EIN / SSN of related entity / MFT 30, 02, 01, 10, etc / Year / amount of duplicate assessment (see Exhibit 9 for current IMF definitions and instructions or Exhibit 8 for current BMF definitions and instructions).
 - 6.) Enter MFT Code 31 and tax period in appropriate columns.
 - b.) The line by line instructions for the cross referencing MFT 30, 02, 01, and 10, Form 3177 are as follows – see Exhibit 11:
 - 1.) Initiator information – Enter your name, phone number, and employee number.
 - 2.) Date – Enter the date the form is completed.
 - 3.) Taxpayer Name – Enter the name of the defendant liable for criminal restitution as it appears in the MFT 30, 01, 02, or 10 module.
 - 4.) EIN or SSN – Enter the social security number or tax identification number related module / entity.
 - 5.) TRC 971 – Enter the following instructions next to “Other (specify)” – AC-18X; XRef SSN of restitution liable defendant / MFT 31 / Year / \$ amount of duplicate assessment (see Exhibit 9 for current IMF definitions and instructions or Exhibit 8 for current BMF definitions and instructions).

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- 6.) Enter MFT Code 30, 02, 01, 10 and tax period in appropriate columns.
- c.) ALL completed cross referencing Forms 3177 (both for the TC 972 and TC 971) should be e-mailed to Ogden CCS (at *SBSE Ogden RBA) when there is a need to correct a TC 971 AC 180 and 181 due to a duplicate assessment posting on a civil module after the TC 971 AC 180 / 181 posted. The email will be sent with the following in the subject line: EXPEDITE** F3177 to Change AC 180 / 181. Attached to the e-mail will be the needed Forms 3177 for CCS to input TC 972 AC 180 and AC 181 (to correct the TC 971 AC 180 and AC 181 that are now not correct) and the correct TC 971 AC 184 and AC 185 with an MMA for the amount of duplicate assessment.
 - 1.) In addition to sending all of the Forms 3177 to CCS, the Forms 3177 that were prepared to be entered onto the MFT 30, 02, 10, 10, etc. module, see Exhibit 11, that reflect the **TC 971 AC 184 or AC 185** will be sent to CCP, currently to Beverly Bates: e-fax # 855-688-9555. The subject line will reflect: Forms 3177 for command code RAPID input.

Note: The Form 3177 for the input of the TC 972 do not need to be sent to CCP for command code RAPID input.

- d.) The LTSFC will monitor the modules for posting of the cross referencing TC 971s onto Master File. When the assessment and TC 971s correctly post, the LTSFC criminal restitution and if applicable, COP responsibilities for the case are finished.

If the cross referencing Forms 3177 do not appear on the module within two weeks (shown on TXMODA), the reviewer should follow up with CCS.

D. Appealed and Petitioned SNOD Cases with Assessable Criminal Restitution

1. Close the case to Appeals following all existing Appeals / Tax Court procedures.

Note if applicable: Following current COP procedures, the fraud coordinator will notify via e-mail Appeals, CI and Collection Advisory that the COP / Restitution case has been forwarded to Appeals. The e-mail will contain a transmittal memorandum from the TS fraud coordinator to Appeals that will reflect the following: the identifying information of the COP / Restitution case, the CI probation liaison and field office, and the Collection Advisory contact.

2. The LTSFC criminal restitution and COP responsibilities for the case are finished until the case has been resolved by Appeals or Tax Court.

E. Resolution of the COP / Restitution Case by Appeals

1. Appeals, upon resolution of the COP / Restitution case, will notify a designated CI and Collection employee. They will also notify the TS criminal restitution mail box (*SBSE TECH Svs Criminal Restitution) that the case has been resolved.
2. Upon notification in the TS criminal restitution mailbox, the centralized

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BMF-based and RPP-based Assessment Procedures

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tax examiner will forward the information to the LTSFC. The LTSFC will do the following:

- a.) Review IDRS for all applicable and related modules (MFT 31, 30, 02, 10, 01, etc.) to determine if there are duplicate assessments on Master File.
- b.) If there are duplicate assessments (restitution on MFT 31 and civil tax on MFT 30, 02, 01, 10, etc.), transaction codes are required to identify the two accounts as duplicate assessment accounts. See section E 4 and E 5 above for required input of TC 972, TC 971 and other required actions.

Exhibit 1 – Restitution Status Codes, Rev Types, Suspense Codes 6-30-14

Restitution Status Codes, Rev Types, Suspense codes 6-30-14

Page 1

Status Code		Description	Review Type	Suspense Type
Status 20	Centralized Tax Examiner	Establish collateral from receipt of Form 14104	91/95/96	551 - 7 days
Status 20	Centralized Restitution Coordinator	Determine Restitution is Not Assessable	94	000
		Determine Restitution is Not Payable to IRS	97	000
Status 25	Centralized Restitution Coordinator	Centralized Restitution Coordinator waiting for CCP processing "delay" or other issue preventing timely movement of the case - for example: ASED issue on MFT 31 account or multiple submissions needed of F3177 or F3870	As applicable	As applicable
Status 30 (CI Inventory)	Centralized Restitution Coordinator	Incomplete F14104 Package (CI Inventory) as identified by T/E upon receipt	91	550 - 45 days
		CI Premature Referral as identified by CRC as incomplete or inaccurate	91	552 - 26 days
		Centralized Restitution Coordinator waiting for CI processing "delay" or other issue preventing timely movement of the case - for example: CI freeze on module.	As applicable	As applicable
Status 35	Centralized Restitution Coordinator	Send package for establishment of mft 31 account sent to CCP	91, 95 or 96	553 - 22 days
		Establishment of mft 31 account	91, 95 or 96	554 - 5 days
		Submit assessment package to CCP	91, 95 or 96	555 - 15 days
		Assessment is posted/Notice and Demand Letter is Issued	91, 95 or 96	556 - 7 days
		Forward ERCS collateral record to local Technical Services Fraud Coordinator	91, 95 or 96	557 - 14 days
	Local Technical Services Fraud Coordinator	Local Technical Services Fraud Coordinator forwards civil closing package to PSP/Field within 14 days of receipt of restitution package. AIMS record already established.	92	remains in 557
		Local Technical Services Fraud Coordinator forwards civil closing package to PSP within 14 days of receipt of restitution package - AIMS record is not established.	92	558 - 60 days
		Final actions completed by Local Technical Services Fraud Coordinator and Restitution collateral to be closed. Update review type prior to closing collateral.	92 or 93	N/A
Review Types				
91		Restitution is all IMF related		
92		Restitution Assessment Process Completed - Civil Action Initiated		
93		Restitution Assessment Process Completed - No Civil Action Warranted		
94		Restitution Not Assessable		
95		Restitution is BMF related in full or in part		
96		Restitution is RPP related in full or in part		
97		Restitution is NOT payable to IRS		
Suspense Codes				
550		45 days - Establish collateral from receipt of Form 14104 (incomplete F14104)		
551		7 days (Form 14104 received, establish collateral, CRC review within 7 days)		
552		26 days (Form 14104 being perfected by CI)		
553		22 days (Awaiting establishment of mft 31 account)		
554		5 days (Preparation of assessment documents)		
555		15 days (Assessment package submitted)		
556		7days - Assessment posted/Notice and Demand Letter issued		
557		14 days - CRC forwards ERCS record and related documents to LTSFC		
558		60 days - LTSFC forwards civil closing package to PSP - awaiting establishment of ERCS controls		

Notice of Action for Entry on Master File

Initiator (Name, phone no., employee no.)		Date (mmddyyyy)	Taxpayer name		EIN or SSN		
					EP/ TEB Plan/ Report		
TRC	Explanation				Section	MFT Code	Taxable Period
130	Account frozen from refunding (See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)						
460	Extension of time for filing granted to (enter date) _____						
470	Taxpayer claim pending	Closing code (if applicable)		<input type="text"/>			
480	Offer in Compromise pending						
481	Offer in Compromise rejected						
482	Offer in Compromise withdrawn						
520	Account in suit	Closing code		<input type="text"/>			
530	TDA's changed to "Uncollectible Status"	Closing code		<input type="text"/>			
		Responsibility unit code		<input type="text"/>			
531	Uncollectible account changed to "TDA Status"						
550	Collection expiration date extended to (enter date) _____						
560	Assessment expiration date extended to (enter date) _____						
570	Additional liability pending						
<input type="text"/>	Other (specify) _____						

Notice of Action for Entry on Master File

Initiator (Name, phone no., employee no.)		Date (mmddyyyy)	Taxpayer name		EIN or SSN		
					EP/ TEB Plan/ Report		
TRC	Explanation				Section	MFT Code	Taxable Period
130	Account frozen from refunding (See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)						
460	Extension of time for filing granted to (enter date) _____						
470	Taxpayer claim pending	Closing code (if applicable)		<input type="text"/>			
480	Offer in Compromise pending						
481	Offer in Compromise rejected						
482	Offer in Compromise withdrawn						
520	Account in suit	Closing code		<input type="text"/>			
530	TDA's changed to "Uncollectible Status"	Closing code		<input type="text"/>			
		Responsibility unit code		<input type="text"/>			
531	Uncollectible account changed to "TDA Status"						
550	Collection expiration date extended to (enter date) _____						
560	Assessment expiration date extended to (enter date) _____						
570	Additional liability pending						
<input type="text"/>	Other (specify) _____						

FAX

Department of the Treasury
Internal Revenue Service
Technical Services – Central
600 Arch Street; Room 5202
Philadelphia, PA 19106
Fax # (215) 861-1616

Confidentiality Notice

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Date

Number of pages including cover sheet

TO:	<i>Andrea Bates</i>
Phone	<i>901-786-7122</i>
Fax Phone	<i>901-786-7275</i>

FROM:	
Phone	
Fax Phone	

REMARKS: *Urgent* *For your review* *Reply ASAP* *Please Comment*

Comments: F3177s RE: Criminal Restitution Cases
PLEASE INPUT TC 971 AC 102 ONTO MFT 30 MODULE.

PLEASE INPUT TC 971 AC 102 DIRECTLY ON MFT 31 MODULE

1	11.
2	12.
3	13.
4	14
5.	15.
6	16.
7	17.
8.	18.

9	19.
10 .	20.

Exhibit 5 - CR Reason Codes at 5.28.14

Reason Codes	Definition
141	Criminal restitution assessment with IMF client returns of the preparer the basis for the underlying tax liability, with duplicate or possible duplicate civil assessments
142	Criminal restitution assessment with BMF client returns of the preparer the basis for the underlying tax liability, with duplicate or possible duplicate civil assessments
143	Criminal restitution assessment with IMF underlying tax liability, with duplicate or possible duplicate civil assessment
144	Criminal restitution assessment with BMF underlying tax liability, with duplicate or possible duplicate civil assessment
145	Criminal restitution assessment with IMF underlying tax liability, with duplicate criminal restitution assessment
146	Criminal restitution assessment with BMF underlying tax liability, with duplicate criminal restitution assessment
147	There is reasonable cause to waive the FTP penalty, if know.
148	There is NO reasonable cause to waive the FTP penalty, if known
149	RESERVED
150	Used with CRN 337 to mirror payments

Example 1: Restitution order against defendant # 1 and a BMF module is the basis of the restitution (regardless of what is reflected on the MFT 01, 02, 10 module), use Reason Code 144 because there is a duplicate or possible duplicate civil assessment.

Example 2: Restitution order against defendant #1 and defendant 2 jointly and severally with one another and a BMF module is the basis of the restitution (regardless of what is reflected on the MFT 01, 02, 10 module), you will use Reason Code 146 because there is a duplicate criminal restitution assessment.

1. TIN		Cross Reference TIN	
2. Name		3. Originating Office	
Street Address		TC <input type="checkbox"/> CC <input type="checkbox"/>	
City	State	Zip Code	Telephone Number ()
4. MFT	5. Period Ending	6. Assessment Date	
8. DLN		9. Renumbered DLN	

Department of the Treasury
Internal Revenue Service

request for adjustment

Catalog No. 22515Q

7. Source			
TDA <input type="checkbox"/>	Letter <input type="checkbox"/>	Claim <input type="checkbox"/>	Other <input type="checkbox"/>
10. Personal Contact			
Yes <input type="checkbox"/>	No <input type="checkbox"/>	POA _____	

11. **Reason for Adjustment**

12. **I hereby request that the items indicated above be included or changed on my Federal Tax Return or account as identified.**

Signature of Taxpayer		Date
13. Signature of Preparer	Telephone (work) / (FAX)	Date
14. Approving Official Signature and Title		Date

Assessment, Item, or Credit Adjustment Processing Information

15. Sequence Number	16. Blocking Series	17. Del. Int. to Date	18. Source Code	19. Reason Code	20. Math Error Code	21. Hold Code	22. Other
23. Priority Code	24. Posting Delay Code	25. Source Doc. Attached	26. Other	27.	28.		
29. TC No.	Increase / Decrease		Ref. No.	Item Adjustment	Ref. No.	Credit Adj.	

30. Remarks _____

31. Terminal Operator's Number	Employee I.D.	Date Input
--------------------------------	---------------	------------

1. TIN		Cross Reference TIN	
2. Name		3. Originating Office	
Street Address		TC <input type="checkbox"/> CC <input type="checkbox"/>	
City	State	Zip Code	Telephone Number ()
4. MFT	5. Period Ending	6. Assessment Date	7. Source TDA <input type="checkbox"/> Letter <input type="checkbox"/> Claim <input type="checkbox"/> Other _____
8. DLN	9. Renumbered DLN		10. Personal Contact Yes <input type="checkbox"/> No <input type="checkbox"/> POA _____

Department of the Treasury
Internal Revenue Service

request for adjustment

Catalog No. 22515Q

11. **Reason for Adjustment**

1. TIN		Cross Reference TIN	
2. Name		3. Originating Office	
Street Address		TC <input type="checkbox"/> CC <input type="checkbox"/>	
City	State	Zip Code	Telephone Number ()
4. MFT	5. Period Ending	6. Assessment Date	
8. DLN		9. Renumbered DLN	

Department of the Treasury
Internal Revenue Service

request for adjustment

Catalog No. 22515Q

7. Source			
TDA <input type="checkbox"/>	Letter <input type="checkbox"/>	Claim <input type="checkbox"/>	Other _____
10. Personal Contact			
Yes <input type="checkbox"/>	No <input type="checkbox"/>	POA _____	

11. **Reason for Adjustment**

12. **I hereby request that the items indicated above be included or changed on my Federal Tax Return or account as identified.**

Signature of Taxpayer		Date
13. Signature of Preparer	Telephone (work) / (FAX)	Date
14. Approving Official Signature and Title		Date

Assessment, Item, or Credit Adjustment Processing Information

15. Sequence Number	16. Blocking Series	17. Del. Int. to Date	18. Source Code	19. Reason Code	20. Math Error Code	21. Hold Code	22. Other
23. Priority Code	24. Posting Delay Code	25. Source Doc. Attached	26. Other	27.	28.		
29. TC No.	Increase / Decrease		Ref. No.	Item Adjustment	Ref. No.	Credit Adj.	

30. Remarks _____

31. Terminal Operator's Number	Employee I.D.	Date Input
--------------------------------	---------------	------------

Preparation and Routing Instructions for Form 3870

Item	Action
1.	Enter the taxpayer's EIN (BMF) or SSN (IMF) as appropriate. If the taxpayer is married or there is a cross reference to another SSN or EIN and that number is affected list that number.
2.	Enter the current name and address of the taxpayer. If the name or address differs from the assessment document, enter the name or address shown on the assessment document as remarks under Reason for Adjustment. If a Power of Attorney (POA) is representing the taxpayer also include the name of the POA and address if different than the account. Include the daytime telephone of the taxpayer or POA.
3.	Enter the district and employee assignment number of the originating office. Enter the IDRS transaction code and closing code for the request for adjustment.
4.	Enter the Master File Tax (MFT) account code: 01 - Form 941, 02 - Form 1120, 03 - Form 720, 09 - Form CT-1, 10 - Form 940, 30 - Form 1040 or as appropriate.
5.	Enter the month, day, and year (mmdyy) which ends the period to which the adjustment relates
6.	Enter the date of assessment to which the adjustment pertains as determined from the notice or account.
7.	Check applicable box. If "Other" is checked, specify.
8.	Enter the Document Locator Number (DLN) shown on the source document, if available.
9.	To be completed by the Returns Index and File Unit.
10.	Check the appropriate block.
11.	Give a complete statement of facts explaining why the adjustment is to be made.
12.	If this request is based on "personal contact", obtain the taxpayer's signature and enter the date of the signing.
13.	Signature, telephone and fax number of the employee preparing the request and date the request is completed.
14.	Self explanatory.
15. - 30.	To be completed by the input operator.
31.	Self explanatory.

Distribution:

Part 1: Route for terminal input.

Part 2: For processing as Form 3177.

Part 3: Retain with case.

Exhibit 7 – Sample Fax Cover for Form 3870

FAX

Confidentiality Notice

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient, or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited.

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Department of the Treasury
Internal Revenue Service

Technical Services

Fax # (xxx) xxx-xxxx

Date

Number of pages including cover sheet

TO: Beverly Bates - Team 203

Phone 901-786-7240

Fax Phone 855-688-9555

FROM:

Phone

Fax Phone

REMARKS: Urgent For your review Reply ASAP Please Comment

Comments: Criminal Restitution Case – TAXPAYER Name

The attached Form 3870 requires priority handling. This Form 3870 should be processed/input exactly as received. No changes should be made to the information on the form. Any questions should be addressed to:

CCP input issues: Linda Spivey via phone or email or Annette Bowers via email

Completed form issues: Name at Phone # or email

Please e-mail NAME via when Form 3870 is processed.

CCP Form 3870 Input by:

Date completed:

The contact person for CR is Beverly Bates. Her telephone number is 901-786-7240. Beverly's tour is from 2 pm- 11:30 pm CST. Beverly's manager is Pam Wright, her number is 901-786-7121 and her tour is also 2 pm- 11:30 CST. The DM is Brad Benham. His number is 901-786-7009.

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

TC 971 Action Codes with BMF Linkage Examples @ 6/30/2014

TC 971 AC 18X action codes are used to define and link Restitution-Based Assessment (RBA) and associated Fraud Penalties to duplicate and non-duplicate RBA, Civil, and Fraud Penalty assessments and/or to underlying tax liabilities for a specific TIN, MFT, and tax period. The linkages are applied to the accounts in pairs (i.e. TC 971 “points” to a TIN / MFT / tax period and the corresponding TIN / MFT / tax period “points” back).

The **Memo Money Amount (MMA)** field of the TC 971 AC 18X is used to identify the amount of the Restitution-Based Assessment (RBA) and/or Fraud Penalty that is duplicate. The dollar amount of the MMA is displayed on CC TXMOD only when an amount greater than \$.00 has been entered. The transactions for the RBA, MMA amount, and associated TC 971 AC 18X's are initiated by Exam Technical Services (TS) and input by Exam Centralized Case Processing (CCP), located in the Memphis Campus.

Campus Compliance Service (CCS) will review accounts to determine:

- Missing and/or broken links (one link points to a TIN / MFT / tax period, but that corresponding TIN / MFT / tax period does not point back)
- TC 971 AC 180/181 has Memo Money Amount (MMA) more than zero present in the MMA field
- TC 971 AC 182-189 MMA is zero
- TC 971 AC 182 – 189 MMA of the pair of linkages is greater than the smallest duplicate assessment amount
Note: The MMA for co-defendants linked with TC 971 AC 188/189 may equal the total amount of all restitution assessments that each is jointly responsible for.
- TC 971 AC 18X MMA dollar amounts of pair of linkages do not match

Note: The combination of the TC 767 with the TC 30X or TC 29X amounts may represent the duplicate assessment amount.

If these conditions exist, CCS will contact Technical Services (TS) via e-mail at *SBSE TECH Svs Criminal Restitution and request Form 3177 to update and/or correct account. If they receive no response, they will elevate the inquiry to local TS management.

Action Codes	NO DUPLICATE ASSESSMENT
180	Input on RBA module (MFT 31) to cross-reference the module with the underlying tax liability (MFT 30, 01, 02, 10 etc.). No duplicate assessment (MMA = Zero). Taxes Receivable
181	Input on module with underlying tax liability (MFT 30, 01, 02, 10 etc.) to cross-reference the RBA module (MFT31) where the tax is assessed and collected as Restitution-Based Assessment. No duplicate assessment (MMA = Zero).
187	Input on RBA module (MFT 31) to cross-reference the module with the

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

	underlying BMF tax liability (MFT 03, 64 etc.) with NO established Tax Identification Number or business tax module. Input on RBA module (BMF) to cross-reference the module with the underlying BMF tax liability when a Corporation is assessed restitution. No duplicate assessment (MMA = Zero). Taxes Receivable.
Action Codes	DUPLICATE FRAUD PENALTY ASSESSMENT
182	Input on module with duplicate Fraud Penalty assessment, where module assessment(s) is smaller, to cross-reference module(s) with duplicate civil assessment where module assessment(s) is larger. If assessments are the same, put the TC971/AC183 on either the primary SSN (TPH/TPW) or the Lead Co-Defendant account and the TC971/AC182 on the remaining duplicates. (MMA = \$\$\$ amount of the duplicate) *TC971/AC182 not used by CFO, SBSE CCS needs code for MMA info. Code not used unless a duplicate exists.
183	Input on module with the duplicate Fraud Penalty assessment, where module assessment(s) is larger, to cross-reference module(s) with duplicate civil assessment where module assessment(s) is smaller. If assessments are the same, put the TC971/AC183 on either the primary SSN (TPH/TPW) or the Lead Co-Defendant account and the TC971/AC182 on the remaining duplicates. (MMA = \$\$\$ amount of the duplicate) *TC971/AC183 not used by CFO, SBSE CCS needs code for MMA info. Code not used unless a duplicate exists.
Action Codes	DUPLICATE RBA/CIVIL ASSESSMENT
184	Input on module with duplicate RBA/Civil assessment, where module assessment(s) is smaller, to cross-reference module(s) with duplicate RBA/Civil assessment where module assessment is larger. (MMA = \$\$\$ amount of the duplicate) EXCEPTION: On cases with multiple co-defendants where one or more parties are civilly assessed, link Civil to co-defendant with TC971/AC184 to TC971/AC184.
185	Input on module with the duplicate RBA/Civil assessment, where module assessment(s) is larger, to cross-reference module(s) with duplicate RBA/Civil assessment where module assessment(s) is smaller. (MMA = \$\$\$ amount of the duplicate) Taxes Receivable. **When RBA and Civil assessment amounts are equal, normally the TC971/AC185 will be on the MFT 31 module - EXCEPTION: if the Fraud Penalty (TC320) has been assessed on MFT 30 creating a larger assessed balance, then Action Code TC971/AC185 will be used on MFT 30 and TC971/AC184 will be on MFT 31.
Action Codes	DUPLICATE RBA/CIVIL ASSESSMENT WITH CO-DEFENDANT
188	Input on co-defendant module with duplicate RBA, where module assessment(s) is the same or smaller, to cross-reference module(s) with duplicate RBA on the Lead (primary) co-defendant assessment is the same or larger. (MMA = \$\$\$ amount of the duplicate) EXCEPTION: On cases with

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

	multiple co-defendants, the Lead co-defendant will have the TC971/AC189 and linked to all co-defendants, and all co-defendants will have a TC971/AC188 linked to another TC971/AC188 on each others co-defendant.
189	Input on RBA module(s) of Lead (primary) defendant to cross-reference duplicate RBA module to all other co-defendants, (MMA = \$\$\$ amount of the duplicate). Taxes Receivable

The following examples demonstrate how TC 971 action codes are applied for RBA cases when the basis for the restitution is a BMF taxpayer.

Example 1
Employment Tax – Form 941
Non Duplicate Assessment

MFT 01 XX-XXXXXXXX 200703	MFT 31 XXX-XX-XXXX 200703 TC 971 AC 102 to x-ref MFT 01
	TC 298 \$10,000.00
TC 971 AC 181 points to MFT 31 XXX-XX-XXXX 200703 MMA = .00	TC 971 AC 180 points to MFT 01 XX-XXXXXXXX 200703 MMA = .00

Example 2
Employment Tax – Form 941 multiple tax periods
Non Duplicate Assessment

MFT 01 XX-XXXXXXXX 200703	MFT 31 XXX-XX-XXXX 200703 TC 971 AC 102 to x-ref MFT 01
	TC 298 \$10,000.00
TC 971 AC 181 points to MFT 31 XXX-XX-XXXX 200703 MMA = .00	TC 971 AC 180 points to MFT 01 XX-XXXXXXXX 200703 MMA = .00
MFT 01 XX-XXXXXXXX 200706	MFT 31 XXX-XX-XXXX 200706 TC 971 AC 102 to x-ref MFT 01
	TC 298 \$10,000.00
TC 971 AC 181 points to MFT 31 XXX-XX-XXXX 200706 MMA = .00	TC 971 AC 180 points to MFT 01 XX-XXXXXXXX 200706 MMA = .00

Example 3
Federal Unemployment Tax Act Tax – Form 940
Non Duplicate Assessment

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

MFT 10 XX-XXXXXXXX 200812 TC 971 AC 181 points to MFT 31 XXX-XX-XXXX 200812 MMA = .00	MFT 31 XXX-XX-XXXX 200812 TC 971 AC 102 to x-ref MFT 10 TC 298 \$15,000.00 TC 971 AC 180 points to MFT 10 XX-XXXXXXXX 200812 MMA = .00
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Example 4

**Corporate Tax – Form 1120
Filed Calendar Year
Non Duplicate Assessment**

MFT 02 XX-XXXXXXXX 200812 TC 971 AC 181 points to MFT 31 XXX-XX-XXXX 200812 MMA = .00	MFT 31 XXX-XX-XXXX 200812 TC 971 AC 102 to x-ref MFT 02 TC 298 \$10,000.00 TC 971 AC 180 points to MFT 02 XX-XXXXXXXX 200812 MMA = .00
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Example 5

**Corporate Tax – Form 1120
Filed Fiscal Year Filer
Non Duplicate Assessment**

MFT 02 XX-XXXXXXXX 200810 TC 971 AC 181 points to MFT 31 XXX-XX-XXXX 200810 MMA = .00	MFT 31 XXX-XX-XXXX 200810 TC 971 AC 102 to x-ref MFT 02 TC 298 \$10,000.00 TC 971 AC 180 points to MFT 02 XX-XXXXXXXX 200810 MMA = .00
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Example 6

**Employment Tax – Form 941
Duplicate Assessment**

MFT 01 XX-XXXXXXXX 200703 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31	MFT 31 XXX-XX-XXXX 200703 TC 971 AC 102 to x-ref MFT 01 TC 298 \$10,000.00 TC 971 AC 185 points to MFT 01
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Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

XXX-XX-XXXX 200703 MMA = 10,000	XX-XXXXXXXX 200703 MMA = 10,000
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Example 7

**Employment Tax – Form 941 multiple tax periods
Duplicate Assessment**

MFT 01 XX-XXXXXXXX 200703 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200703 MMA = 10,000	MFT 31 XXX-XX-XXXX 200703 TC 971 AC 102 to x-ref MFT 01 TC 298 \$10,000.00 TC 971 AC 185 points to MFT 01 XX-XXXXXXXX 200703 MMA = 10,000
MFT 01 XX-XXXXXXXX 200706 TC 300 \$7,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200706 MMA = 7,000	MFT 31 XXX-XX-XXXX 200706 TC 971 AC 102 to x-ref MFT 01 TC 298 \$7,000.00 TC 971 AC 185 points to MFT 01 XX-XXXXXXXX 200706 MMA = 7,000

Example 8

**Federal Unemployment Tax Act Tax – Form 940
Duplicate Assessment**

MFT 10 XX-XXXXXXXX 200812 TC 300 \$15,000.00 TC 971 AC 185 points to MFT 31 XXX-XX-XXXX 200812 MMA = 10,000	MFT 31 XXX-XX-XXXX 200812 TC 971 AC 102 to x-ref MFT 10 TC 298 \$10,000.00 TC 971 AC 184 points to MFT 10 XX-XXXXXXXX 200812 MMA = 10,000
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Example 9

**Corporate Tax – Form 1120
Calendar Year Filer**

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

Duplicate Assessment

MFT 02 XX-XXXXXXXX 200812 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200812 MMA = 10,000	MFT 31 XXX-XX-XXXX 200812 TC 971 AC 102 to x-ref MFT 02 TC 298 \$10,000.00 TC 971 AC 185 points to MFT 02 XX-XXXXXXXX 200812 MMA = 10,000
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Example 10

**Corporate Tax – Form 1120
Fiscal Year Filer
Duplicate Assessment**

MFT 02 XX-XXXXXXXX 200810 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200810 MMA = 10,000	MFT 31 XXX-XX-XXXX 200810 TC 971 AC 102 to x-ref MFT 02 TC 298 \$10,000.00 TC 971 AC 185 points to MFT 02 XX-XXXXXXXX 200810 MMA = 10,000
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Examples 11-13 illustrate TC 971 AC 18X linkage when there is a duplicate assessment involving both Business Tax (BMF) and Individual Income Tax (IMF) returns.

NOTE: TC 971 AC 102 is input to identify the RBA module. It is not necessary to input more than one TC 971 AC 102 to any tax module.

Example 11

**Form 1120 and Form 1040
Duplicate Assessment**

MFT 30 XXX-XX-XXXX 200712 TC 971 AC 102 to x-ref MFT 31 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200712 MMA = 10,000	MFT 02 XX-XXXXXXXX 200712 TC 300 \$15,000.00 TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200712 MMA = 15,000
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Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

MFT 31 XXX-XX-XXXX 200712 TC 971 AC 102 to x-ref MFT 30 NOTE: Each TC 290 will be assessed via its own F3870 TC 290 \$10,000.00 TC 298 \$15,000.00 TC 971 AC 185 points to MFT 30 XXX-XX-XXXX 200712 MMA = 10,000 TC 971 AC 185 points to MFT 02 XXX-XX-XXXX 200712 MMA = 15,000	

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

Example 12
Form 1120 (Fiscal Year) and Form 1040 (Calendar)
Duplicate Civil Assessments

<p>MFT 30 XXX-XX-XXXX 200712 TC 971 AC 102 to x-ref MFT 31 XX-XX-XXXX 200712</p> <p>TC 300 \$10,000.00</p> <p>TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200712 MMA = 10,000</p>	<p>MFT 02 XX-XXXXXXXX 200710</p> <p>TC 300 \$15,000.00</p> <p>TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200710 MMA = 15,000</p>
<p>MFT 31 XXX-XX-XXXX 200712 TC 971 AC 102 to x-ref MFT 30</p> <p>TC 290 \$10,000.00</p> <p>TC 971 AC 185 points to MFT 30 XXX-XX-XXXX 200712 MMA = 10,000</p>	<p>MFT 31 XXX-XX-XXXX 200710 TC 971 AC 102 to x-ref MFT 02</p> <p>TC 298 \$15,000.00</p> <p>TC 971 AC 185 points to MFT 02 XX-XXXXXXXX 200710 MMA = 15,000</p>

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

Example 13

**Form 941, Form 940, Form 1120 and Form 1040
Duplicate Assessment**

<p>MFT 01 XX-XXXXXXXX 200712</p> <p>TC 300 \$10,000.00</p> <p>TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200712 MMA = 10,000.00</p>	<p>MFT 10 XX-XXXXXXXX 200712</p> <p>TC 300 \$10,000.00</p> <p>TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200712 MMA = 10,000.00</p>	<p>MFT 02 XX-XXXXXXXX 200712</p> <p>TC 300 \$15,000.00</p> <p>TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200712 MMA = 15,000.00</p>
<p>MFT 30 XXX-XX-XXXX 200712 TC 971 AC 102 to x-ref MFT 31 XX-XX-XXXX 200712</p> <p>TC 300 \$5,000.00</p> <p>TC 971 AC 184 points to MFT 31 XXX-XX-XXX 200712 MMA = 5,000.00</p>		
	<p>MFT 31 XXX-XX-XXXX 200712 TC 971 AC 102 to x-ref MFT 30</p> <p>NOTE: Each TC will be assessed via its own F3870</p> <p>TC 298 \$10,000.00 TC 298 \$10,000.00 TC 298 \$15,000.00 TC 290 \$5,000.00</p> <p>TC 971 AC 185 points to MFT 01 XX-XXXXXXXX 200712 MMA = 10,000.00 TC 971 AC 185 points to MFT 10 XX-XXXXXXXX 200712 MMA = 10,000.00 TC 971 AC 185 points to MFT 02 XX-XXXXXXXX 200712 MMA = 15,000.00 TC 971 AC 185 points to MFT 30 XXX-XX-XXX 200712 MMA = 5,000.00</p>	

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

Example 14

Joint and Several Liability with Defendant #1 – Primary (TP1), Defendant #2 (TP2), & Defendant #3 (TP3) Liable

FICA Tax – Form 941 - Duplicate Assessment

<p>TP 1 MFT 31 XXX-XX-XXXX 200809 TC 971 AC 102 to x-ref MFT 01</p> <p>TC 298 \$10,000.00</p> <p>TC 971 AC 189 points to TP2 MFT 31; MMA = 10,000 TC 971 AC 189 points to TP3 MFT 31; MMA = 10,000</p> <p>TC 971 AC 185 points to Corp MFT 01; MMA = 10,000</p>	<p>TP 2 MFT 31 XXX-XX-XXXX 200809 TC 971 AC 102 to x-ref MFT 01</p> <p>TC 298 \$10,000.00</p> <p>TC 971 AC 188 points to TP1 MFT 31; MMA = 10,000 TC 971 AC 188 points to TP3 MFT 31; MMA = 10,000</p> <p>TC 971 AC 184 points to Corp MFT 01; MMA = 10,000</p>	<p>TP 3 MFT 31 XXX-XX-XXXX 200809 TC 971 AC 102 to x-ref MFT 01</p> <p>TC 298 \$10,000.00</p> <p>TC 971 AC 188 points to TP1 MFT 31; MMA = 10,000 TC 971 AC 188 points to TP2 MFT 31; MMA = 10,000</p> <p>TC 971 AC 184 points to Corp MFT 01; MMA = 10,000</p>
		<p>MFT 01 XX_XXXXXX 200809</p> <p>TC 150 \$15,000 TC 650 <\$5,000></p> <p>TC 971 AC 184 points to TP1 MFT 31; MMA = 10,000 TC 971 AC 184 points to TP2 MFT 31; MMA = 10,000 TC 971 AC 184 points to TP3 MFT 31; MMA = 10,000</p>

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

Example 15

Form 730 – Monthly Tax return for Wagers (is required for companies that take wagers and organizations that conduct lotteries) – no return filed and no TIN established

Monthly Filer

No Duplicate Assessment

<p>No MFT 64 Module available – no returns ever filed (an EIN is required but never obtained by defendant)</p> <p>The cross referenced TIN would be the SSN of the defendant in an EIN format</p>	<p>MFT 31 XXX-XX-XXXX 200801 TC 971 AC 102 to x-ref (in EIN format) xx-xxxxxxx, MFT 64, tax period 200801</p> <p>TC 298 \$10,000.00</p> <p>TC 971 AC 187 points to (in EIN format) xx-xxxxxxx, 64, 200801, MMA = .00</p>
	<p>MFT 31 XXX-XX-XXXX 200802 TC 971 AC 102 to x-ref (in EIN format) xx-xxxxxxx, MFT 64, tax period 200802</p> <p>TC 298 \$10,000.00</p> <p>TC 971 AC 187 points to (in EIN format) xx-xxxxxxx, 64, 200802, MMA = .00</p>

Example 16

Form 941 (payroll returns never filed but an EIN was established)

No Duplicate Assessment

<p>No MFT 01 Module available – no returns ever filed</p> <p>The cross referenced TIN would be the EIN of the corporation</p>	<p>MFT 31 XXX-XX-XXXX 200801 TC 971 AC 102 to x-ref xx-xxxxxxx, MFT 01, tax period 200803</p> <p>TC 298 \$10,000.00</p> <p>TC 971 AC 187 points to xx-xxxxxxx, 01, 200803, MMA = .00</p>
	<p>MFT 31 XXX-XX-XXXX 200806 TC 971 AC 102 to x-ref xx-xxxxxxx, MFT 01, tax period 200806</p> <p>TC 298 \$10,000.00</p> <p>TC 971 AC 187 points to xx-xxxxxxx, 01,</p>

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

	200806, MMA = .00
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Examples 17 illustrates TC 971 AC 18X linkage when there is duplicate assessment involving the clients of a Return Preparer.

Example 17

RBA assessed against the preparer/defendant

Duplicate Civil Assessment

FACTS: A defendant was ordered to pay \$15,000 of restitution for 2007 based on: client #1 loss of \$7,000, client #2 loss of \$2,000, client #3 loss of \$1,000, and client #4 loss of \$5,000. Client #3 and #4 are audited/adjusted reflecting an increase in tax for client #3 \$1,000 and an increase in tax for client #4 \$2,000

<p>MFT 30 XXX-XX-XXXX 200712</p> <p>No RBA transactions needed</p>	<p>Client 3: MFT 30 XXX-XX- XXX3 200712</p> <p>TC 300 \$1,000.00</p> <p>TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200712 MMA = 1,000</p>	<p>Client 4: MFT 30 XXX-XX- XXX4 200712</p> <p>TC 300 \$2,000.00</p> <p>TC 971 AC 184 points to MFT 31 XXX-XX-XXXX 200712 MMA = 2,000</p>
<p>MFT 31 XXX-XX-XXXX 200712</p> <p>TC 971 AC 102 entered onto MFT 31 E-Ref XXX-XX-XXXX / MFT 30 / 200712</p> <p>TC 290 \$15,000.00</p> <p>TC 971 AC 185 points to MFT 30 XXX-XX-XXX3 200712 MMA = 1,000</p> <p>TC 971 AC 185 points to MFT 30 XXX-XX-XXX4 200712 MMA = 2,000</p>		

Exhibit 8 – BMF RPP TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with BMF Linkage Examples
@ 6/30/2014**

Note: No TC 971 Action Codes are needed on Client 1 and 2 since the returns were not audited / adjusted.

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

TC 971 AC 18X action codes are used to define and link Restitution-Based Assessment (RBA) and associated Fraud Penalties to duplicate and non-duplicate RBA, Civil, and Fraud Penalty assessments and/or to underlying tax liabilities for a specific TIN, MFT, and tax period. The linkages are applied to the accounts in pairs (i.e. TC 971 “points” to a TIN / MFT / tax period and the corresponding TIN / MFT / tax period “points” back).

The **Memo Money Amount (MMA)** field of the TC 971 AC 18X is used to identify the amount of the Restitution-Based Assessment (RBA) and/or Fraud Penalty that is duplicate. The dollar amount of the MMA is displayed on CC TXMOD only when an amount greater than \$.00 has been entered. The transactions for the RBA, MMA amount, and associated TC 971 AC 18X’s are initiated by Exam Technical Services (TS) and input by Exam Centralized Case Processing (CCP), located in the Memphis Campus.

Campus Compliance Service (CCS) will review accounts to determine:

- Missing and/or broken links (one link points to a TIN / MFT / tax period, but that corresponding TIN / MFT / tax period does not point back)
- TC 971 AC 180/181 has Memo Money Amount (MMA) more than zero present in the MMA field
- TC 971 AC 182-189 MMA is zero
- TC 971 AC 182 – 189 MMA of the pair of linkages is greater than the smallest duplicate assessment amount
Note: The MMA for co-defendants linked with TC 971 AC 188/189 may equal the total amount of all restitution assessments that each is jointly responsible for.
- TC 971 AC 18X MMA dollar amounts of pair of linkages do not match

Note: The combination of the TC 767 with the TC 30X or TC 29X amounts may represent the duplicate assessment amount.

If these conditions exist, CCS will contact Technical Services (TS) via e-mail at *SBSE TECH Svs Criminal Restitution and request Form 3177 to update and/or correct account. If they receive no response, they will elevate the inquiry to local TS management.

Action Codes	NO DUPLICATE ASSESSMENT
180	Input on RBA module (MFT 31) to cross-reference the module with the underlying tax liability (MFT 30, 01, 02, 10 etc.). No duplicate assessment (MMA = Zero). Taxes Receivable
181	Input on module with underlying tax liability (MFT 30, 01, 02, 10 etc.) to cross-reference the RBA module (MFT31) where the tax is assessed and collected as Restitution-Based Assessment. No duplicate assessment (MMA = Zero).

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

187	Input on RBA module (MFT 31) to cross-reference the module with the underlying BMF tax liability (MFT 03, 64 etc.) with NO established Tax Identification Number or business tax module. Input on RBA module (BMF) to cross-reference the module with the underlying BMF tax liability when a Corporation is assessed restitution. No duplicate assessment (MMA = Zero). Taxes Receivable.
Action Codes	DUPLICATE FRAUD PENALTY ASSESSMENT
182	Input on module with duplicate Fraud Penalty assessment, where module assessment(s) is smaller, to cross-reference module(s) with duplicate civil assessment where module assessment(s) is larger. If assessments are the same, put the TC971/AC183 on either the primary SSN (TPH/TPW) or the Lead Co-Defendant account and the TC971/AC182 on the remaining duplicates. (MMA = \$\$\$ amount of the duplicate) *TC971/AC182 not used by CFO, SBSE CCS needs code for MMA info. Code not used unless a duplicate exists.
183	Input on module with the duplicate Fraud Penalty assessment, where module assessment(s) is larger, to cross-reference module(s) with duplicate civil assessment where module assessment(s) is smaller. If assessments are the same, put the TC971/AC183 on either the primary SSN (TPH/TPW) or the Lead Co-Defendant account and the TC971/AC182 on the remaining duplicates. (MMA = \$\$\$ amount of the duplicate) *TC971/AC183 not used by CFO, SBSE CCS needs code for MMA info. Code not used unless a duplicate exists.
Action Codes	DUPLICATE RBA/CIVIL ASSESSMENT
184	Input on module with duplicate RBA/Civil assessment , where module assessment(s) is smaller, to cross-reference module(s) with duplicate RBA/Civil assessment where module assessment is larger. (MMA = \$\$\$ amount of the duplicate) EXCEPTION: On cases with multiple co-defendants where one or more parties are civilly assessed, link Civil to co-defendant with TC971/AC184 to TC971/AC184.
185	Input on module with the duplicate RBA/Civil assessment , where module assessment(s) is larger, to cross-reference module(s) with duplicate RBA/Civil assessment where module assessment(s) is smaller. (MMA = \$\$\$ amount of the duplicate) Taxes Receivable. **When RBA and Civil assessment amounts are equal, normally the TC971/AC185 will be on the MFT 31 module - EXCEPTION: if the Fraud Penalty (TC320) has been assessed on MFT 30 creating a larger assessed balance, then Action Code TC971/AC185 will be used on MFT 30 and TC971/AC184 will be on MFT 31.
Action Codes	DUPLICATE RBA/CIVIL ASSESSMENT WITH CO-DEFENDANT
188	Input on co-defendant module with duplicate RBA, where module assessment(s) is the same or smaller, to cross-reference module(s) with

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

	duplicate RBA on the Lead (primary) co-defendant assessment is the same or larger. (MMA = \$\$\$ amount of the duplicate) EXCEPTION: On cases with multiple co-defendants, the Lead co-defendant will have the TC971/AC189 and linked to all co-defendants, and all co-defendants will have a TC971/AC188 linked to another TC971/AC188 on each others co-defendant.
189	Input on RBA module(s) of Lead (primary) defendant to cross-reference duplicate RBA module to all other co-defendants, (MMA = \$\$\$ amount of the duplicate) . Taxes Receivable

The following examples demonstrate how TC 971 action codes are applied for RBA cases when the basis for the restitution is an IMF taxpayer.

NOTE: In cases where taxpayers file separate returns, the civil assessment is a duplicate only to the same individual's RBA.

Example 1

RBA

No Duplicate Civil Assessment

MFT 30 TC 971 AC 102 to create MFT 31 TC 971 AC 181 points to MFT 31 MMA = .00	MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 971 AC 180 points to MFT 30 MMA = .00
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Example 2

RBA

Duplicate Civil Assessment

MFT 30 TC 971 AC 102 to create MFT 31 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 MMA = 10,000	MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 971 AC 185 points to MFT 30 MMA = 10,000
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Example 3

Duplicate RBA and Civil Assessments

Fraud Penalty that is not a Duplicate

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

MFT 30 TC 971 AC 102 to create MFT 31 TC 300 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 185 points to MFT 31 MMA = 8,000	MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$8,000.00 TC 971 AC 184 points to MFT 30 MMA = 8,000
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Example 4

Duplicate RBA and Civil Assessments

Fraud Penalty was part of the basis for the restitution ordered

Fraud Penalty that is not a Duplicate

MFT 30 TC 971 AC 102 to create MFT 31 TC 300 \$10,000.00 TC 971 AC 184 points to MFT 31 MMA = 8,000	MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$8,000.00 TC 320 \$3,000.00 TC 971 AC 185 points to MFT 30 MMA = 8,000
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Example 5

Duplicate RBA and Civil Assessments

Fraud Penalty was part of the basis for the restitution ordered

Duplicate Fraud Penalty

MFT 30 TC 971 AC 102 to create MFT 31 TC 300 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 184 points to MFT 31 MMA = 10,000 TC 971 AC 182 points to MFT 31 MMA = 3,000	MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 185 points to MFT 30 MMA = 10,000 TC 971 AC 183 points to MFT 30 MMA = 3,000
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Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 6

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) convicted and ordered to pay restitution. TPH & TPW filed a joint tax return.

No Duplicate Civil Assessment

Duplicate RBA

TPH = Taxpayer Husband; Lead-Defendant

TPW = Taxpayer Wife-Co-Defendant

<p>TPH&W MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 181 points to MFT 31 of TPH MMA = .00 TC 971 AC 181 points to MFT 31 of TPW MMA = .00</p>	
<p>TPH MFT 31 TC 971 AC 102 generated from TPH&W MFT 30 TC 290 \$15,000.00 TC 971 AC 189 points to TPW MFT 31 MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPH&W MFT 30 TC 290 \$10,000.00 TC 971 AC 188 points to TPH MFT 31 MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 7

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) convicted and ordered to pay restitution. TPH & TPW filed separate tax returns.

No Duplicate Civil Assessment

Duplicate RBA

TPH = Taxpayer Husband; Lead-Defendant

TPW = Taxpayer Wife-Co-Defendant

<p>TPH MFT 30 TC 971 AC 102 to create TPH MFT 31</p> <p>TC 971 AC 181 points to MFT 31 of TPH MMA = .00</p>	<p>TPW MFT 30 TC 971 AC 102 to create TPW MFT 31</p> <p>TC 971 AC 181 points to MFT 31 of TPW MMA = .00</p>
<p>TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30</p> <p>TC 290 \$15,000.00</p> <p>TC 971 AC 189 points to TPW MFT 31 MMA = 10,000</p> <p>TC 971 AC 180 points to MFT 30 of TPH MMA = .00</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPW MFT 30</p> <p>TC 290 \$10,000.00</p> <p>TC 971 AC 188 points to TPH MFT 31 MMA = 10,000</p> <p>TC 971 AC 180 points to MFT 30 of TPW MMA = .00</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 8

**Taxpayer #1 (TP1) and Taxpayer #2 (TP2) convicted and ordered to pay restitution
TP1's tax return was the basis for the restitution ordered**

No Duplicate Civil Assessment

Duplicate RBA

Fraud Penalty that is not Duplicate

TP1 = Taxpayer Lead-Defendant

TP2 =Taxpayer Co-Defendant

<p>TP1 MFT 30 TC 971 AC 102 to create TP1 MFT 31 TC 971 AC 181 points to MFT 31 of TP1 MMA = .00</p>	<p>TP2 MFT 30 TC 971 AC 102 to create MFT 31</p>
<p>TP1 MFT 31 TC 971 AC 102 generated from TP1 MFT 30 TC 290 \$15,000.00 TC 320 \$3,000.00 TC 971 AC 189 points to TP2 MFT 31 MMA = 10,000 TC 971 AC 180 points to MFT 30 of TP1 MMA = .00</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TP2 MFT 30 TC 290 \$10,000.00 TC 971 AC 188 points to TP1 MFT 31 MMA = 10,000</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 9

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) convicted and ordered to pay restitution. TPH & TPW filed a joint tax return.

No Duplicate Civil Assessment

Duplicate RBA

Duplicate Fraud Penalty

TPH = Taxpayer Husband; Lead-Defendant

TPW = Taxpayer Wife-Co-Defendant

<p>TPH&W MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 181 points to MFT 31 of TPH MMA = .00 TC 971 AC 181 points to MFT 31 of TPW MMA = .00</p>	
<p>TPH MFT 31 TC 971 AC 102 generated from TPH&W MFT 30 TC 290 \$15,000.00 TC 320 \$3,000.00 TC 971 AC 189 points to TPW MFT 31 MMA = 10,000 TC 971 AC 183 points to TPW MFT 31 MMA = 3,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPH&W MFT 30 TC 290 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 188 points to TPH MFT 31 MMA = 10,000 TC 971 AC 182 points to TPH MFT 31 MMA = 3,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 10

Taxpayer Husband (TPH) and Taxpayer Wife (TPW) convicted and ordered to pay restitution. TPH & TPW filed separate tax returns.

No Duplicate Civil Assessment

Duplicate RBA

Duplicate Fraud Penalty

TPH = Taxpayer Husband; Lead-Defendant

TPW = Taxpayer Wife-Co-Defendant

<p>TPH MFT 30 TC 971 AC 102 to create TPH MFT 31</p> <p>TC 971 AC 181 points to MFT 31 of TPH MMA = .00</p>	<p>TPW MFT 30 TC 971 AC 102 to create TPW MFT 31</p> <p>TC 971 AC 181 points to MFT 31 of TPW MMA = .00</p>
<p>TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30</p> <p>TC 290 \$15,000.00 TC 320 \$3,000.00</p> <p>TC 971 AC 189 points to TPW MFT 31 MMA = 10,000 TC 971 AC 183 points to TPW MFT 31 MMA = 3,000 TC 971 AC 180 points to MFT 30 of TPH MMA = .00</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPW MFT 30</p> <p>TC 290 \$10,000.00 TC 320 \$3,000.00</p> <p>TC 971 AC 188 points to TPH MFT 31 MMA = 10,000 TC 971 AC 182 points to TPH MFT 31 MMA = 3,000 TC 971 AC 180 points to MFT 30 of TPW MMA = .00</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 11

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) convicted and ordered to pay restitution. TPH & TPW filed a joint tax return.

Restitution based on the joint return of TPH & TPW

Duplicate RBA

No Duplicate Civil Assessment

Fraud Penalty that is not Duplicate

TPH = Taxpayer Husband-Lead-Defendant

TPW = Taxpayer Wife-Co-Defendant

TP3 = Taxpayer-Co-Defendant

<p>TPH&W MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 181 points to MFT 31 of TPH MMA = .00 TC 971 AC 181 points to MFT 31 of TPW MMA = .00</p>		<p>TP3 MFT 30 No RBA transactions needed</p>
<p>TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 189 points to TPW MFT 31; MMA = 10,000 TC 971 AC 189 points to TP3 MFT 31; MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPW MFT 30 TC 290 \$10,000.00 TC 971 AC 188 points to TPH MFT 31; MMA = 10,000 TC 971 AC 188 points to TP3 MFT 31; MMA = 10,000 TC 971 AC 180 points to MFT 30 of TPH&W MMA = .00</p>	<p>TP3 MFT 31 Account created via MFREQ; TC 971 AC 102 entered onto MFT 31 module TC 290 \$10,000.00 TC 971 AC 188 points to TPW MFT 31; MMA = 10,000 TC 971 AC 188 points to TPH MFT 31; MMA = 10,000</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 12

**Taxpayer Husband (TPH) ordered to pay restitution
Joint return filed with TPW
Duplicate RBA and Civil Assessment**

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000	
TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000	

Example 13

**Taxpayer Wife (TPW) ordered to pay restitution
Joint return filed with TPH
Duplicate RBA and Civil Assessment**

TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPW MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPW MFT 31 MMA = 10,000	
	TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 14

**Taxpayer Husband (TPH) and Taxpayer Wife (TPW) ordered to pay restitution
Duplicate RBA and Civil Assessment
TPH = Taxpayer Husband; Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant**

<p>TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000 TC 971 AC 184 to point to TPW MFT 31 MMA = 10,000</p>	
<p>TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$10,000.00 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 189 to point to TPW MFT 31 MMA = 10,000</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 184 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 188 to point to TPH MFT 31 MMA = 10,000</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 15

**Taxpayer Husband (TPH) and Taxpayer Wife (TPW) ordered to pay restitution
TPH ordered to pay Fraud Penalty as part of restitution ordered
Duplicate RBA and Civil Assessment
Fraud Penalty that is not a duplicate
TPH = Taxpayer Husband; Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant**

<p>TPH (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$10,000.00 TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000 TC 971 AC 184 to point to TPW MFT 31 MMA = 10,000</p>	
<p>TPH MFT 31 TC 971 AC 102 generated from MFT 30 TC 320 \$3,000.00 TC 290 \$10,000.00 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 189 to point to TPW MFT 31 MMA = 10,000</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 184 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 188 to point to TPH MFT 31 MMA = 10,000</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 16

**Taxpayer Husband (TPH) and Taxpayer Wife (TPW) ordered to pay restitution
TPW ordered to pay Fraud Penalty as part of restitution ordered
Duplicate RBA and Civil Assessment
Fraud Penalty that is not a duplicate
TPH = Taxpayer Husband; Co-Defendant
TPW = Taxpayer Wife-Primary-Lead-Defendant**

	<p>TPW (primary SSN on joint) MFT 30 TC 971 AC 102 to create TPW MFT 31 TC 971 AC 102 to create TPH MFT 31</p> <p>TC 300 \$10,000.00</p> <p>TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000 TC 971 AC 184 to point to TPW MFT 31 MMA = 9,000</p>
<p>TPH MFT 31 TC 971 AC 102 generated from TPW MFT 30</p> <p>TC 290 \$10,000.00</p> <p>TC 971 AC 184 to point to TPW MFT 30 MMA = 10,000 TC 971 AC 188 to point to TPW MFT 31 MMA = 9,000</p>	<p>TPW MFT 31 TC 971 AC 102 generated from MFT 30</p> <p>TC 320 \$3,000.00 TC 290 \$9,000.00</p> <p>TC 971 AC 185 to point to TPW MFT 30 MMA = 9,000 TC 971 AC 189 to point to TPH MFT 31 MMA = 9,000</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 17

**Taxpayer Husband (TPH) and Taxpayer Wife (TPW) ordered to pay restitution
TPH ordered to pay Fraud Penalty as part of restitution ordered
Duplicate RBA and Civil Assessment
Duplicate Fraud Penalty
TPH = Taxpayer Husband; Primary-Lead-Defendant
TPW = Taxpayer Wife-Co-Defendant**

<p>TPH (Primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31</p> <p>TC 300 \$10,000.00 TC 320 \$3,000.00</p> <p>TC 971 AC 184 to point to TPH MFT 31 MMA = 10,000 TC 971 AC 184 to point to TPW MFT 31 MMA = 9,000 TC 971 AC 182 to point to TPH MFT 31 MMA = 3,000</p>	
<p>TPH MFT 31 TC 971 AC 102 generated from MFT 30</p> <p>TC 290 \$10,000.00 TC 320 \$3,000.00</p> <p>TC 971 AC 183 to point to TPH MFT 30 MMA = 3,000 TC 971 AC 185 to point to TPH MFT 30 MMA = 10,000 TC 971 AC 189 to point to TPW MFT 31 MMA = 9,000</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30</p> <p>TC 290 \$9,000.00</p> <p>TC 971 AC 184 to point to TPH MFT 30 MMA = 9,000 TC 971 AC 188 to point to TPH MFT 31 MMA = 9,000</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 18

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) ordered to pay restitution. TPH & TPW filed a joint tax return.

Duplicate RBA and Civil Assessments

TPH = Taxpayer Husband-Co-Defendant

TPW = Taxpayer Wife-Lead-Defendant

TP3 = Taxpayer-Co-Defendant

<p>TPH (Primary SSN on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$10,000.00 TC 971 AC 184 points to TPH MFT 31; MMA = 10,000 TC 971 AC 184 point to TPW MFT 31; MMA = 10,000 TC 971 AC 184 points to TP3 MFT 31; MMA = 10,000</p>		<p>TP3 MFT 30 No RBA transactions needed</p>
<p>TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 185 points to TPH MFT 30; MMA = 10,000 TC 971 AC 188 points to TPW MFT 31; MMA = 10,000 TC 971 AC 188 points to TP3 MFT 31; MMA =</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 189 points to TPH MFT 31; MMA = 10,000 TC 971 AC 189 points to TP3 MFT 31; MMA =</p>	<p>TP3 MFT 31 Account created via MFREQ; TC 971 AC 102 entered onto MFT 31 module TC 290 \$10,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 188 points to TPH MFT 31; MMA = 10,000 TC 971 AC 188 points to TPW MFT 31; MMA =</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

10,000	10,000	10,000
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Example 19

Taxpayer Husband (TPH), Taxpayer Wife (TPW), & Taxpayer #3 (TP3) Liable Duplicate RBA and Civil Assessment; Duplicate Fraud Penalty

TPH = Taxpayer Husband-Co-Defendant

TPW = Taxpayer Wife-Co-Defendant

TP3 = Taxpayer-Lead-Defendant

<p>TPH (primary on joint) MFT 30 TC 971 AC 102 to create TPH MFT 31 TC 971 AC 102 to create TPW MFT 31 TC 300 \$15,000.00 TC 320 \$3,000.00 TC 971 AC 185 points to TPH MFT 31; MMA = 10,000 TC 971 AC 184 points to TPW MFT 31; MMA = 10,000 TC 971 AC 184 points to TP3 MFT 31; MMA = 10,000 TC 971 AC 183 points to TPH MFT 31; MMA = 3,000</p>		<p>TP3 MFT 30 No RBA transactions needed</p>
<p>TPH MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 320 \$3,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 188 points to TPW MFT 31; MMA = 10,000</p>	<p>TPW MFT 31 TC 971 AC 102 generated from TPH MFT 30 TC 290 \$10,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 188 points to TPH MFT 31; MMA = 10,000</p>	<p>TP3 MFT 31 Account created via MFREQ; TC 971 AC 102 entered onto MFT 31 module TC 290 \$10,000.00 TC 971 AC 184 points to TPH MFT 30; MMA = 10,000 TC 971 AC 189 points to TPH MFT 31; MMA = 10,000</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

TC 971 AC 188 points to TP3 MFT 31; MMA = 10,000 TC 971 AC 182 points to TPH MFT 30; MMA = 3,000	TC 971 AC 188 points to TP3 MFT 31; MMA = 10,000	TC 971 AC 189 points to TPW MFT 31; MMA = 10,000
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Example 20

Joint and Several Liability with Defendant #1 – Primary (TP1) and Defendant #2 (TP2) - Duplicate J&S RBA only

J&S restitution for TP1 totaling \$15,000 based on TP1's F1040 of \$10,000 and TP2's F1040 of \$5,000

J&S restitution for TP2 totaling \$5,000 based on TP2's F1040 totaling \$5,000

TP1 MFT 30 TC 971 AC 102 to create MFT 31 TC 971 AC 180 to point to TP1 MFT 31 MMA = 0	TP2 MFT 30 TC 971 AC 102 to create MFT 31 TC 971 AC 180 to point to TP2 MFT 31 MMA = 0 TC 971 AC 180 to point to TP1 MFT 31 MMA = 0
TP1 MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$15,000.00 TC 971 AC 181 to point to TP1 MFT 30 MMA = 0 TC 971 AC 181 to point to TP2 MFT 30 MMA = 0 TC 971 AC 189 to point to TP2 MFT 31 MMA = 5,000	TP2 MFT 31 TC 971 AC 102 generated from MFT 30 TC 290 \$5,000.00 TC 971 AC 181 to point to TP2 MFT 30 MMA = 0 TC 971 AC 188 to point to TP1 MFT 31 MMA = 5,000

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 21

Joint and Several Liability with Defendant #1 – Primary (TP1) and Defendant #2 (TP2) - Duplicate J&S RBA and civil assessments

J&S restitution for TP1 totaling \$15,000 based on TP1's F1040 of \$10,000 and TP2's F1040 of \$5,000

J&S restitution for TP2 totaling \$5,000 based on TP2's F1040 totaling \$5,000

<p>TP1 MFT 30 TC 971 AC 102 to create MFT 31</p> <p>TC 300 \$10,000.00</p> <p>TC 971 AC 184 to point to TP1 MFT 31 MMA = 10,000</p>	<p>TP2 MFT 30 TC 971 AC 102 to create MFT 31</p> <p>TC 290 \$5,000.00</p> <p>TC 971 AC 184 to point to TP2 MFT 31 MMA = 5,000 TC 971 AC 184 to point to TP1 MFT 31 MMA = 5,000</p>
<p>TP1 MFT 31 TC 971 AC 102 generated from MFT 30</p> <p>TC 290 \$15,000.00</p> <p>TC 971 AC 185 to point to TP1 MFT 30 MMA = 10,000 TC 971 AC 184 to point to TP2 MFT 30 MMA = 5,000 TC 971 AC 189 to point to TP2 MFT 31 MMA = 5,000</p>	<p>TP2 MFT 31 TC 971 AC 102 generated from MFT 30</p> <p>TC 290 \$5,000.00</p> <p>TC 971 AC 185 to point to TP2 MFT 30 MMA = 5,000 TC 971 AC 188 to point to TP1 MFT 31 MMA = 5,000</p>

Exhibit 9 – IMF TC 971 Definitions and Examples @ 6.30.14

**TC 971 Action Codes with IMF Linkage Examples
@ 6/30/2014**

Example 22

Joint and Several Liability with Defendant #1 – Primary (TP1) and Defendant #2 (TP2) - Duplicate J&S RBA only and Civil Assessment on TP1 only

J&S restitution for TP1 totaling \$15,000 based on TP1's F1040 of \$10,000 and TP2's F1040 of \$5,000

J&S restitution for TP2 totaling \$5,000 based on TP2's F1040 totaling \$5,000

<p>TP1 MFT 30 TC 971 AC 102 to create MFT 31</p> <p>TC 300 \$10,000.00</p> <p>TC 971 AC 184 to point to TP1 MFT 31 MMA = 10,000</p>	<p>TP2 MFT 30</p> <p>TC 971 AC 180 to point to TP2 MFT 31 MMA = 0</p>
<p>TP1 MFT 31 TC 971 AC 102 generated from MFT 30</p> <p>TC 290 \$15,000.00</p> <p>TC 971 AC 185 to point to TP1 MFT 30 MMA = 10,000</p> <p>TC 971 AC 189 to point to TP2 MFT 31 MMA = 5,000</p>	<p>TP2 MFT 31 TC 971 AC 102 generated from MFT 30</p> <p>TC 290 \$5,000.00</p> <p>TC 971 AC 181 to point to TP2 MFT 30 MMA = 0</p> <p>TC 971 AC 188 to point to TP1 MFT 31 MMA = 5,000</p>

Notice of Action for Entry on Master File

Initiator (Name, phone no., employee no.)		Date (mmddyyyy)	Taxpayer name		EIN or SSN		
					EP/ TEB Plan/ Report		
TRC	Explanation				Section	MFT Code	Taxable Period
130	Account frozen from refunding (See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)						
460	Extension of time for filing granted to (enter date) _____						
470	Taxpayer claim pending	Closing code (if applicable)		<input type="text"/>			
480	Offer in Compromise pending						
481	Offer in Compromise rejected						
482	Offer in Compromise withdrawn						
520	Account in suit	Closing code		<input type="text"/>			
530	TDA's changed to "Uncollectible Status"	Closing code		<input type="text"/>			
		Responsibility unit code		<input type="text"/>			
531	Uncollectible account changed to "TDA Status"						
550	Collection expiration date extended to (enter date) _____						
560	Assessment expiration date extended to (enter date) _____						
570	Additional liability pending						
<input type="text"/>	Other (specify) _____						

Notice of Action for Entry on Master File

Initiator (Name, phone no., employee no.)	Date (mmddyyyy)	Taxpayer name	EIN or SSN		
			EP/ TEB Plan/ Report		
TRC	Explanation		Section	MFT Code	Taxable Period
130	Account frozen from refunding (See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)				
460	Extension of time for filing granted to (enter date) _____				
470	Taxpayer claim pending	Closing code (if applicable) <input type="text"/>			
480	Offer in Compromise pending				
481	Offer in Compromise rejected				
482	Offer in Compromise withdrawn				
520	Account in suit	Closing code <input type="text"/>			
530	TDA's changed to "Uncollectible Status"	Closing code <input type="text"/>			
		Responsibility unit code <input type="text"/>			
531	Uncollectible account changed to "TDA Status"				
550	Collection expiration date extended to (enter date) _____				
560	Assessment expiration date extended to (enter date) _____				
570	Additional liability pending				
<input type="text"/>	Other (specify) _____				



**Department of the Treasury
Internal Revenue Service**

Date:

Taxpayer Identification Number:

Types(s) of tax:

Tax period(s):

Person to contact:

Contact telephone number:

Contact fax number:

Employee Identification Number:

Court case number:

Dear [Taxpayer]:

Why you are receiving this letter

We assess and collect criminal restitution payments that courts order you to pay. When we make an assessment, we must provide notice to you and request payment.

You must still pay the restitution payments directly to the court. They will send us those payments and we will apply your payment against the assessments made for the amount of criminal restitution. We only collect the amount due plus any accrued interest and penalty as shown below:

You have unpaid taxes for [list tax type/periods included in criminal restitution amount]

Amount due: [amount of criminal restitution assessment plus interest to date of notice]

The amount due is based on the amount of criminal restitution you were ordered to pay, or you agreed to pay, to the Internal Revenue Service, plus interest calculated up to the date of this notice.

Billing summary

Amount you owe: [criminal restitution amount]

Interest charges: [interest to date of notice]

Amount due by: [if amount due is less than \$100,000 the due date is 21 calendar days from the date of the letter; if the amount due equals or exceeds \$100,000, the due date is 10 business days from the date of the letter]

Interest charges

Interest is charged on unpaid amounts from the return due date until the tax is paid in full (Internal Revenue Code Section 6601). Even if the court waives interest under Title 18, Crimes and Criminal Procedures, you continue to accrue interest under Title 26, the Internal Revenue Code.

Description	Amount
Total interest	[interest to date of notice]

For a detailed calculation of your interest, call [phone number] .

Penalties

We're required by law to charge any applicable penalties.

Payment instructions

You must meet the court-ordered payment schedule. At any time, you may send in extra payments to reduce interest and penalty charges. Pay directly to the court and include a copy of this letter if you pay more than the required amount.

To avoid additional penalty and interest charges, you must pay the amount of \$ [total amount due plus interest] by [due date] .

Keep a copy of the check or other method of payment for your records.

Third party contacts

If we need to take action to collect unpaid taxes from you, we may need to contact other persons. While our practice is to deal directly with you or your authorized representative, we may need to speak with other persons if you are unable to provide necessary information or we need to verify information that you have provided. If we do contact other persons, we will only tell them limited information (such as your name) that is necessary to obtain or verify the information we need. You may request a list of the other persons that we contacted.

Additional information

If your current address has changed, you may visit www.irs.gov/taxtopics/tc157.html for information on how to update your address.

Please keep a copy of this letter in your permanent records.

If you have any questions regarding this letter, or wish to obtain a list of other persons contacted, please don't hesitate to contact the person listed at the top of this letter.

Thank you for your cooperation.

Sincerely,

[Name]
[Title]