

IRM PROCEDURAL UPDATE

DATE: 03/19/2014

NUMBER: SBSE-05-0314-0518

SUBJECT: Balance Due

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

CHANGE(s):

IRM 5.19.1.5.4.22 Revision/Reinstatement of IAs, updated paragraph (1) to clarify taxpayer Appeal rights.

1. When an IA is defaulted by the taxpayer (ST 64), **CP 523, Installment Agreement Default Notice**, is issued to the taxpayer. This notice states the following:
 - The reason for the proposed termination of the IA.
 - The corrective action required to reinstate the IA.
 - This is our notice of intent to levy.
 - The taxpayer's right to appeal the termination within 60 days from the date of the notice. See IRM 5.19.8.4.16.4, *How Does the Taxpayer Appeal an IRS Action*.

NOTE: The taxpayer actually has the right to appeal the termination within 76 days from the date of the **CP 523, Installment Agreement Default Notice**. See IRM 5.19.8.4.16.5, *Appeals on Defaulted and Rejected Installment Agreements*.

- If they disagree with the proposed termination, the taxpayer has the right to request an appeal by completing Form 9423, *Collection Appeal Request*, or its equivalent. See IRM 5.19.8.4.16.6, *Sending Cases to Appeals*.
- If corrective action is not taken, the IA will be terminated 30 days from the date of the notice.
- No levy may be made during this 30-day period, plus 30 days thereafter. If the taxpayer timely appeals, no levy can be made during the appeal process.

NOTE: Refer to IRM 5.19.8, *Collection Appeals Rights*, for procedures related to an appeal of a terminated IA.

- The taxpayer is charged a user fee if the IA is reinstated. See IRM 5.19.1.5.4.6(4), *IA Payment Methods and User Fees (UF) Overview*, for a table of IA user fee rates.

- There is no low income reduction for reinstatement user fees.

IRM 5.19.1.5.4.24 VLSP, updated paragraphs (2) and (4).

2. Suspend the account to wait on the VLSP by entering:

Notice Status

- Input a CC STAUP to the next status for 6 cycles.
- Control account on IDRS.

ACS - "TOR6,XX,VLSP"

ACSS - "TOS5,XX,VLSP"

(XX = number of days for the VLSP to be received, plus 21)

3. Input TC 971 AC 043. See IRM 5.19.1.5.4.7, *Pending IA Criteria*.
4. Notate in AMS, the amount of the promised VLSP, the date the taxpayer promises to pay it and the terms and conditions of the IA (i.e., total tax liability, payment amount and payment dates, user fee; see IRM 5.19.1.5.4.1, *Determining Appropriate IA*, and IRM 5.19.1.5.4.17, *IA Terms and Conditions*) agreed to by the taxpayer and the CR if VLSP is received.

NOTE: Undesignated payments are normally applied to the oldest period(s) first. If the account includes balances for multiple periods, this may mean that part of the VLSP is applied to accrued interest and penalties. As a result, if the VLSP is being made to meet SIA criteria, it would not reduce the balance sufficiently. If this is a possible issue, advise the taxpayer to designate the payment to ensure it is applied to assessed amounts only. Document AMS to show that this was discussed.

IRM 5.19.1.5.4.25 SIAs Over \$25,000, updated table in paragraph (3).

3. Encourage the taxpayer to make a VLSP to reduce the balance below \$25,000. However, SIAs over \$25,000 may **not** be granted where the first payment on the IA is a VLSP that is made to pay down the balance to meet the \$50,000 or less AAB (CC SUMRY balance) threshold. Taxpayers **must** meet the \$50,000 AAB (CC SUMRY balance) threshold at the time the SIA over \$25,000 is granted. However, taxpayers with a liability greater than \$50,000 can be considered for a SIA over \$25,000 **if** they pay down the liability to \$50,000 or less **prior** to the IA being granted. Use the following If/And/Then chart:

If ...	And ...	Then ...
The AAB (CC SUMRY balance) exceeds \$25,000,	<p>The taxpayer agrees to make a VLSP to reduce the balance to meet SIA \$25,000 and under criteria:</p> <ol style="list-style-type: none"> 1. The AAB (CC SUMRY balance) must be reduced to \$25,000 or under; and <ul style="list-style-type: none"> o The AAB will be fully paid in 72 month s, or o The agree ment will be fully paid prior to the CSED, <p>whichever comes first.</p> <p>NOTE: This must be</p>	<ol style="list-style-type: none"> 1. A SIA \$25,000 and under can be granted per procedures in IRM 5.19.1.5.4.1(3), <i>Determining Appropriate IA</i>, and IRM 5.19.1.5.4.24, <i>VLSP</i>. 2. Document the results in AMS.

	verified by the Decision IA tool.	
The AAB (CC SUMRY balance) is between \$25,001 and \$50,000,	<p>The taxpayer does not agree to make a VLSP to bring the AAB (CC SUMRY balance) to \$25,000 or less,</p>	<p>a. The account does not meet SIA \$25,000 and under criteria. Consider whether the taxpayer meets SIA over \$25,000 criteria.</p> <ol style="list-style-type: none"> 1. Determine if: <ul style="list-style-type: none"> ▪ The AAB (CC SUMRY balance) will be fully paid in 72 months, or ▪ The agreement will be fully paid prior to the CSED, whichever comes first. <p>NOTE: This must be verified by the Decision IA tool.</p> <ol style="list-style-type: none"> 2. Explain SIA over \$25,000 requirements (including authorizing a DDIA or PDIA) to the taxpayer. If applicable, explain that a SIA over \$25,000 will help them avoid a NFLT. b. If the taxpayer meets SIA over \$25,000 criteria, follow instructions in paragraph (5). c. If: <ul style="list-style-type: none"> ▪ The taxpayer's proposed monthly payment will not full pay the AAB (CC SUMRY balance) within 72 months, ▪ The taxpayer's proposed monthly payment will not full pay the liability within the CSED, OR ▪ The taxpayer does not agree to enter into a DDIA or PDIA, then inform the taxpayer that they do not

		<p>meet SIA over \$25,000 criteria.</p> <p>d. If speaking with the taxpayer, inform them that their IA request cannot be processed. Ask them to provide a full financial statement.</p> <ul style="list-style-type: none"> ▪ If you cannot secure any financial information immediately (verbally or by fax during the phone contact) (including working correspondence), set a deadline for the taxpayer to provide the necessary financial information. See instructions in IRM 5.19.1.5.4.1(3), <i>Determining Appropriate IA</i>. <p>e. If the taxpayer provides financial information, analyze it and determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See:</p> <p style="padding-left: 20px;">IRM 5.19.1.6, <i>Securing Financial Information</i>,</p> <p style="padding-left: 20px;">IRM 5.19.1.5.4(11), <i>IAs</i>,</p> <p style="padding-left: 20px;">IRM 5.19.1.5.5, <i>PPIA</i>, or</p> <p style="padding-left: 20px;">IRM 5.19.1.7.1, <i>CNC Policy and Overview</i>, as appropriate.</p> <p>f. If pending IA criteria is met, input TC 971 AC 043 to all balance due modules to be included in the IA. See IRM 5.19.1.5.4.7, <i>Pending IA Criteria</i>.</p> <p>g. If Decision IA shows:</p> <ul style="list-style-type: none"> ▪ The AAB (CC SUMRY balance) will be fully paid in 72 months, or ▪ The agreement will be fully paid prior to the CSED, <p style="text-align: center;">whichever comes first, AND the taxpayer agrees to a DDIA or PDIA, follow the procedures in paragraph (5) below.</p> <p>h. Document the results in AMS.</p>
The AAB (CC)	The taxpayer agrees to make a	<p>a. Consider whether the taxpayer meets SIA over \$25,000 criteria.</p>

<p>SUMRY balance) exceeds \$50,000,</p>	<p>VLSP to bring the AAB (CC SUMRY balance) to \$50,000 or less,</p>	<p>i. Determine if:</p> <ul style="list-style-type: none"> ▪ The AAB (CC SUMRY) will be fully paid in 72 months, or ▪ The agreement will be fully paid prior to the CSED, <p>whichever comes first.</p> <p>NOTE: This must be verified by the Decision IA tool.</p> <p>ii. Explain SIA over \$25,000 requirements (including authorizing a DDIA or PDIA) to the taxpayer. If applicable, explain that a SIA over \$25,000 will help them avoid a NFLT.</p> <p>b. If the taxpayer meets SIA over \$25,000 criteria, follow instructions in paragraph (5).</p> <p>c. If:</p> <ul style="list-style-type: none"> ▪ The taxpayer's proposed monthly payment will not full pay the AAB (CC SUMRY balance) within 72 months, ▪ The taxpayer's proposed monthly payment will not full pay the liability within the CSED, OR ▪ The taxpayer does not agree to enter into a DDIA or PDIA, <p>then inform the taxpayer that they do not meet SIA over \$25,000 criteria.</p> <p>d. If speaking with the taxpayer, inform them that their IA request cannot be processed. Ask them to provide a full financial statement.</p>
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		<ul style="list-style-type: none"> ○ If you cannot secure any financial information immediately (verbally or by fax during the phone contact) (including working correspondence), set a deadline for the taxpayer to provide the necessary financial information. See instructions in IRM 5.19.1.5.4.1(3), <i>Determining Appropriate IA</i>. <p>e. If the taxpayer provides financial information, analyze it and determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See: IRM 5.19.1.6, <i>Securing Financial Information</i>, IRM 5.19.1.5.4(11), <i>IAs</i>, IRM 5.19.1.5.5, <i>PPIA</i>, or IRM 5.19.1.7.1, <i>CNC Policy and Overview</i>, as appropriate.</p> <p>f. If pending IA criteria is met, input TC 971 AC 043 to all balance due modules to be included in the IA. See IRM 5.19.1.5.4.7, <i>Pending IA Criteria</i>.</p> <p>g. If Decision IA shows:</p> <ul style="list-style-type: none"> ○ The AAB (CC SUMRY) will be fully paid in 72 months, or ○ The agreement will be fully paid prior to the CSED, <p>whichever comes first, AND the taxpayer agrees to a DDIA or PDIA, set a deadline for them to make the agreed down payment. Advise them to provide a completed, signed Form 433-D, <i>Installment Agreement</i>, or Form 9465, <i>Installment Agreement Request</i>, or Form 2159, <i>Payroll Deduction Agreement</i>, with their payment.</p> <p>h. If the case is in Notice Status, Input "50KPND" in AMS comments. Input CC STAUP 2209 and establish a control on</p>
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		<p>IDRS.</p> <p>If the case is in ST 22, ACS: "TOR6,60,50VLSP" ACSS: "TOS5,60,50VLSP" and establish a control on IDRS.</p> <ul style="list-style-type: none"> i. Follow the procedures in paragraph (5) below. j. Document the results in AMS.
The AAB (CC SUMRY balance) exceeds \$50,000,	The taxpayer does not agree to make a VLSP to bring the AAB (CC SUMRY balance) to \$50,000 or less,	<ul style="list-style-type: none"> a. Inform the taxpayer that they do not meet SIA over \$25,000 criteria. b. If speaking with the taxpayer, inform them that their IA request cannot be processed. Ask them to provide a full financial statement. <ul style="list-style-type: none"> o If you cannot secure any financial information immediately (verbally or by fax during the phone contact) (including working correspondence), set a deadline for the taxpayer to provide the necessary financial information. See instructions in IRM 5.19.1.5.4.1(3), <i>Determining Appropriate IA</i>. c. If the taxpayer provides financial information, analyze it and determine whether the taxpayer meets Regular IA, PPIA or CNC criteria according to the financial statement results. See: <i>IRM 5.19.1.6, Securing Financial Information.</i> <i>IRM 5.19.1.5.4(11), IAs,</i> <i>IRM 5.19.1.5.5, PPIA, or</i> <i>IRM 5.19.1.7.1, CNC Policy and Overview</i>, as appropriate. d. If pending IA criteria is met, input TC 971 AC 043 to all balance due modules to be included in the IA. See <i>IRM 5.19.1.5.4.7, Pending IA Criteria</i>. e. Document the results on AMS.

IRM 5.19.1.10.6 Revising DDIs, deleted paragraph (5). Renumbered remaining paragraphs accordingly.

1. CSCO receives signed requests to change the:
 - o Bank information.
 - o Payment due date.
 - o Payment amount.
2. For signature requirements:

IRM 5.19.1.10.4, Perfecting DDIs.

3. Requests for a change in the payment date or payment amount **ONLY** do not require a signature.
4. If it meets criteria for revising an DDI, check CC IADIS to determine the campus jurisdiction for input; for revision criteria and procedures:

IRM 5.19.1.5.4.22, Revise/Reinstatement of IAs.

5. By law, DDI documents must be retained on file until the DDI is no longer in effect. These documents are also used to perfect the DDI if the account displays on one of the EFT error listings, which are worked in CSCO.
6. Check CC EFTAD to see if the taxpayer's scheduled payment is present; follow the chart below to update the account:

If ...	Then ...
The payment request status is displayed on CC EFTAD is "[]"	Use CC EFTOF to turn it off.
A payment amount or date change is needed	Use CC IAREV, cycle date to next month and send the taxpayer a letter advising them of the change. Advise the taxpayer of their first payment date.
The payment request status is NOT displayed (no brackets)	<ol style="list-style-type: none">1. No action is required other than revising the DDI.2. Use CC IAGRE to revise the payment terms of the DDI, ensure the cycle is moved to the next month to ensure the DDI continues timely.
The payment request status displayed on CC EFTAD is "[A]"	<ol style="list-style-type: none">1. It is too late to change the payment request.2. Notify the taxpayer the requested changes will be made for the following month, ensure cycles are set for the next month. Advise the taxpayer of their next payment

	<p>date.</p> <ol style="list-style-type: none"> 3. Ensure the skip indicator is on to prevent the account from defaulting.
The taxpayer notifies us of a change in bank account data; routing and or account number	<ol style="list-style-type: none"> 1. Revise the DDIA using CC IAGRE and CC EFTNT F. 2. The DDIA payment must be cycled at least four (4) weeks from the input date. 3. Send Letter 1962C, <i>Direct Debit Installment Agreement (Form 433-D) Granted/Revised</i>. Advise the taxpayer of their first payment date under the revised DDIA.

7. On modifications, a red "M" must be annotated with the DDIA input date in red in the upper right hand corner. These documents will then be treated in the same manner as the original DDIA documents and be retired to FRC after 60 days (or when no longer needed). See IRM 5.19.1.10(6), *DDIA Monitoring Procedures – CSCO Processing*.

NOTE: DDIA modifications will no longer be associated with the original DDIA input document.