

IRM PROCEDURAL UPDATE

DATE: 01/02/2015

NUMBER: SBSE-05-0115-0006

SUBJECT: Balance Due ACA Changes

AFFECTED IRM(s)/SUBSECTION(s): 5.19.1

IRM 5.19.1.1.3 Balance Due Outgoing Correspondence Guidelines, added note to paragraph (8).

8. The following information should be included in outgoing balance due correspondence addressing IA issues:
 - a. Cause and Cure,
 - b. Penalties and interest continue to accrue and how they are calculated,
 - c. The CSCO campus with jurisdiction mailing address on SERP under Who/Where tab, Collection Pmts/Add/Issues,
 - d. Check annotation,
 - e. Appropriate forms,
 - f. Any refunds due will be applied to the balance due until paid in full,
 - g. Envelopes,
 - h. Ensure payments are mailed ten days prior to the due date, and
 - i. User Fee and eligibility for reduction in User Fee.

EXCEPTION: A paragraph addressing eligibility for reduction in User Fee is not required when reinstating an IA, because there is no reduced reinstatement User Fee.

NOTE: If the IA will include Individual Shared Responsibility Payment (SRP) balances under the Affordable Care Act (ACA), include a paragraph that provides taxpayer information about their Individual SRP. See IRM 5.19.1.4.16.1, *Standalone SRP*.

IRM 5.19.1.1.6 Case Processing Authority Levels, added note to paragraph (1).

1. **Tolerance:** The following accounts may be closed as CNC (cc 09), tolerance without further action, where the aggregate unpaid balance, including accruals, is less than **#\$-----#**:
 - IMF (except MFT 55 — **#\$----#**)
 - BMF (except MFT 13 — **#\$-----#**)
 - NMF
 - IRAF

NOTE: If Individual SRPs are included with other MFT 30 or MFT 31 modules on an account that meets tolerance criteria, close all modules as CNC (cc 09).

IRM 5.19.1.3.4.2 Obtain and Verify Levy Sources, added new bullet under paragraph (2).

2. Employees are **not** required to obtain or verify levy sources on the following:
- TDI only cases (ST 02 or 03).
 - ST 12 cases.
 - On any account where ACSWeb, AMS or CC ENMOD indicate levy sources were confirmed or updated within the last three months or 13 cycles.
 - On any cases where the total accrued balance is below deferral.
 - An adjustment to the account will resolve the balance due, or other action will resolve the balance due within the same day.

EXAMPLE: A misapplied payment located or an on-line adjustment.

- ST 26: Assigned to an RO. See IRM 5.19.1.3.1(7), *Account Actions on Referral/Redirects*.
- When transferring the call to ACS or an NSIA site.

EXCEPTION: AM phone assistors are **only** required to secure or verify levy sources when working the NSIA application.

- Accounts that are in ST 53, or requests for CNC accompanied with Form 433–F, *Collection/Information Statement*.
- ST 60 cases or IA request correspondence (e.g., Form 433–D, *Installment Agreement*, Form 9465, *Installment Agreement Request*).

NOTE: This includes **Field Assistance TAC** employees when contact is **solely** for the purpose of hand delivering a payment and the account is in ST 60.

- ST 71 cases, or OIC correspondence requests accompanied with Form 656, *Offer in Compromise*.

EXCEPTION: If the account includes modules in ST 71 **and** modules in other statuses, then employees **are** required to obtain or verify levy sources (if no other conditions in paragraph (2) are met).

- ST 72 cases, bankruptcy only, unless modules in other statuses are present.
- Standalone Individual SRP. See IRM 5.19.1.4.16.1, *Standalone SRP*.

IRM 5.19.1.4.3.1 Deceased Taxpayer- Balance Due Actions, added note under paragraph (6).

6. **When the primary taxpayer is deceased**, regardless of the balance owed, if neither the surviving liable party nor the estate show payment ability, input of TC 530 cc 08 will generate a TC 540 systemically on the account.

If the account is in ST 22, send the case:

If ...	Then ...
If the AAB (CC SUMRY) due is less than # \$----- ----#,	<ul style="list-style-type: none"> a. Input TC 530 cc 08 using CC REQ77 /CC FRM77 on each module with a balance due. b. Input: <ul style="list-style-type: none"> ▪ ACS: "TOC0,21,CNC". ▪ ACSS: "TOS0,21,CNC" c. Document AMS.
If the AAB (CC SUMRY) due is # \$--- -----#,	<ul style="list-style-type: none"> a. Request managerial approval: <ul style="list-style-type: none"> ▪ ACS: "TOC0,05,NC08" ▪ ACSS: "TOS0,05,NC08" b. Document AMS. c. The manager should confirm that required actions in IRM 5.19.1.4.3, <i>Deceased Taxpayers</i>, have been taken and documented in AMS, prior to approval of TC 530. Once confirmed, the manager should approve the closure by inputting "NC08,,53APP" on ACS. d. The manager should document their approval in AMS as well.

NOTE: If the decedent account includes Individual SRPs with other MFT 30 or MFT 31 modules, close all modules as CNC (cc 08).

NOTE: Decedent procedures apply to IMF, BMF sole proprietorship and BMF partnership accounts (only if all liable partners are deceased).

IRM 5.19.1.4.16 Affordable Care Act, insert new section.

1. Under the Affordable Care Act (ACA), the Federal government, state governments, insurers, employers and individuals are given shared responsibility to reform and improve the availability, quality and affordability of health insurance coverage in the United States.
2. Starting in 2014, the individual shared responsibility provision calls for each individual to have minimum essential health coverage (known as minimum

- essential coverage (MEC)) for each month, qualify for a coverage exemption, or make a shared responsibility payment (SRP) when filing their Federal income tax return.
3. The amount of any payment owed takes into account the number of months in a given year an individual is without minimum essential coverage or a coverage exemption from the responsibility to maintain MEC.
 4. The IMF for the individual SRP is MFT 35. The Tax Class is 2 and the File Source is 1.
 5. The individual SRP amount owed is **not** subject to:
 - o Penalties,
 - o Levies, or
 - o The filing of an NFTL.

However, interest will continue to accrue until the total SRP is paid. The Service may offset federal tax refunds to the SRP amount until it is paid in full.

IRM 5.19.1.4.16.1 Standalone SRP, insert new section.

1. A standalone SRP occurs when a balance due is created on a module with MFT 35 File Source 1 (SRP 5000A) and there is no other:
 - o Balance due module with a different MFT in ST 22, ST 24, or ST 26, or
 - o TDI module in ST 03.

If an additional SRP balance due occurs in a subsequent year, but there are no other modules with a different MFT, it is (they are) still considered a standalone SRP.

2. Standalone SRP modules will be subject to a recess. This means that routine collection activities will temporarily halt. See IRM 5.19.17.1.1.12, *Recessed Individual SRP Modules*.

IRM 5.19.1.5.4.12.1 Front End Mirror Assessments Process for IA and CNC Closures, insert new paragraph (3)(I).

3. If any of the following conditions exist, the account **cannot** be referred for "mirroring":
 - a. Requesting taxpayer is not compliant (See IRM 5.19.1.3.4.1, *Full Compliance Check*, and IRM 5.19.2, *Return Delinquency*).

NOTE: Compliance check should be made and documented when considering an IA or CNC hardship case. Follow procedures in IRM 5.19.1.3.4.1, *Full Compliance Check*, and IRM 5.19.2, *Return Delinquency*, if there are any unfiled returns.

- b. There is a credit balance on the module to be "mirrored".
- c. NC is not the same as on CC INOLE S (the IMF NC must match SSA's NC).
- d. Either SSN begins with a nine (9) (Temporary SSN).
- e. Currently in Bankruptcy.
- f. International Entities.
- g. Invalid Secondary SSN or TIN (TIN with an *).
- h. Either spouse is deceased.
- i. Innocent Spouse.
- j. CSED Imminent Modules (CSED has 12 months or less remaining on the statute).
- k. Status 71 (-Y Freeze).
- l. If the account includes one or more Individual SRP modules (MFT 35).

NOTE: See SERP, Who/Where tab; "Mirrored Assessments" (http://serp.enterprise.irs.gov/databases/who-where.dr/addresses.dr/mirrored_assessments.htm).

NOTE: CNC accounts cannot be manually monitored. If the account meets CNC criteria, document AMS history with this information and process the account according to IRM 5.19.1.1.6(4), *Case Processing Authority Levels*.

ACS/ACSS only: Flag the associated levy sources for the *requesting spouse* as "Info Only".

Non ACS: Document AMS History with levy sources for the requesting spouse.

Once you verify that none of the disqualifying account conditions are present, follow the appropriate IRMs: IRM 5.19.1.5.4, *IAs*, or IRM 5.19.1.1.6(4), *Case Processing Authority Levels*, when determining whether an IA or CNC is the appropriate closing action.

If Managerial Approval is required refer to the following IRMs: IRM 5.19.1.5.4.8, *IA Managerial Approval*, for IA and IRM 5.19.17.1.1.9, *CNC Managerial Approval*, for CNC approval guidelines.

IRM 5.19.1.5.4.19 MMIA's, Insert new paragraph (2)(l).

- 2. The types of IAs listed below must be manually monitored ensuring compliance with the terms of the IA:
 - a. IAs calling for variable amounts.

EXAMPLE: A taxpayer with seasonal income and payment amounts vary from season to season.

- b. IAs secured from more than one person at different addresses paying on the same liability.
- c. IAs secured from the secondary taxpayer only.

NOTE: If the secondary taxpayer has a joint and individual tax liability, follow procedures for both primary and secondary taxpayer in paragraph (4) below.

- d. A balance due on a joint liability, but the primary taxpayer is deceased and has open TDI modules which cannot be resolved.

NOTE: Establish as an MMIA on the secondary taxpayer SSN if in filing compliance; for disposition of TDI module on a deceased taxpayer's account. See IRM 5.19.2.5.4.5.6, IMF Response Taxpayer Deceased.

- e. IAs on a joint liability from both taxpayers, but one taxpayer has a return delinquency; when establishing as an MMIA: IRM 5.19.1.5.4.4, *IMF/BMF Related Accounts*.
- f. Payments at irregular intervals.
- g. IAs containing both MF and NMF accounts.
- h. NMF accounts.
- i. The IA has related modules in Bankruptcy (ST 72). IRM 5.19.1.4.2, *Insolvency Issues*.
- j. IAs from the requesting spouse when there is an unresolved Innocent Spouse claim filed TC 971 AC 065 on the module; establish as an MMIA and do not include modules with unreversed TC 971 AC 065 in the IA. IRM 5.19.1.5.4.12(3), *Innocent Spouse — IA Request*.
- k. A balance due on a joint liability where one taxpayer is collectible and the other taxpayer is CNC and the NCs are different.
- l. The taxpayer requests separate treatment from their spouse and the account includes one or more Individual SRP modules (MFT 35).

IRM 5.19.1.5.4.26 IA Considerations for Individual SRP Modules, insert new section.

1. Include Individual SRP modules (MFT 35) in new or Pending IAs, subject to the following guidelines:
 - o If TP has an existing/agreed IA, then a new Individual SRP module is considered a standalone that can be included in the IA and will not default the IA.
 - o If taxpayer responds to a notice on a subsequent MFT 35, the service employee can add the new period into an existing installment agreement **without** additional fees.
 - o If the taxpayer does not want the new Individual SRP module added to the existing IA, then the Individual SRP module will be moved to

recess (TC 530 cc 35). This will happen systemically if no action is taken, and the case will not be assigned to ACS or Field Collection.

NOTE: The case will continue to be subject to refund offset if the taxpayer does not request to have the MFT 35 included in the IA.

NOTE: A subsequent MFT 35 **will not** default an existing IA.

REMINDER: **Do not** take any action standalone Individual SRP module. The module will be recessed systemically.

- If IA defaults for another reason, such as insufficient payments, it will only be reinstated if **all** modules, including any subsequent MFT 35 modules, are included.
- Streamlined PDIA's and DDIA's - Add all open Individual SRP modules original IA's. However, if the taxpayer wants to add a subsequent MFT 35 to an existing IA and it no longer meets SIA criteria, ask for a financial statement. If they do not respond, the existing IA will stay in place and standalone MFT 35 will be recessed.
- If the IA is a DDIA, the taxpayer must provide a new signed Form 9465, *Installment Agreement Request*, or Form 433-D, *Installment Agreement*, to include the MFT 35 in the agreement, **if** they are increasing the payment amount. If the taxpayer does not respond, the existing IA will stay in place and standalone MFT 35 will be recessed.
- If the IA is a PDIA, a new Form 2159, *Payroll Deduction Agreement*, is not needed. A Letter 2571C, *To Employer: Discontinue/Adjust Payroll Deduction*, should be sent to the employer informing them of the new balance.
- All current procedures for revising IA's will be followed. See IRM 5.19.1.5.4.22, *Revision/Reinstatement of IA's*.

IRM 5.19.1.5.4.26.1 CSCO IA Considerations for Individual SRP Modules, insert new section.

1. If there is an existing IA, and the taxpayer has a new liability for MFT 35 only, follow the procedures below to include the MFT 35 module(s). The taxpayer's request may be received on:
 - Form 9465, *Installment Agreement Request*,
 - Form 433-D, *Installment Agreement*, or
 - Correspondence.
2. If the taxpayer's request shows the Individual SRP liability (MFT 35), and:
 - a. The proposal meets SIA \$25,000 and under criteria (See IRM 5.19.1.5.4(9), *IA's*), input the IA.
 - b. The proposal meets SIA over \$25,000 criteria, follow instructions in IRM 5.19.1.5.4.25, *SIAs Over \$25,000*.
 - c. The proposal does not meet SIA criteria, request financial information.

- If the taxpayer provides financial information, process per IRM 5.19.13, *Campus Procedures for Securing Financial Information*.
 - If the taxpayer does not provide financial information, **do not** default existing IA. The MFT 35 module(s) will be systemically recessed (TC 530 cc 35).
- 3. If the taxpayer's request **does not** show the Individual SRP liability, ask the taxpayer (via phone contact or correspondence) if they want to include the SRP and suspend case.

REMINDER: If adding the SRP causes the existing IA to no longer meet SIA criteria, also request financial information.

- a. If the taxpayer responds, agreeing to include the SRP in the IA, process per paragraph (2) above.
 - b. If the taxpayer responds, stating that they do not agree to include the SRP in the IA, **do not** default the existing IA. The MFT 35 module(s) will be systemically recessed (TC 530 cc 35).
- 4. SIAs over \$25,000 **must** be either a DDIA or a PDIA. See IRM 5.19.1.5.4.25, *SIAs Over \$25,000*.
 - a. If the IA is a DDIA, the taxpayer must provide a new signed Form 9465, *Installment Agreement Request* or Form 433–D, *Installment Agreement*, to include the SRP in the agreement, **if** they are increasing the payment amount. If the taxpayer does not respond, the existing IA will stay in place and standalone MFT 35 will be recessed.
 - b. If the IA is a PDIA, then current procedures apply if adding a new MFT 35 to an existing agreement. A new Form 2159, *Payroll Deduction Agreement*, is not needed. A Letter 2571C, *To Employer: Discontinue/Adjust Payroll Deduction*, should be sent to the employer informing them of the new balance.
 - c. If the taxpayer's balance now exceeds \$50,000, ask if they can make a VLSP to meet SIA criteria. See IRM 5.19.1.5.4.24, *VLSP*, and IRM 5.19.1.5.4.25, *SIAs Over \$25,000*.
 - If a VLSP is received, the payment is applied to the earliest outstanding period, unless designated to MFT 35.
 - d. If the taxpayer does not meet SIA criteria, follow IRM 5.19.13, *Campus Procedures for Securing Financial Information*.

IRM 5.19.1.6, Warning of Enforcement Action and Enforced Collection, insert exception after paragraph (1).

1. Warning of Enforcement Action (WEOA) is required on ST 22 accounts when the taxpayer is required to take some type of action. The warning should be

appropriate to the facts of the case. Ensure the taxpayer understands if they fail to perform the tasks as agreed, their noncompliance carries certain consequences.

EXAMPLE: Make payment/file by a certain date.

EXCEPTION: The individual SRP amount (MFT 35) owed is not subject to levies or the filing of an NFTL.