

IRM PROCEDURAL UPDATE

DATE: 12/24/2013

NUMBER: SBSE-05-1213-1809

SUBJECT: User Fee Changes

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

CHANGE(s):

IRM 5.19.1.5 Methods of Payment, updated paragraph (11) to reflect 1/1/2014 user fee rate change.

11. Explain the advantages of using electronic or payroll deduction payment options such as:
- Reduces the burden of mailing monthly payments,
 - Saves postage cost,
 - Ensures payments are received timely.

NOTE: The origination user fee is normally \$120. Taxpayers who enter into a DDIA are subject to a lower user fee of \$52.

IRM 5.19.1.5.4.6 IA Payment Methods and User Fees (UF) Overview, revised (4) to reflect 1/1/2014 user fee rate change. Inserted new paragraph (5) to show user fee designated payment codes. Renumbered remaining paragraphs accordingly. Updated renumbered paragraph (9) for clarity. Updated renumbered paragraph (14) for clarity.

4. The IA User Fee allows the IRS to recover costs of administering the IA program.

Current User Fee Rates:

From ...	Through ...	Current User Fee Rates ...
January 1, 2014,	Present,	<p>a. Origination User Fee:</p> <ul style="list-style-type: none">▪ Low Income - \$43 (see paragraph (13) below)▪ DDIA - \$52▪ All others - \$120 <p>b. Reinstatement/Restructuring User Fee:</p> <ul style="list-style-type: none">▪ All - \$50

NOTE: IDRS will systemically determine when the new rates apply based on when the IA is processed (or accepted). Ensure the appropriate IA Acceptance Date is entered when inputting the IA. Follow instructions in:

- Exhibit 5.19.1-8, *IDRS Input of IAs, CC IAORG*,
- Exhibit 5.19.1-9, *IDRS Input of IAs, CC IAREV*, or
- Exhibit 5.19.1-10, *IDRS Input of Pre-assessed IAs and Full Pay Agreements*.

Previous User Fee Rates:

From ...	Through ...	Previous User Fee Rates ...
January 1, 2007,	December 31, 2013,	a. Origination User Fee: <ul style="list-style-type: none"> ○ Low Income - \$43 (see paragraph (13) below) ○ DDIA - \$52 ○ All others - \$105 b. Reinstatement/Restructuring User Fee: <ul style="list-style-type: none"> ○ All - \$45
March 16, 1995,	December 31, 2006,	a. Origination User Fee: <ul style="list-style-type: none"> ○ All - \$43 b. Reinstatement/Restructuring User Fee: <ul style="list-style-type: none"> ○ All - \$24

5. Payment of an IA user fee posts to either MFT 13 (BMF) or MFT 55 (IMF). The user fee appears as a TC 360 and the payment as a TC 694. The Designated Payment Codes (DPCs) for the TC 694 are shown in the following table:

DPC	Definition 47
47	Installment Agreement Reduced Origination User Fee
48	Direct Debit Reduced Origination User Fee
49	Direct Debit Origination User Fee
50	Installment Agreement User Fee (initial origination User Fee)
51	Installment Agreement User Fee (reinstatement or restructure User Fee)

6. **The origination fee is established by regulation and cannot be waived for any reason for any IA. The reinstatement/revision fee can only be waived for those reasons cited in paragraph (10) below. Hardship criteria do not apply to the user fee.**
7. **The user fee is non-refundable** even if the taxpayer
 - Full pays the account prior to receiving their first **CP 521, *Installment Agreement Reminder Notice***.
 - The account is not immediately input on IDRS and not been updated to ST 60.
8. When the customer makes a payment all of the money will be applied to tax. The User Fee Sweep (described in paragraph (8) below) will credit the UF account if necessary.
9. The IA user fee Transfer Program sweeps all active IMF IAs, coded as "user fee due", and moves the money from the tax account to an accounting fund for IA user fee. The sweep is done weekly, beginning 4 weeks after a TC 670 has posted to the account. The payment is reversed on the tax module with a TC 672 (Saturday Julian date) in the DLN of the credit transfer, from "001" through "365".

EXCEPTION: If during the sweep there is not a sufficient amount of payment to cover the entire user fee amount, the user fee will not be taken at all during that sweep. (No partial amount will be taken).

10. See the table below for when to charge a user fee.

If ...	And ...	Then ...
The account is not in any ST 6X (IA status),	Intentionally left blank	An origination user fee must be charged and is never waived. Hardship is not considered a condition to waive the user fee.
The IA was terminated,	Intentionally left blank	An origination user fee must be charged.
The taxpayer requests to add another liability of more than \$200 to the IA,	The account balance is more than deferral ; for deferral levels, see IRM 5.19.1.1.6(2), <i>Case Processing Authority Levels</i> , OR It requires more than	A reinstatement user fee must be charged.

	two additional monthly payments to full pay the balance due,	
A reinstatement request on a defaulted IA, ST 61, 64 or, 48 with an immediate prior ST 64, with an account balance above deferral level, OR A revision to a current IA,	Unless otherwise specified in paragraph (10) below, NOTE: The account balance has no effect on whether or not you charge a user fee.	A reinstatement user fee must be charged.
The taxpayer requests to change the monthly payment amount,	A financial statement (CIS) is required; the IA no longer meets SIA criteria or the CSED is an issue,	A reinstatement user fee must be charged.

11. There are very few instances when a user fee is waived. The user fee cannot be waived based on an individual decision from an IRS employee. The fee must be charged on all IAs except instances cited in the table below. When waiving the fee, enter a narrative on AMS.

If ...	And ...	Then ...
The taxpayer requests to revise a payment date or a payment amount meeting SIA criteria; no CIS is required,	The account is in ST 60 or 63,	Waive the reinstatement user fee.
The taxpayer requests to add an additional liability to the IA,	The total aggregate unpaid balance of assessment (CC SUMRY), is less than deferral ; for deferral levels: see IRM 5.19.1.1.6(2), <i>Case Processing Authority Levels</i> ,	Waive the reinstatement user fee; the computer automatically includes these balances without defaulting the IA or charging a user fee if the taxpayer does not contact us.
The taxpayer requests to add an additional liability to the IA,	Full payment of the IA is only extended by two additional payments at the current monthly amount,	Waive the reinstatement user fee.

	OR The new balance due is \$200 or less,	
The IA was transferred from another campus due to an address and CLC code change,	Intentionally left blank	Waive the reinstatement user fee.
The taxpayer requests to full pay within 120 days; the taxpayer is not requesting to make monthly payments. This is not an IA; therefore, no user fee is charged,	Intentionally left blank	No fee is due, waive user fee <i>Exhibit 5.19.1-13, IA User Fee Codes.</i>
The IA was erroneously defaulted by IRS,	Intentionally left blank	Waive the reinstatement user fee.
The IA is reinstated after a bankruptcy is closed,	Intentionally left blank	Waive the reinstatement user fee.
The taxpayer had an IA established prior to entering a combat zone and now exited the combat zone,	Intentionally left blank	Waive the reinstatement user fee.
Converting a IA to a DDIA within six (6) months of the original IA,	Intentionally left blank	User fee will be reduced to \$52, see IRM 5.19.1.5.4.6.3, <i>User Fee Payment Transfer/User Fee Abatements</i> , and IRM 5.19.1.5.4.14, <i>DDIA</i> .

12. For IAs with effective dates after January 1, 2007, taxpayers may qualify for a reduced origination or DDIA user fee, if they qualify as low income. There is no reduced fee for reinstatement IA. As of January 2008, taxpayers meeting the established low income criteria are identified systemically and the account systemically adjusted.

NOTE: The customer can also file a Form 13844, *Application for Reduced User Fee for Installment Agreements*. If the customer's income has decreased significantly and has provided an explanation (i.e. unemployed, etc.), in any form

(correspondence, CIS etc.) and the income falls within the Federal Health & Human Services Guidelines (FHHS), we can allow the reduced User Fee. Follow financial analysis guidelines as in IRM 5.19.1.6, *Securing Financial Information*. These requests are all sent to: KCSC, PO Box 219236, Stop 5050, Kansas City, MO 64121-9236. KCSC CSCO will determine if the customer's TPI falls within the guidelines set by FHHS, set the RUFI Indicator to a 1. Consider all information that the taxpayer provides. If the standard User Fee has already been paid, take the necessary steps to credit excess money over \$43 back to the tax account. Notify the customer that he has qualified for the low income break and we have corrected his account. Send Letter 4212C, *Reduced Installment Agreement User Fee Acceptance*, and document AMS. If the customer does not fall within low income guidelines, deny his request and explain why he does not qualify. Send Letter 4213C, *Reduced Installment Agreement User Fee Rejected*, and document AMS with the reason for rejection. Updated low income guidelines can be found at: <http://aspe.hhs.gov/poverty/09poverty.shtml>. Action 61 Guidelines concerning control & monitoring apply to these requests and require comments be added to AMS.

13. User Fee discrepancies appear on the IAAL in CSCO; for additional information:

IRM 5.19.10.10.12, *IAAL Categories: "ORIGINATION FEE TRACKING", "REINSTATEMENT FEE TRACKING", and "DISHONORED CHECKS" (formerly "USER FEE ERROR LISTING")*.

14. These discrepancies are generally worked on the IAAL and are listed for accounts where there is:

- a. No IA
- b. User Fee Code inconsistent
- c. Duplicate original user fee
- d. Duplicate revision/reinstatement user fee

IRM 5.19.1.5.4.6.3 User Fee Payment Transfer/User Fee Abatements, updated paragraph (7)-(8) to reflect 1/1/2014 user fee rate change.

7. Modifications are necessary when a regular IA is converted to a DDIA within six (6) months of the original establishment of the IA.

NOTE: The original user fee of \$120 fee is reduced to \$52 for a DDIA.

NOTE: Through December 31, 2013, the origination user fee was \$105. If an origination user fee of \$105 was paid and the taxpayer requests conversion to a DDIA within six (6) months, then the origination user fee is reduced from \$105 to \$52.

After taking all required steps to convert a regular IA to a DDIA, follow the procedures in the chart below:

If ...	Then ...
The \$120 user fee is paid,	<ol style="list-style-type: none"> 1. Reduce the user fee to \$52 and transfer \$68 back to the tax account, following the procedures above. <p>NOTE: Through December 31, 2013, the origination user fee was \$105. If an origination user fee of \$105 was paid and the taxpayer requests conversion to a DDIA within six (6) months, then the origination user fee is reduced from \$105 to \$52. Transfer \$53 back to the tax account, following the procedures above.</p> <ol style="list-style-type: none"> 2. Update the UFC as appropriate: Exhibit 5.19.1-13, <i>IA User Fee Codes</i>.
The \$120 user fee is not paid,	<ol style="list-style-type: none"> 1. Update the UFC to reflect a \$52 user fee is due: Exhibit 5.19.1-13, <i>IA User Fee Codes</i>. 2. If the \$120 is billed and paid subsequent to changing the UFC, the discrepancy will be corrected during IAAL processing. <p>NOTE: Through December 31, 2013, the origination user fee was \$105. If an origination user fee of \$105 was paid subsequent to changing the UFC, the discrepancy will be corrected during IAAL processing, \$53 will be transferred back to the tax account.</p>
The origination user fee of \$43 is due/paid,	<p>No action is necessary.</p> <p>NOTE: This applies to low income taxpayers only.</p>

IRM 5.19.1.5.4.14 DDIA, updated table in paragraph (15) for clarity.

15. If a customer makes a telephonic request for a DDIA:

If ...	And ...	Then ...
The customer	It is a	1. Have the customer fax the Form

<p>indicates they can fax the DDIA request,</p>	<p>SIA \$25K and under, NSIA or PPIA,</p>	<p>433–D, <i>Installment Agreement</i>, 9465–FS, <i>Installment Agreement Request</i>, or Form 9465, <i>Installment Agreement Request</i>, to you during the call.</p> <ol style="list-style-type: none"> 2. Do not input to ST 60. 3. Input TC 971 AC 043. 4. If the account is in Notice Status, input CC STAUP the account to the next notice status for 9 cycles. If the account is in ST 22, input: SIA: "TOR6,45,DDIA" NSIAs or PPIAs: <ul style="list-style-type: none"> ▪ Secure necessary managerial approval. See IRM 5.19.1.5.4.8, <i>IA Managerial Approval</i>. ▪ If the balance due meets or exceeds established criteria, make a NFTL determination and advise the taxpayer of NFTL filing when appropriate; for criteria; for NFTL filing procedures, see IRM 5.19.4.5.2(2), <i>Lien Filing Determinations</i>, and IRM 5.19.4.6.1, <i>How to File a Lien</i>. If the taxpayer objects to the NFTL filing, see IRM 5.19.8.4.16, <i>Collection Appeals Program (CAP) Procedures</i>, for CAP information. 5. Document AMS with the terms of the IA as required in IRM 5.19.1.1.2, <i>Documenting Account Actions</i>, and IRM 5.19.1.5.4.13, <i>Input of IA</i>. 6. Annotate the top of the DDIA "Received by Fax". Fax to the appropriate CSCO site for non-ST 22 requests and the appropriate ACSS site for ST 22 requests (based on state mapping). 7. The CSCO or ACSS employee will
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		input the DDIA request to IDRS and charge a \$52 User Fee.
The customer indicates they can fax the DDIA request,	It is a SIA over \$25K,	<ol style="list-style-type: none"> 1. Have the customer fax the Form 433–D, <i>Installment Agreement</i>, Form 9465–FS, <i>Installment Agreement Request</i>, or Form 9465, <i>Installment Agreement Request</i>, to you during the call. 2. Do not input to ST 60. 3. Input TC 971 AC 043. 4. If the account is in Notice Status, input CC STAUP the account to the next notice status for 9 cycles. If the account is in ST 22, input "TOC0,60,50KPND". 5. Document AMS with the terms of the IA as required in IRM 5.19.1.1.2, <i>Documenting Account Actions</i>, and IRM 5.19.1.5.4.13, <i>Input of IA</i>. 6. Annotate the top of the DDIA "Received by Fax", and fax to the appropriate CSCO site for non-ST 22 requests and the appropriate ACSS site for ST 22 requests (based on state mapping). 7. The CSCO or ACSS employee will input the DDIA request to IDRS and charge a \$52 User Fee.
The customer does not indicate they can fax the DDIA request (includes correspondence requests),	It is a SIA \$25K and under, NSIA or PPIA,	<ol style="list-style-type: none"> 1. For NSIAs or PPIAs: <ul style="list-style-type: none"> ▪ Secure necessary managerial approval. See IRM 5.19.1.5.4.8, <i>IA Managerial Approval</i>. ▪ If the balance due meets or exceeds established criteria, make a NFTL determination and advise the taxpayer of NFTL filing when appropriate; for criteria; for NFTL filing procedures, see IRM 5.19.4.5.2(2), <i>Lien Filing Determinations</i>, and IRM

		<p>5.19.4.6.1, <i>How to File a Lien</i>. If the taxpayer objects to the NFTL filing, see IRM 5.19.8.4.16, <i>Collection Appeals Program (CAP) Procedures</i>, for CAP information.</p> <ol style="list-style-type: none"> 2. Input to ST 60. See IRM 5.19.1.5.4.13, <i>Input of IA</i>. 3. Inform the taxpayer they will need to make payments manually. Send them a Form 433–D, <i>Installment Agreement</i>, or Form 9465, <i>Installment Agreement Request</i>, to complete, and provide the appropriate CSCO site return address (based on state mapping). Advise them that once we receive their authorization, we will convert their IA to a DDIA. 4. Inform the taxpayer the agreed monthly payment amount on Form 433–D, <i>Installment Agreement</i>, or Form 9465, <i>Installment Agreement Request</i>, cannot be less than the current agreed payment amount. 5. CSCO will revise to a DDIA upon receipt of the request and update the user fee indicator. If the user fee was previously collected, then CSCO will make any necessary adjustments to the user fee per IRM 5.19.1.5.4.6.3, <i>User Fee Payment Transfer/User Fee Abatements</i>. <p>NOTE: If the customer does not have all of the required information to establish a DDIA, encourage them to use the Online Payment Agreement (OPA) site.</p>
The customer does not indicate they can fax the DDIA request (includes	It is a SIA over \$25K,	<ol style="list-style-type: none"> 1. Input TC 971 AC 043. Do not input an IA. 2. If the account is in Notice Status, input CC STAUP the account to the

correspondence requests),		<p>next notice status for 9 cycles. If the account is in ST 22, see IRM 5.19.1.5.4.25, <i>SIAs Over \$25,000</i>, or IRM 5.19.1.5.4.25.1, <i>Reinstating SIAs Over \$25,000</i>.</p> <ol style="list-style-type: none"> 3. Send the customer a Form 433–D, <i>Installment Agreement</i>, or Form 9465, <i>Installment Agreement Request</i>. 4. Inform the taxpayer the agreed monthly payment amount on Form 433–D , <i>Installment Agreement</i>, or Form 9465, <i>Installment Agreement Request</i>, cannot be less than the current agreed payment amount. 5. Mail the Form 433–D, <i>Installment Agreement</i>, or Form 9465, <i>Installment Agreement Request</i> to the taxpayer using IDRS Letter 2272C, <i>Installment Agreement Cannot be Considered/Extension of time to pay Cannot be Considered</i>. Provide the appropriate CSCO return address for non-ST 22 requests and the appropriate ACSS return address for ST 22 requests (based on state mapping). 6. CSCO or ACSS will input the DDIA upon receipt of the request. <p>NOTE: If the customer does not have all of the required information to establish a DDIA, encourage them to use the Online Payment Agreement (OPA) site.</p>
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NOTE: When issuing a letter on non-ST 22 accounts, use the CSCO Campus address for the letter return address. The CSCO Campus address is determined based upon Compliance Back-end mapping. See SERP, Who/Where tab, Collection Payments/Addresses/Issues, Campus Addresses for Collections. Select the appropriate return address based on the taxpayer’s BOD and state of residence.

When issuing a letter on ST 22 accounts, use the ACSS Campus address for the letter return address based on state mapping. See SERP, Who/Where tab, Campus Program Locator Guide, Consolidated State Mapping for ACS Support and

Collection Due Process (SBSE) or Consolidated State Mapping for ACS Support & Collection Due Process (W&I).

NOTE: For the payment address, the Campus payment address is determined based upon Submission Processing mapping. See SERP, Who/Where tab, Collection Payments/Addresses/Issues, Collection Payments. Select the appropriate payment address based on the taxpayer's BOD and state of residence. Select the address shown in the "Without the CP521/523 Notice (Payment to Campus)" column.

CAUTION: Do not provide Lockbox Bank addresses verbally or via Correspondence letters. Lockbox will **only** process payments that are accompanied by a **CP 521, *Installment Agreement Reminder Notice***, or **CP 523, *Installment Agreement Default Notice***.

REMINDER: It is possible that different Campuses will be used for the return and payment addresses.

EXAMPLE: A W&I taxpayer in Notice Status residing in Texas requests an IA to full pay their account. The confirmation letter should show the Atlanta CSCO Campus for the return address and the Austin Submission Processing Campus for the payment address.

IRM 5.19.1.5.4.14.1 DDIA - Form 433-D, Installment Agreement, and Form 9465, Installment Agreement Request, updated table in paragraph (5)(b) for clarity.

5. For revised DDIA's - new banking information with an existing DDIA do the following:

a. **All Employees:**

If ...	Then ...
The taxpayer has new banking information	Secure a new Form 433-D, <i>Installment Agreement</i> , with a new signature and a voided check or new routing and account numbers. a. Inform the taxpayer they will receive a letter of confirmation once their new DDIA has been converted to the new account. b. Advise the taxpayer monthly reminder notices are not issued on DDIA's. Taxpayers not keeping up-to-date records often default on their IA due to insufficient funds in their bank accounts. Advise the taxpayer to keep their records up to date to

	avoid a default of their IA.
The taxpayer's request does not include necessary information to establish a DDIA	<p>Establish the IA, requiring the taxpayer to send in payments each month and then:</p> <ol style="list-style-type: none"> Correspondence - notify the taxpayer a DDIA could not be established due to insufficient information and they are required to send in their monthly payments until we receive complete information to establish the DDIA; send Letter 1961C, <i>Installment Agreement for Direct Debit Form 433-D</i>, or Letter 2273C, <i>Installment Agreement Accepted – Terms Explained</i>, (or other appropriate letter). See IRM 5.19.1.1.3, <i>Balance Due Outgoing Correspondence Guidelines</i>.. Enclose Form 433-D, <i>Installment Agreement</i>. Telephone - advise they will receive a letter with instructions on how to request a DDIA. Request they complete Form 433-D, <i>Installment Agreement</i>, and return it, in order to establish a DDIA, or advise them to visit the Online Payment Agreement (OPA) site where they can request the IA themselves. Provide the address of the appropriate consolidated CSCO site. <p>NOTE: Advise the customer to submit part 1 of the Form 433-D, <i>Installment Agreement</i>, and keep parts 2 and 3.</p>

b. **CSCO employees ONLY:**

If ...	Then ...
You receive a request to convert the regular IA to a DDIA within six (6) months	<p>The DDIA request is considered a change to the existing IA.</p> <ul style="list-style-type: none"> Convert the IA to a DDIA (change the ALN to "03XX" and turn on the DDIA indicator). Send a confirmation letter, explaining the terms of the DDIA. See IRM 5.19.1.1.3, <i>Balance Due Outgoing Correspondence Guidelines</i>. If the user fee has not been collected,

change the user fee code to the appropriate DDIA code.

- If the user fee was previously collected, make any necessary adjustments to the user fee per IRM 5.19.1.5.4.6.3, *User Fee Payment Transfer/User Fee Abatements*.

You receive a request to convert the regular IA to a DDIA more than six (6) months **after** the present IA was established

The DDIA request is considered a new IA.

- Establish the DDIA.
- Send a confirmation letter, explaining the terms of the DDIA. See IRM 5.19.1.1.3, *Balance Due Outgoing Correspondence Guidelines*.
- Charge a \$52/\$43 user fee.

IRM 5.19.1.5.4.22 Revision/Reinstatement of IAs, updated bullet list under paragraph (1) for clarity.

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.

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 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 5.19.1.5.4.23 Adding New Liability to an Existing IA, updated paragraph (3)(k) for clarity.

3. You must take the following actions:
 - a. Ensure compliance with estimated tax requirements and adequacy of withholding; if estimated payments were a condition of the previous IA and the taxpayer failed to keep any promise to make estimated payments, do not reinstate the IA.
 - b. Prepare the request for rejection: IRM 5.19.1.5.4.9, *IA Rejection Criteria*.
 - c. Do not terminate the IA.
 - d. Allow the account to terminate systemically 13 cycles after default (ST 64).
 - e. Address cause and cure as well as withholding compliance: IRM 5.19.1.3.4.3, *Balance Due Taxpayer Education (Cause and Cure)*.
 - f. Update levy sources if above deferral.
 - g. Update the taxpayer address and telephone number.

EXCEPTION: AM assistors do not verify or secure telephone numbers on accounts below deferral level.

- h. When the IA request does not meet SIA criteria:

If ...	Then ...
Financial information is available, is less than one year old AND The taxpayer indicates no change to their financial information,	<ol style="list-style-type: none"> 1. Document AMS comments there is no change to the financial statement. 2. Forward to your manager for approval.
Financial information is available, is less than one year old AND The taxpayer indicates a	<ol style="list-style-type: none"> 1. Update the financial statement with new information. 2. Request substantiation applicable to the changes if needed: IRM 5.19.1.6, <i>Securing Financial Information</i>. 3. Document AMS comments. 4. Forward to your manager for

change to the financial information,	approval if you receive all information.
No financial information is available and you are speaking to the taxpayer,	Prepare a financial statement using AMS. IRM 5.19.1.6(6), <i>Securing Financial Information</i> .
No financial information is available and you receive correspondence,	<ol style="list-style-type: none"> 1. Prepare for rejection and request full payment of the new liability amount. 2. Enclose Form 433–F, <i>Collection/Information Statement</i>. 3. Do not terminate the IA; allow the account to terminate systemically seven cycles after default (ST 64).

- i. Managerial approval is required if the IA does not meet SIA criteria.
- j. You must make a NFTL determination if the IA does not meet SIA criteria and the aggregate unpaid balance of assessment (CC SUMRY) is more than \$10,000.

NOTE: All modules must have a NFTL determination prior to closing the account. This includes new modules where the aggregate unpaid balance of assessment (CC SUMRY) including prior CNCs, Notice Status, etc. is \$10,000 or more.

EXAMPLE: If the account has 5 open modules and the aggregate unpaid balance of assessment (CC SUMRY) is \$80,000 and is being closed as CNC, IA, etc. and the NFTL has been filed on only 4 modules and the new modules has an unpaid assessment of \$7,000 it must be included on the new NFTL. If the aggregate unpaid balance of assessment (CC SUMRY) is \$10,000 or more and in this scenario the unpaid balance of assessment (CC SUMRY) would be \$87,000.

For additional NFTL filing information see IRM 5.19.4.5.1, *Before Filing Liens*, and IRM 5.19.4.6.1, *How to File a Lien*. If the taxpayer objects to the NFTL filing, see IRM 5.19.8.4.16, *Collection Appeals Program (CAP) Procedures*, for CAP information.

- k. Charge the appropriate user fee:
ST 6X = Reinstatement user fee.
ST 22, 24, or 26 = Origination user fee.
Or if low-income, charge a Reduced user fee.
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. Also, see Exhibit 5.19.1-13, *IA User Fee Codes*.

1. Waive the fee if:
The account balance is below deferral.
The new balance can be paid within two additional payments.

IRM 5.19.1.5.4.25 SIAs Over \$25,000, updated paragraph (10) to show correct timeframe to enter.

10. If the account meets "mirroring" criteria, follow existing procedures to complete the required package and forward to Philadelphia CSCO for input.
 - o Input "50KSIA meets mirroring" to AMS.
 - o ACS: Input "TOS3,90,MFT31"Follow instructions in IRM 5.19.1.5.4.12.1, *Front End Mirror Assessments Process for IA and CNC Closures*.

IRM 5.19.1.5.4.25.1 Reinstating SIAs Over \$25,000, updated paragraph (12) to refer to IRM 5.19.1.5.4.25(10) SIAs Over \$25,000.

12. If the account meets "mirroring" criteria, follow IRM 5.19.1.5.4.25(10), *SIAs Over \$25,000..*

IRM 5.19.1.7.2 OIC, updated paragraph (4)(a) and (5) to reflect 1/1/2014 user fee rate change.

4. On May 17, 2006, Congress passed into law the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), making major changes to the OIC program, including narrowing the scope of rules for lump-sum and periodic-payment offers; these changes were effective for all offers received by the IRS starting July 16, 2006.
 - a. Under the new law, taxpayers submitting requests for lump-sum OICs must include a payment equal to 20% of the amount offered with Form 656; a lump-sum OIC means any offer of payments made in five or fewer installments.

NOTE: A lump sum offer received with a payment that is less than the 20 percent payment will be deemed processable, but the taxpayer will be asked to pay the remaining balance within a specified time frame in order to avoid the immediate return of the offer. Failure to submit the remaining balance within that extended period will cause the IRS to return the offer, retain any non-refundable initial payment, and the \$186 application fee that was submitted with the offer.

NOTE: Prior to December 31, 2013, the OIC application fee was \$150.

- b. Taxpayers submitting requests for periodic-payment OICs must include the first proposed installment payment with Form 656, *Offer in Compromise*; a periodic payment OIC is any offer of payments in six or more installments.

NOTE: The taxpayer is required to make the proposed monthly periodic payments until a determination is made on their offer. All installment payments are non-refundable, even if the offer is deemed non-processable, later returned, or rejected.

- c. Under the new law, taxpayers qualifying as low-income, based on current criteria, qualifying for a waiver, do not have to submit the application fee or meet the partial payment requirements of TIPRA.

NOTE: Taxpayers filing doubt-as-to-liability (DATL) offers are also exempt from the application fee and payment requirements.

- d. Form 656, *Offer in Compromise*, provides detailed instructions for completing and submitting the offer and includes all necessary financial forms. There are two types of payment terms to which the Service and the taxpayer may agree:
 - **Payment Option 1:** Must be paid in five or fewer installments.
 - **Payment Option 2:** Must be paid in more than five months and in monthly installments. The taxpayer must continue to make monthly payments while the IRS is considering their offer. Failure to make regular monthly payments will cause the offer to be returned.

5. The IRS will **NOT** accept an OIC for processing when the following criteria are present:

- The taxpayer is in bankruptcy.
- The taxpayer did not include the \$186 application fee when the offer is submitted.
- The taxpayer did not submit the required initial payment with the offer.

EXCEPTION: The requirements for the taxpayer to pay both the \$186 application fee and the down payment with the offer are waived if the taxpayer meets the requirements for Low-Income certification.

IRM 5.19.1.10.4 Perfecting DDIAs, updated table in paragraph (2) for clarity.

2. If the DDIA request is incomplete, take the following actions:

If ...	And ...	Then ...
A signature, bank account, or transit number is missing	The account is in ST 60	Send the taxpayer a letter requesting they resubmit a signed request EXAMPLE: Letter 1961C, <i>Direct Debit Installment Agreement (Form 433–D) Processing problems/ 433–D incomplete.</i>
A signature, bank account, or transit number is missing	The account is in ST 22 or 26	Send request back to the originator to issue the taxpayer a letter requesting the missing information and establish a regular IA if the taxpayer provided the information needed and no additional information is needed.
A signature, bank account, or transit number is missing	The account is in Notice Status	<ol style="list-style-type: none"> 1. Establish a regular IA: IRM 5.19.1.5.4, <i>IAs</i> 2. Send Letter 2273C, <i>Installment Agreement Accepted; Terms Explained</i> (or other appropriate letter); including a paragraph advising the taxpayer what is needed to convert the IA to a DDIA. See IRM 5.19.1.1.3, <i>Balance Due Outgoing Correspondence Guidelines.</i>
A payment amount and/or date is missing and AMS reflects the missing information	No other information is required	Input the DDIA with information from AMS.
A payment amount and/or date is missing and AMS does not reflect the missing information	Account is already in ST 60	Convert to a DDIA, using the existing payment and date CAUTION: If the user fee was previously collected, then make any necessary adjustments to the user fee per IRM 5.19.1.5.4.6.3, <i>User Fee Payment Transfer/User Fee</i>

		<i>Abatements.</i>
A payment amount and/or date is missing and AMS does not reflect the missing information	No IA is established and account is \$25,000 or less	Determine the minimum payment amount the service will allow: IRM 5.19.1.5.4, <i>IAs</i> .
Required financial statement is missing and/or the payment amount on the AMS financial screen does not correspond with the DDIA payment request	In ST 60, 22 or 26	<ul style="list-style-type: none"> ○ ST 60 - Do not convert IA to DDIA; reject DDIA request and inform the taxpayer to resubmit with the currently monthly IA payment already established EXCEPTION: Unless the DDIA payment amount is higher than the current established monthly payment amount ○ ST 22 - return to originator. ○ If request meets pending IA criteria input TC 971 AC 043 and ○ Send letter requesting the taxpayer complete Form 433–F, <i>Collection/Information Statement</i>, with a proposed monthly payment amount and re-submit Form 433–D, <i>Installment Agreement</i>. ○ If request does not meet pending IA do not input TC 971 AC 043 and follow second bullet under ST 22 procedures above. ○ ST 26 - Forward to assigned RO.
Required financial statement is missing and/or the payment amount on the AMS financial screen	In Notice Status	<ol style="list-style-type: none"> 1. If the request meets pending IA criteria: IRM 5.19.1.5.4.7, <i>Pending IA Criteria</i>. 2. If the request does not meet pending IA criteria see IRM

does not correspond with the DDIA payment request		<p>5.19.1.5.4.7.1, <i>Requests Not Meeting Pending IA Criteria</i>, send letter and include the Form 433–D, <i>Installment Agreement</i>.</p> <p>EXCEPTION: Unless the DDIA proposed payment amount is higher than the monthly payment amount indicated on AMS and no financial information is required; establish DDIA with new monthly payment amount.</p>
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Exhibit 5.19.1-13 IA User Fee Codes, updated for clarity.

IA user fee codes must be entered every time any pending or active IA is initiated or revised. CC IADFL and the weekly TDA Analysis program will automatically set the user fee code to "R", and user fee paid indicator to "N", reinstatement user fee due, when the IA defaults for any reason.

CAUTION: A user fee is never collected when the account is not previously revised, reinstated or defaulted, and remains in ST 60 continuously prior to March 16, 1995. The input is User Fee Code "O" and User Fee Paid indicator to "W".

See IRM 5.19.1.5.4.6(4), *IA Payment Methods and User Fees (UF) Overview*, for a table of current and previous IA user fee rates.

Effective June 26, 2009, valid IA user fee codes are as follows:

- "O": Origination User Fee Due/Paid.
- "P": Reduced Origination User Fee Due/Paid.
- "D": DDIA Origination User Fee Due/Paid.
- "E": Reduced DDIA Origination User Fee Due/Paid.
- "R": Reinstatement User Fee Due/Paid.

Valid IA user fee paid indicators are:

- "N": Not Paid User Fee.
- "Y": Paid User Fee.
- "W": Waived User Fee.

EXAMPLE: Continuous Levy or Full Pay in up to 120 days: User fee code is "O" and the user fee paid indicator is "W".

EXAMPLE: New IA granted (reduced user fee paid): User fee code is "P" and the user fee paid indicator is "Y".

EXAMPLE: IA reinstated (user fee not paid): User fee code is "R" and the user fee paid indicator is "N".

Prior to June 26, 2009, valid IA user codes were as follows:

- "0": Origination User Fee Due.
- "1": Origination User Fee Paid.
- "2": Origination User Fee Waived.
- "3": Continuous levies and Full Pay, formerly Extension of Time to Pay. no fee due.
- "4": Reinstatement User Fee Due.
- "5": Reinstatement User Fee Paid.
- "6": Reinstatement User Fee Waived..
- "7": DDIA Origination User Fee Due.
- "8": DDIA Origination User Fee Paid.
- "9": User Fee not applicable, fee does not apply to IAs input prior to March 16, 1995.
- "10": Reduced Originator Fee on Original IA Due.
- "11": Reduced Originator Fee on Original IA Paid.
- "12": Reduced DDIA Fee Due, \$43.00.
- "13": Reduced DDIA Fee Paid, \$43.00.

Exhibit 5.19.1-14 Questions and Answers to Assist in Financial Statement Processing, updated answer to question 6.

Question 6: Should a self-employed taxpayer who is currently making contributions to an Individual Retirement Account (IRA) be allowed to continue the contributions if it will take seven years for her to fully pay the tax liabilities?

Answer 6: The IRA payments would not be listed on Form 433-F as an allowable expense. Advise the taxpayer that if she wishes to continue making IRA payments, she must divert the money from allowed expenses, or use the amount allowed for miscellaneous expenses.