IRM PROCEDURAL UPDATE

DATE: 08/20/2015

NUMBER: SBSE-05-0815-1325

SUBJECT: Various Changes for Financial Analysis

AFFECTED IRM(s)/SUBSECTION(s): 5.19.13

CHANGE(s):

IRM 5.19.13.1(12) Securing Financial Information, changed number of call attempts required from two(2) calls to one(1) call and clarified contact information in Note

IRM 5.19.13.1(12) Securing Financial Information, revised Note after "If and Then" chart

12. For paper case processing, immediately associate taxpayer responses with the suspended case and resolve. If unable to resolve, do the following:

If ...	Then ...
ACSS,	a. Attempt **one outcall** to all available numbers, e.g., home, business, and/or cell to obtain missing or needed information (i.e., substantiation). If unable to reach the taxpayer (even if a message is left on an answering machine), make the request in writing. Document AMS of call results.
	b. If a letter is sent to the taxpayer requesting the information – allow 30 days from the date of the letter for the taxpayer to respond from the date the letter was input for issuance. Update current AMS control to "S" status with follow-up for 45 days then suspend case. Suspend the case on ACS for the appropriate number of cycles; Input "TOS5,XX,IAPND" (XX = the number of days the case will be in suspense (45))
	c. If the taxpayer does not respond by the end of the suspense period of 45 days, follow instructions in paragraph (13) below.

CSCO,	a. Attempt **one outcall** to all available numbers, e.g., home business, and/or cell to obtain missing or needed information (i.e., substantiation). If unable to reach the taxpayer (even if a message is left on an answering machine), make the request in writing. Document AMS of call results.
	b. If a letter is sent to the taxpayer requesting the information – provide 30 days from the date of the letter as a deadline for the taxpayer to respond.
	c. Update current AMS control to "S" status with follow-up for 45 days then suspend case.
	NOTE: A manual CC STAUP is not normally required; AMS is programmed to take the appropriate action(s).
	d. If the taxpayer does not respond by the end of the suspense period, follow instructions in paragraph (13) below.
CSCO NSIA (Andover)	When information is sent to you by the taxpayer, control the case under 61191.

NOTE: When corresponding with the taxpayer, provide a contact name, hours of operation, return address, and a telephone number for contact. Leave AMS history regarding the information/substantiation requested and why the information has been requested, IRM 5.19.1.5.4.7, *Pending IA Criteria.* ACSS employees should provide your contact information when available or your team's contact information.

NOTE: CSCO and ACSS employees receiving information requested during a toll-free contact should complete the financial analysis. Do not forward the information to the toll-free employee in ACS or AM who worked with the taxpayer while on a call. **Only** CSCO, ACSS and CSCO NSIA employees control and work financial cases to resolution.

IRM 5.19.13.1.5(2) Full Payment in Six (6) Years (6 Year Rule, added reference to IAT Compliance Suite Payment Calculator

2. Use IAT Compliance Suite Payment Calculator, IDRS CC ICOMP F or Decision IA to compute the projected accruals to ensure the six (6) year rule is met and the liability will be full paid within the CSED.

Exhibit 5.19.13-3 AMS Financial Statement Processing, added references to IAT Compliance Suite Payment Calculator

Highlights of AMS Financial statement processing functionality enhancements available January 5, 2009.

The **ENTITY** screen provides the following functionality:

- Completes systemic generation of a history item indicating when the financial statement was originally created.
- Used to select what actions were taken when updating any financial information.
- Enter taxpayer's monthly IA proposal amount.
- Enter IRS suggested minimum monthly payment amount if SIA criteria is met.
- Input of comparable ZIP Code if the ZIP Code is not on file to generate appropriate allowable expenses.
- Will provide a message if the address is international and no standards will display.
- Input of "Action Items" providing history on the status of the financial statement

The **ACCOUNTS** screen provides the following functionality:

- Entry of whole dollar amounts.
- Input of bank, credit cards, lines of credit and other types of accounts.
- *Amount to Be Paid to IRS Now* field systemically generates to the SUMMARY under Ability to Pay.
- Text box to document justification for determinations made, pertinent statement processing information such as NFTL filing, or the reason items indicated by the complete input of the statement on AMS were not pursued.

The **REAL ESTATE** screen provides the following information and functionality as it relates to ownership of property:

- Current Value.
- Final payment date.
- Equity is systemically calculated based on current value and balance owed.
- If equity is determined, the SUBSTANTIATION screen will indicate a loan request is required.
- A check box for primary residence which meets the necessary expense test, if checked will generate to the EXPENSE screen. If a vacation home and the box is not checked the expense will move to *Other Expenses*.
- Text box to document taxpayer's ability to borrow or other pertinent information for future case actions or determinations.

The **ASSET** screen provides the following functionality:

- Equity calculation based on current value and balance owed.

- A check box when the first and second vehicle meets the necessary expense test, which will then generate to the EXPENSE screen under *Transportation*.
- Text box to document reasons for any actions taken as a result of the financial statement input on AMS, including requests to borrow or why the taxpayer cannot borrow.

The **CREDIT CARDS** screen contains the following:

- Includes major credit cards only
- When an amount is determined as *Paid to IRS Now*, it generates to the SUMMARY screen under *Ability to Pay*.

The **INCOME** screen provides the following functionality for calculation purposes:

- Length of employment.
- Annual wage income that can be verified through internal sources for each wage source.
- When non-wage information (Alimony, Child Support, Rental Income etc.) and how often paid is selected, AMS will compute the monthly, annual and total annual income.
- Available monthly income of the non-liable spouse.
- Discrepancy of #--#, IRM 5.19.1.5.5.1(1) a) through e), *PPIA Requirements*.
- Amount substantiated, which is generated from SUBSTANTIATION screen when substantiation has been received and what income information was accepted.
- Grand total of IRS recognized available monthly income, based on all income and expenses, which may determine CNC criteria.
- Text box to document explanation of income discrepancy or other pertinent case information.

The **EXPENSES** screen allows the following:

- Entering of actual amounts when the taxpayer indicates they do not expend more than the maximum allowable national standard.
- Shared expense check boxes for non-liable spouse consideration of expenses, percentages generate
- Amount substantiated generates to EXPENSES screen when substantiation is received and accepted on the SUBSTANTIATION screen.
- Transportation is separated into three sections to capture vehicle ownership, operating and public transportation costs.
- Generates maximum allowable expense for public transportation if the taxpayer does not own a vehicle.

  NOTE: Vehicle ownership costs generates from ASSET screen when vehicles meet necessary expense test box is checked.

- Utilities section lists what should be considered, including cell phones, cable television, real estate taxes and insurance when not entered on REAL ESTATE screen.
- Out of pocket health care includes prescription drugs, medical services such as doctor bills and co-pays, and medical supplies such as eyeglasses or contact lenses.
- Final payment date is provided for necessary/conditional expenses.
- Calculates taxpayer's percentage of household expenses when a non-liable spouse is involved, all unchecked items are allowed in full, checked items have percentage applied based upon input from the INCOME screen.
- IRS recognized amount field populates when amounts are greater than allowable standard and indicates when substantiation is required.

   NOTE: International cases that do not have allowable national standards will generate based upon the taxpayer's amount.

The **SUBSTANTIATION** screen (previously the Proof screen) includes the following added options:

- Application request date.
- Lender response date and options for loan request results.
- Other items previously input that require substantiation.
- Once substantiation is accepted the monthly allowable amount determined and entered into the substantiated column figures then generate to appropriate financial screens.

   NOTE: When an expense exceeds maximum allowable amount; all expenses considered reasonable; and the 1 or six (6) year rule apply, substantiation is not required. The SUBSTANTIATION screen will appear after the SUMMARY screen when the 1 or six (6) year rule apply.

The **SUMMARY** and **SUMMARY ABILITY TO MAKE PAYMENTS** screens include the following additions:

- Ability to pay is checked when AMS calculations determine funds are available to make lump sum payments.
- Ability to borrow is checked when AMS calculations determine there is sufficient equity to require an attempt to borrow.

   NOTE: Record the dollar amount being requested as a lump sum payment or amount of loan requested.

- The ABILITY TO MAKE MONTHLY PAYMENTS screen requires only one field be entered manually.

   NOTE: The amount is determined using IAT Compliance Suite Payment Calculator, Decision IA or CC ICOMP where the balance is paid in full, plus

accruals within six (6) years and within Collection Statute Expiration Date (CSED).

- Once the date is entered on the ABILITY TO MAKE MONTHLY PAYMENTS screen a qualifying statement generates; taxpayer meets six (6) year rule, taxpayer meets 1 year rule and the amount of the payment.

  NOTE: If one of the above applies, AMS will indicate to go to the SUBSTANTIATION screen to check of the 1 or six (6) year rule applied and no substantiation is required or if there are unreasonable expenses and substantiation is required.

- Generation of a qualifying statement appears when the grand total of available income, minus taxpayer expenses is less than IAT Compliance Suite Payment Calculator, Decision IA or CC ICOMP amount previously entered.
- The ability to increase payments data will systemically list, in date order, any expense where the payoff date was entered on EXPENSE screens.
- When considering the future payoff of an asset, consider the amount if the amount will be available in 12 months or less. Determine the number of months, plus one, and set the second IA amount to include the increased payment.

  NOTE: Only two payment increases are allowed which are determined by having one or two boxes checked under ABILITY TO INCREASE PAYMENTS list.

- CNC is systemically generated based on gross wages, plus other income is less than total allowable expenses plus any taxes from wages.
- IA with backup CNC is indicated by AMS and the taxpayer is requesting to make payments.
- Record **ALL** additional pertinent information utilized in making a final determination.