



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

SMALL BUSINESS / SELF-EMPLOYED DIVISION

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MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS

FROM: Kristen E. Bailey /s/ *Kristen E. Bailey*  
Director, Collection Policy

SUBJECT: Interim Guidance for FTD Alert Telephone Contact  
Procedures

In response to the continuing threat of phone scams, phishing and identity theft, we are changing our practice of making initial contact on FTD Alerts by telephone. This interim guidance memorandum provides new guidance to Revenue Officers regarding FTD Alert telephone contact procedures.

Field contact is the preferred method of contact on assigned FTD Alerts. However, Revenue Officers retain the discretion to determine the best method of effective initial contact on a case-by-case basis. Effective immediately, all anticipated telephone initial contacts on FTD Alert taxpayers can proceed **AFTER** a notice is sent to the taxpayer informing them that a Revenue Officer (RO) will contact them by phone within 15-calendar days of receipt of the FTD Alert. Revenue Officers will use "Quick Note", Form 5260, located as an ICS "Template" (Miscellaneous/Publication), to create the notice.

The "Quick Note" should include the following information: (RO's can cut/paste this verbiage directly into the quick note).

*Dear [Taxpayer Name]:*

*We noticed a decrease in your current quarter federal tax deposits (FTD) and are contacting you to ensure you are meeting your deposit requirements. We are sending you this notice to inform you that a Revenue Officer will either call you or visit your place of business to discuss these discrepancies.*

***Your responsibility as an employer***

*Trust fund tax is money an employer withholds from employees' wages for income tax and FICA (social security and Medicare tax). As the employer, you must withhold trust fund taxes from employees' wages. These taxes are held in trust until paid to the Department of the Treasury by making periodic federal tax deposits.*

***Penalty for failing to deposit timely***

*If the taxes are not deposited as required, we may assess penalties of up to 10 percent of the amount not deposited, depending on the number of days the federal tax deposits are late. If the taxes are still unpaid when Form 941, Employer's QUARTERLY Federal Tax Return, is filed, we will assess interest and penalties on any unpaid balance. The percentage may rise to 15 percent for amounts still unpaid after the date of the first notice asking for payment.*

Complete all entries on the Form 5260, *Quick Note*, including the best time for the taxpayer to call the Revenue Officer during normal working hours.

Notification is only required prior to the initial telephone contact. A "Quick Note" is not required to be sent prior to making the initial contact in the field.

In situations where the Revenue Officer determines initial contact in the field is not possible or not practical and a telephone call is the appropriate method of initiating contact with the taxpayer, see IRM 5.7.1.6(1), *Contact Procedures*. Document the case history outlining the circumstances for the determination. To help ensure contact is made within the IRM initial contact timeframes, it is recommended that Revenue Officers send the notice as soon as the FTD Alert analysis is completed and a determination is made that a phone call will be the initial contact method. (Contact timeframes remain unchanged). After sufficient time has lapsed for the taxpayer to receive the notice, the RO can then initiate contact by telephone with the taxpayer as needed. If a telephone call does not result in taxpayer contact, it will not meet the timely contact requirements. Leaving a message within this period is also not considered a timely contact, though this action should be documented in the case history, per IRM 5.7.1.6(2). If the TP calls upon receipt of the F5260, *Quick Note*, the RO should follow IRM procedures to work the FTD Alert. If initial contact is not at the taxpayer's place of business, a subsequent field visit to the taxpayer's place of business must still take place (see IRM 5.1.10.3(7)). If a subsequent field contact is also not practical, the case history will be documented outlining the circumstances.

When a valid form 2848, *Power of Attorney and Declaration of Representative*, or Form 8821, *Tax Information Authorization*, is on file for the taxpayer, a copy of the quick note will be mailed to the representative.

Collection Policy is in the process of developing a letter/notification of a pending phone call to replace the Quick Note and will advise the Field as soon as the new letter is published.

This guidance will be incorporated in IRM 5.7.1, *Trust Fund Compliance – FTD Alerts*, within one year of the date of this memorandum.

If you have questions, please contact me, or a member of your staff may contact Senior Program Analyst, Rochelle Folquet. Field personnel should direct any questions through their management staff to the appropriate Area contact.

cc: National Taxpayer Advocate  
Director, Field Collection  
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