



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.8.5

OCTOBER 5, 2017

## EFFECTIVE DATE

(10-05-2017)

## PURPOSE

- (1) This transmits revised IRM 4.8.5, *Technical Services, Post Examination Case Processing Requirements*.

## MATERIAL CHANGES

- (1) Minor editorial changes have been made throughout this IRM. Legal citations, form and letter references, and IRM references were reviewed and updated as necessary. Other significant changes include the following:

Reference	Description of Change
IRM 4.8.5.1	Included section to outline internal controls.
IRM 4.8.5.2.2.1.2(2) and (3)	Clarified procedures for when a final determination letter should be issued.
IRM 4.8.5.2.2.2(7)(d)	Provided instructions for updating ISTS.
IRM 4.8.5.2.2.2.1(1)(d)	Provided instructions for 90 Day suspense clerk.
IRM 4.8.5.2.2.2(1)(d)	Provided instructions for 90 Day suspense clerk.
IRM 4.8.5.4	Clarified the procedures for TEFRA / non-TEFRA cases being returned from Appeals to Examination field groups and Campus groups.
Exhibit 4.8.5-1	Converted exhibit to XML software vs. a graphic file.
Exhibit 4.8.5-2	Converted exhibit to XML software vs. a graphic file.

## EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.8.5, dated 06/10/2015.

## AUDIENCE

Small Business Self-Employed (SB/SE), Technical Services Employees, Centralized Case Processing, and Large Business and International (LB&I) employees.

John J. Tuzynski  
Director, Technical Services  
Small Business/Self-Employed



4.8.5  
Post Examination Case Processing Requirements

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4.8.5.1  
(10-05-2017)  
**Program Scope and Objectives**

- (1) *Purpose.* This IRM section describes the procedures for the review of cases that have special features requiring post examination processing procedures. The following types of cases require post examination processing procedures:
  - a. Innocent Spouse
  - b. TEFRA cases
  - c. Cases returned from Appeals
  - d. Refer to IRM 4.8.11, *Fraud Program Responsibilities*, for all suspense and processing procedures related to fraud and grand jury cases.
  - e. Refer to IRM 4.8.2.11.4, *Bankruptcy Suspense*, for all suspense and processing procedures related to bankruptcy cases.
- (2) *Audience.* These procedures apply to Technical Services employees assigned to the various programs discussed in this IRM.
- (3) *Policy Owner.* The Technical Services office is under Examination Operations, Field Examination.
- (4) *Program Owner.* Technical Services is the program office responsible for processing and closing cases which include the following (but not limited to):
  - a. Innocent Spouse cases
  - b. TEFRA Case Reviews
  - c. Cases returned from Appeals
- (5) *Contact Information.* To recommend changes or make any other suggestions to this IRM section, e-mail the author.

4.8.5.1.1  
(10-05-2017)  
**Background**

- (1) The Technical Services area was established in 2000 when the various business units such as SB/SE, LB&I, and W&I were realigned and their respective Examination and Collection areas were aligned separately. As such, Technical Services serves as the overall closing function for Field Examination cases and specifically for the various situations as listed in IRM 4.8.5.1(4).

4.8.5.1.2  
(10-05-2017)  
**Authority**

- (1) By law, the Service has the authority to make the appropriate assessments once the examination is completed and the taxpayer has been appropriately notified of the audit results. IRM 4.8.5 details the procedures to be followed when cases contain an Innocent Spouse claim as provided for by IRC 6015, TEFRA features, or is being returned to Technical Services by Appeals.

4.8.5.1.3  
(10-05-2017)  
**Responsibilities**

- (1) The Director, Examination - Technical Services is the executive responsible for the inventory control and case processing in Technical Services. The detailed responsibilities are as outlined below in this IRM.

4.8.5.1.4  
(10-05-2017)  
**Terms**

- (1) Audience - The employees responsible for taking action or who require knowledge about the program, process or activity.
- (2) Pre Assessment - when a claim is received prior to the assessment of the proposed deficiency.
- (3) Post Assessment - when a claim is received by the examiner for consideration of a tax liability that has already been assessed.
- (4) Jurisdiction released - when Appeals releases their jurisdiction over the case and returns the case to Examination for further actions to be taken.

4.8.5.1.5  
(10-05-2017)

(1) The table lists commonly used acronyms and their definitions:

**Acronyms**

<b>Acronym</b>	<b>Definition</b>
AD	Area director
AIMS	Audit Information Management System
ASED	Assessment statute expiration date
AUSA	Assistant United States Attorney
BOD	Business operating division
CCP	Centralized Case Processing
CCISO	Cincinnati Centralized Innocent Spouse Operations
ERCS	Examination Returns Control System
FPAA	Final Partnership Administrative Adjustment
GM	Group manager
IDRS	Integrated Data Retrieval System
IS	Innocent Spouse
ISTS	Innocent Spouse Tracking System
NRS	Non-requesting Spouse
PCS	Partnership Control System
PSP	Planning and Special Programs
RAR	Revenue Agent Report
RGS	Report Generation Software
RS	Requesting Spouse
SNOD	Statutory notice of deficiency
TAS	Taxpayer Advocate Services
TEFRA	Tax Equity Fiscal Responsibility Act
TM	Territory manager
TS	Technical Services

4.8.5.2  
(03-28-2012)

**Innocent Spouse Cases**

(1) IRM 25.15, *Relief From Joint and Several Liability*, contains detailed guidance for examining and processing innocent spouse cases. This section will address the review of innocent spouse cases worked in the area offices. Cases worked in Cincinnati Centralized Innocent Spouse Operations (CCISO) will be reviewed using IRM 21.10, *Quality Assurance*.

4.8.5.2.1  
(06-10-2015)  
**Duties for Innocent  
Spouse Reviewers in  
Technical Services**

- (1) All requests for relief from joint and several liability or “innocent spouse” cases are subject to innocent spouse review and processing procedures as outlined in this section.
  - a. **Pre-Assessment Claims:** Cases worked by examiners involving a claim filed during the course of an examination are pre-assessment claims. The claim becomes part of the examination and Technical Services receives the case after a determination is made and the taxpayers are notified, whether the case is agreed or unagreed. See IRM 25.15.6, *Field Examination Procedures*.
  - b. **Post-Assessment Claims:** Cases worked by examiners involving a claim for consideration of a tax liability that has already been assessed. Post-assessment claims will be forwarded to Technical Services after a determination is made but before any determination letters/notices are issued.
- (2) The reviewer will ensure consistency of determinations made by examiners based on the facts, circumstances, and law of each case. This requires keeping current on innocent spouse tax law and procedures. The reviewer’s duties include, but are not limited to the following:
  - a. Coordinate and conduct reviews of the incoming cases. Incoming cases will be worked in the order listed in IRM 4.8.5.2.1 (3).
  - b. Support area examiners, managers, revenue officers, Appeals, Counsel and other area employees with the development and processing of innocent spouse claim cases as needed.
  - c. Assist Centralized Case Processing (CCP) as needed. This includes resolving problems that arise after processing of the case is complete (e.g., offsetting an overpayment after a claim was filed, etc.).
  - d. Review cases that default from 30 Day suspense after innocent spouse preliminary determination letters are issued. See the list of items to review in IRM 4.8.5.2.1 (4).
  - e. Assist other reviewers when necessary.
  - f. Inform Collection and TAS of determinations made on cases in their organization by contacting them and sending them copies of any requested documentation. The lien clerk will be given copies of the letters if liens exist and partial / full relief was determined.
  - g. Maintain and update existing innocent spouse review procedures.
- (3) Innocent spouse cases will be worked in the following order:
  - a. TAS cases marked expedite
  - b. Open docketed cases
  - c. TAS cases not marked expedite
  - d. Open examination cases
  - e. Date received in Technical Services
- (4) Prior to closure of the innocent spouse claim cases, the reviewer must ensure the following:
  - a. They contain all required documentation.
  - b. They are assembled properly.
  - c. All final determination letters are signed and ready to be issued.
  - d. The case processing closing instruction documents are complete and accurate.
  - e. Innocent Spouse Tracking System (ISTS) is updated correctly.

- f. Form 3198, *Special Handling Notice for Examination Case Processing*, is properly flagged.

4.8.5.2.2  
(06-10-2015)  
**Responsibilities of  
Innocent Spouse  
Reviewer - General Case  
Procedures**

- (1) Pre-assessment cases and post-assessment cases require different processing procedures for both the examination group and Technical Services staff. See IRM 25.15.6, *Field Examination Procedures*, for procedures for the examination group. The reviewer must take the following actions:

- a. Determine whether the claim is pre-assessment or post-assessment.
- b. Determine whether the claim applies to an underpayment of tax (tax due with filed return), understatement (deficiency), or both.
- c. Confirm each claim is on ISTS and updated to the appropriate stages.
- d. Confirm transaction code (TC) 971 and action code (AC) 065 is on each claim year (L- freeze is present).

**Note:** If the requesting spouse (RS) is the secondary spouse, the TC 971 AC 065 will cross reference the secondary spouse's social security number (SSN) (e.g., TC 971 AC 065 XREF: XXX-XX-XXXX). If the RS is the primary spouse, the TC 971 AC 065 will appear **without** a cross reference SSN. Information on each tax year should be verified to be correct.

- e. Correct the ISTS record and / or TC, if necessary.
- (2) The following integrated data retrieval system (IDRS) information will be reviewed and included in the case file:
- a. AMDISA - all years
  - b. SPARQ and / or INOLES - for verification of current address of both spouses
  - c. IMFOLI - for each spouse to review filing history, balances due, open controls and to look for existing master file tax (MFT) 31 accounts
  - d. IMFOLT - for all open exam and claim years, including any MFT 31 accounts for the same years; and for prior / subsequent years, as needed, for refund - offset payments
  - e. ISTSRA - for all periods
  - f. ISTSRS - for summary showing all claims outstanding for all years, filed by both primary and secondary taxpayers
  - g. CFINK - checking for taxpayer representatives for each spouse.

**Note:** This list may not be all inclusive.

4.8.5.2.2.1  
(06-10-2015)  
**Pre-Assessment Claims**

- (1) When a claim is received prior to the assessment of the proposed deficiency, the claim is a "pre-assessment claim." This usually occurs when an examiner receives a claim from the RS during the course of an open examination. If the claim is received directly from the taxpayer (RS), the examiner is responsible for faxing the qualified (i.e., processable or complete) Form 8857 to the area PSP IS Coordinator and ensuring the TC 971 AC 065 (a cross reference SSN is required when the RS is the secondary spouse) is present for each year affected. The innocent spouse reviewer is responsible for ensuring the case is on ISTS and that the proper TC 971/065 is present on each year. The innocent spouse claim then becomes another examination issue and is added to the Form 4318, *Examination Workpapers Index*, or Form 4318 OA, *Examination Workpapers Index - Office Audit*, as applicable.

- (2) The examiner contacts the RS via Letter 3659, *Requesting Spouse Initial Contact Letter*, and the non-requesting spouse (NRS) via Letter 3284, *Letter to Non-requesting Spouse*, and gathers information and facts via questionnaires and / or interviews of both spouses.
- (3) The examiner determines whether or not relief will be granted, in full / in part / denied, and under the appropriate code sections.
- (4) If only one or neither taxpayer responds to requests for additional information, the examiner must make a determination based on all available information in the case file. Once a determination is made, the examiner issues a revenue agent report (RAR) that includes the innocent spouse claim determination in the "Other Information" section. See IRM 25.15.6.11, *Communicate the Determination*, for proper language to be used. The RAR will be issued with a 30 Day letter (i.e., Letter 950, *30 Day Letter - Straight Deficiency*) so that both taxpayers are afforded their appeal rights. If neither spouse has the opportunity to appeal the relief determination (e.g., the ASER is about to expire and one or both of the spouses will not extend the statute), then a statutory notice is issued using the procedures found at IRM 4.8.9.16.11.6, *Short Statute Procedures*, and the innocent spouse claim is handled per the table found at IRM 4.8.9.16.11.6(3).
- (5) The case is closed through Technical Services for mandatory innocent spouse review regardless of disposition (i.e., agreed, unagreed for notice of deficiency, or protested unagreed going to Appeals).
- (6) Technical Services is responsible for performing a technical review, updating ISTS, and preparing closing instructions as noted in this section.

4.8.5.2.2.1.1  
(06-10-2015)  
**Pre-Assessment Agreed Cases**

- (1) Fully Allowed: If the RS is granted relief in full and the NRS signs the RAR indicating relief has been granted, the case is agreed. Issue a final determination letter (i.e., Letter 5086, *Requesting Spouse (RS) Final Determination*) to the RS when the case closes and take the following actions:
  - a. Prepare two Form 5344s, *Examination Closing Record* - one to be used for the MFT 30 account and one to be used for the MFT 31 account of the NRS. When Form 5344 is generated through the report generating software (RGS), print two copies and make the necessary corrections made to transaction amounts and / or reference codes and flagged using red ink.

If the MFT is.....	Then, complete the following items:
MFT 30	<ul style="list-style-type: none"> <li>a. Write in red across the top "MFT 30."</li> <li>b. All adjustments will be crossed out in Item 12 (such as TC 300) and any reference codes in Item 15 related to the penalty assessment(s) or credit reversals. Any remaining references will be left.</li> <li>c. Item 35 will show the deficiency amount from Line 14 of the RAR that is being made on the MFT 31 account.</li> </ul>

If the MFT is.....	Then, complete the following items:
MFT 31 of NRS	<ul style="list-style-type: none"> <li>a. Write in red across the top "MFT 31 assessment."</li> <li>b. Cross out the "E" after AMCLS, and write in "S" for separate spousal assessment.</li> <li>c. Item 56 will be completed with "P" for primary spouse MFT 31 assessment or "S" for secondary spouse MFT 31 assessment.</li> <li>d. Item 57 will be completed with the secondary name control if the MFT 31 assessment is being made on the secondary spouse; leave blank if MFT 31 assessment is being made on the primary spouse.</li> <li>e. Item 12 and Item 15 will contain the TC 300 amount and any related penalty and credit reversal reference codes. All other reference codes will be crossed out.</li> </ul>

- b. Provide closing instructions to CCP to make the deficiency assessment on the MFT 31 of the NRS only. Update ISTS through Stage 12 with the date of the agreement.
- c. Instruct CCP to input TC 972 AC 065 to reverse the TC 971 AC 065 on the MFT 30 **after** the assessment is complete and to update ISTS through the remaining stages accordingly.
- d. Flag the Form 3198 to indicate "MFT 31 adjustment required, innocent spouse, manual closure required, and special instructions included."

**Note:** Examples of closing instructions for pre-assessment claims are found at Exhibit 4.8.5-2.

- (2) Partially Allowed: If both spouses sign the RAR indicating partial relief, the case is agreed. The following actions are required:
  - a. Prepare two Form 5344 - one to be used for the MFT 30 account and one to be used for the MFT 31 account of the NRS. Form 5344 can be generated through the report generating software (RGS), printed twice, with necessary corrections made to transaction amounts and / or reference codes and flagged using red ink.

If the MFT is.....	Then, complete the following items:
MFT 30	<ul style="list-style-type: none"> <li>a. Write in red across the top "MFT 30".</li> <li>b. Item 12 adjustments will reflect the TC 300 amount, plus related penalty, for the amount of relief <b>denied</b>.</li> <li>c. The reference codes in Item 15 will be completed and adjustments will be made to reference codes related to the penalty assessment(s) or credit reversals to reflect the amount of relief <b>denied</b>.</li> <li>d. Item 35 will show the deficiency amount from Line 14 of the RAR that is being made on the MFT 31 account - the amount of relief <b>allowed</b>.</li> </ul>
MFT 31 of NRS	<ul style="list-style-type: none"> <li>a. Write in red across the top "MFT 31 assessment".</li> <li>b. Cross out the "E" after AMCLS, and write in "S" for separate spousal assessment.</li> <li>c. Item 56 will be completed with "P" for primary spouse MFT 31 assessment or "S" for secondary spouse MFT 31 assessment.</li> <li>d. Item 57 will be completed with the secondary name control if the MFT 31 assessment is being made on the secondary spouse; leave blank if MFT 31 assessment is being made on the primary spouse.</li> <li>e. Item 12 and Item 15 will contain the TC 300 amount and any related penalty and credit reversal reference codes for the amounts of relief <b>allowed</b>.</li> </ul>

- b. Provide closing instructions to CCP indicating what amounts are to be assessed on the joint MFT 30 account (the disallowed amount) and the MFT 31 of the NRS only (the allowed amount). These amounts will correspond to the manual Form 5344s that have been prepared.
- c. Update ISTS through Stage 12 with the date of the agreement.
- d. Instruct CCP to input TC 972 AC 065 to reverse the TC 971 AC 065 on the MFT 30 **after** the assessments are complete and to update ISTS through the remaining stages accordingly.
- e. Flag the Form 3198 to indicate "MFT 31 adjustment required, innocent spouse, manual closure required, and special instructions included."

**Note:** Examples of closing instructions for pre-assessment claims are found at Exhibit 4.8.5-2.

- (3) Full Denial: If both spouses sign the RAR indicating relief was denied in full, the case is agreed. The following actions are required:
  - a. Prepare the Form 5344 as normal since the deficiency will be assessed on the joint MFT 30 account.
  - b. Update ISTS through Stage 12 with the date of the agreement.
  - c. Instruct CCP to input TC 972 AC 065 to reverse the TC 971 AC 065 after the assessment is complete and to update ISTS through the remaining stages accordingly.

- d. Flag the Form 3198 to indicate “innocent spouse, manual closure required, and special instructions included”.

**Note:** Examples of closing instructions for pre-assessment claims are found at Exhibit 4.8.5-2.

#### 4.8.5.2.2.1.2

(10-05-2017)

#### Pre Assessment Unagreed Cases

- (1) Full Allowance: If 30 Day letter procedures were followed by the examiner and the NRS does not sign the RAR that includes the innocent spouse determination, a statutory notice of deficiency must be issued to the NRS only. A final determination letter is issued to each spouse, indicating the full allowance. See IRM 4.8.9.16.11, *IRC Section 6015: Relief from Joint and Several Liability on Joint Returns*, for how to prepare notices of deficiency involving innocent spouse claim determinations and IRM 4.8.9.16.11.2, *Full Relief Allowed to Requesting Spouse*, for notices in which the RS is granted full relief. The following actions are also required:

- a. Prepare two Form 5344s using the instructions provided in IRM 4.8.5.2.2.1.1 (1)(a).
- b. Update ISTS to Stage 12 with date of issuance when the statutory notice of deficiency and final determination letters are issued.
- c. Close the case upon default to CCP and advise them to make the deficiency assessment on the MFT 31 of the NRS only.
- d. Instruct CCP to input TC 972 AC 065 to reverse the TC 971 AC 065 **after** assessment is complete and update ISTS accordingly.
- e. Flag the Form 3198 to indicate “MFT 31 assessment required, innocent spouse manual closure required, and special instructions included”.

**Note:** Examples of closing instructions for pre-assessment claims are found at Exhibit 4.8.5-2.

- (2) Partial Allowance: If 30 Day letter procedures were followed by the examiner and neither spouse signs the RAR that includes the innocent spouse determination, a statutory notice of deficiency must be issued to both the RS and NRS indicating the partial allowance. A final determination letter is issued to each spouse indicating the partial allowance, IRM 25.15.3.10.2, *Final Determination Letters*. Refer to IRM 4.8.9.16.11 for guidance on how to prepare notices of deficiency involving innocent spouse claim determinations and IRM 4.8.9.16.11.3, *Partial Relief Allowed to Requesting Spouse*, for notices in which the RS is granted partial relief.

- a. Prepare two Form 5344s using the instructions found at IRM 4.8.5.2.2.1.1 (2)(a).
- b. Update ISTS to Stage 12 with the date of issuance when the notices and final determination letters are issued.
- c. Close the case upon default to CCP to make the applicable deficiency assessment for allowed relief on the MFT 31 of the NRS only and the denied relief on the MFT 30 joint account.
- d. Instruct CCP to input TC 972 AC 065 to reverse the TC 971 AC 065 **after** assessments are complete and to update ISTS accordingly.
- e. Flag the Form 3198 to indicate “MFT 31 assessment required, innocent spouse, manual closure required, and special instructions included”.

**Note:** Examples of closing instructions for pre-assessment claims are found at Exhibit 4.8.5-2.

- (3) Full Denial: If 30 Day letter procedures were followed by the examiner and neither spouse signs the RAR that includes the innocent spouse determination, a statutory notice of deficiency must be issued to both the RS and NRS indicating the full denial of relief. A final determination letter is issued to each spouse indicating the full denial of relief, IRM 25.15.3.10.2, *Final Determination Letters*. Refer to IRM 4.8.9.16.11 for guidance on how to prepare notices of deficiency involving innocent spouse claim determinations, and IRM 4.8.9.16.11.4, *Relief Denied to Requesting Spouse*, for notices in which the RS is denied relief.
  - a. Prepare the Form 5344 as normal since the deficiency will be assessed on the joint MFT 30 account.
  - b. Update ISTS to Stage 12 with the date of issuance when the notices and final determination letters are issued.
  - c. Close the case upon default to CCP to make the applicable deficiency assessment on the MFT 30 joint account.
  - d. Instruct CCP to input TC 972 AC 065 to reverse the TC 971 AC 065 after assessment, and to update ISTS accordingly.
  - e. Flag the Form 3198 to indicate “innocent spouse, manual closure required, and special instructions included”.

**Note:** Examples of closing instructions for pre-assessment claims are found at Exhibit 4.8.5-2.

4.8.5.2.2.2  
(10-05-2017)

**Post-Assessment Claims**

- (1) Final processing of post-assessment claims is the responsibility of the area Technical Services innocent spouse reviewer(s) and staff. A post-assessment claim is one that is received by the examiner for consideration of a tax liability that has already been assessed. The assessment can be on a return filed with tax due, an examination assessment, or both, and it may appear on either the MFT 30 or MFT 31 of either or both spouses. MFT 31 most often occurs when an innocent spouse request, offer in compromise (OIC), bankruptcy, or fraud criminal restitution assessment is involved. An MFT 31 can also occur when only one spouse agrees to proposed adjustment, requests appeals, or petitions Tax Court.
- (2) The case is normally set up on AIMS and ISTS prior to being assigned to an examiner. The examiner contacts the NRS via Letter 3284 and the RS via Letter 3659 which allows 30 days from the date of the letter for the taxpayers to respond.
- (3) The examiner makes a determination on the claim. The determination is written up on the innocent spouse lead sheet or Form 886-A, *Explanation of Items*, and the case is closed to Technical Services for mandatory review and issuance of determination letters.
- (4) Technical Services is responsible for ISTS updates while the case is in Technical Services. Upon receipt of the claim in Technical Services, ISTS will be updated to Stage 08 TOREVU.
- (5) The claim case will be assigned to an innocent spouse reviewer for review and processing procedures. If the case is a referral from Taxpayer Advocate Service (TAS), Collection, or a case returned from the field after rework, it is treated as a priority case.

- a. The reviewer must review the determination of the innocent spouse relief request to determine if the technical provisions were correctly applied. Refer to IRM 25.15.3 for technical provisions of relief under IRC 6015. Review the lead sheet determination (or Form 886-A) for consideration of all applicable code sections and to ensure all applicable code sections are fully developed and support the relief determination.

**Note:** Careful review is required for cases involving spouses that are still married and living together, as well as cases involving fraud.

- b. The reviewer must make sure the NRS was notified of the claim and given the chance to participate. This is the purpose of the Letter 3284 issued by the examiner.
- (6) Technical Services will not return a case unless there is an obvious error or there is an account problem that needs to be resolved by the group prior to closure.
  - (7) Once the technical review is complete, the innocent spouse reviewer will complete the following actions:
    - a. Prepare and mail the preliminary determination letters to the RS and the NRS.
    - b. Suspend the case once the preliminary determination letters (30 Day letters) have been issued. The reviewer will update the case on ERCS to Status Code 22, Suspense Type 531 and set the action date for 45 days from the date of issuance.
    - c. If a valid protest is received, review the protest to determine if additional facts are presented that would affect the original determination.

If Valid Protest Received	Then these actions will be taken
Determination does not change	<ul style="list-style-type: none"> <li>• Close the case to the Appeals office in the taxpayer's area.</li> <li>• Update ISTS to Stage 07 using APPLXXX where the first digit represents primary (P) or secondary (S) or both (B) and the last two digits represents the Appeals office where the case will be assigned. Refer to IRM 25.15.14.4.1.7, <i>Stage 07 - Transferred</i>, for more information on updates to Stage 07.</li> <li>• Correct the Form 5344 to reflect an appeals closure with Disposal Code (DC) 07.</li> </ul>

If Valid Protest Received	Then these actions will be taken
Additional facts presented that change the current determination	<p>Change the workpapers to reflect the current determination based on the additional information received. The reviewer can also return the case to the group for consideration of the additional information if it is cost effective to do so.</p> <ul style="list-style-type: none"> <li>• Update ISTS to Stage 10 REWORK. Before issuing the second preliminary determination letters, update first to Stage 25 and then to Stage 11. Stage 25 will be the day before Stage 11. Refer to IRM 25.15.14.4.1.25, <i>Stage 25 Reconsideration of Previously Issued Determination</i>, for valid activity codes to use with Stage 25.</li> <li>• Prepare and mail the second preliminary determination letters using the letters appropriate for the revised determination (i.e., allowed, partially allowed, fully denied. etc.) to both spouses.</li> <li>• Update ERCS with a new action date to suspend the case for another 45 days based on the new determination letters issue date.</li> <li>• Complete processing based on the determination made per the procedures contained in this IRM section.</li> </ul>

- d. If no protest is received within 45 days, prepare and mail the final determination letters which are applicable to the determination made to each spouse, per the sections below for Full Denial, Partially Allowed / Denied, and Fully Allowed. Update ISTS to Stage 12 using the date of issuance of the final determination letters as the stage date.
- e. Write closing instructions for CCP and mark the Form 3198 for “Manual Closure Required” and “Innocent Spouse”. See Exhibit 4.8.5-1 for closing instructions for post-assessment claims. When the post assessment claim is made on a previous examination assessment, ensure the Form 3198 is marked as a “Final closure - partial assessment previously completed.”
- f. The Form 5344 prepared by the examiner will show Disposal Code 01 and show no adjustments in Item 12 and no reference codes in Item 15. The “No Change” issue code in Item 41 will be “999999”.
- g. In cases of partial or full relief, a Form 3870, *Request for Adjustment*, is prepared to instruct Cincinnati Centralized Innocent Spouse Operations (CCISO) of how much to transfer from the joint MFT 30 account to the MFT 31 of the NRS, including tax, penalty and any payments that may need to be refunded to the RS or moved to the MFT 31. The Form 3870 will be marked “FOR CCISO USE ONLY” and inserted in the case file.
- h. If no petition is filed with the Tax Court and served on the Service during the 90 day petition period, then the case is closed to CCP for processing.
- i. For fully denied claims, prepare the closing instructions to CCP as shown in Exhibit 4.8.5-1 and CCP will complete all of the processing.

- j. For partially or fully allowed claims, the case will close to CCP first and then it will be routed to CCISO for the MFT 31 transfer. All items must be completed or the case will be rejected to the originator. Instruct CCP to complete the following actions:
- Close AIMS controls. Do NOT input TC 290 when closing AIMS controls - CCISO will input the TC 290.
  - Prepare Form 2275, *Records Request, Charge and Recharge*, to charge the case to CCISO, Internal Revenue Service, Attn: Processing Unit Stop 840F, Covington, KY 41012.
  - Input TC 971 AC 103 to generate the MFT 31 account for NRS name and SSN for tax year(s) XXXX.
  - Update ISTS to Stage 23 for tax year(s) xxxx.
  - Prepare Form 3210, *Document Transmittal*, listing case by name and SSN and forward the administrative file to the address shown above. (If applicable, indicate "refund due" next to listed case if RS is due a refund.)
  - Please note that the Form 3870 was prepared for use by CCISO for MFT 31 transfer.

**Note:** Examples of closing instructions are found at Exhibit 4.8.5-1.

- (8) *SB/SE Delegation Order 4.57, Authority to Issue Innocent Spouse Final Determination Notices*, delegates the authority to sign and issue final determination notices for innocent spouse claims to Technical Services territory managers. The authority may be re-delegated by memorandum to select individuals within the area of the territory manager's jurisdiction. Preliminary determination letters are considered 30 Day letters and therefore are covered under *SB/SE Delegation Order 4.55, Authority to Sign Thirty Day Letters*, which delegates authority to sign and issue the letters to revenue agent reviewers grade general schedule (GS) 11 or higher.

**Caution:** These procedures do NOT apply to requests for relief from Community Property Laws per IRC 66(c), *Treatment of Community Income*. Refer to IRM 25.15.5, *Relief from Joint and Several Liability - Relief From Community Property Laws / Community Property States*, and IRM 25.18, *Community Property*.

4.8.5.2.2.2.1  
(10-05-2017)

**Post-Assessment  
Denied Cases**

- (1) The reviewer must take the following actions after the technical review:
- a. Prepare and issue the preliminary determination letters to each spouse and place the case in suspense per IRM 4.8.5.2.2.2(7)(b). Issue Letter 4985, *NRS Preliminary Determination Disallowed*, to the NRS. Issue Letter 4988, *RS Preliminary Determination Disallowed*, to the RS. Select the appropriate explanation paragraphs for each letter. In a full denial case, all code sections must be fully developed.
  - b. If a protest is received within 45 days, follow the procedures in this section to determine whether another preliminary determination letter is required or the case can be prepared to close to Appeals. See IRM 4.8.5.2.2.2(7)(c).
  - c. If no protest is received within 45 days, prepare and issue the final determination letters.  
Letter 5088, *Requesting Spouse Final Determination Letter Disallowed*, certified to the RS.  
Letter 3323, *Notice to non-Electing Spouse of Final Determination on Innocent Spouse Claim*, to the NRS (regular mail).

- d. Provide the following instructions to the 90 day issuance clerk:
  - Update the case to Status Code 24, Suspense Type 537
  - Suspend the case in the notice of deficiency suspense (90 day suspense) for 105 days
- e. Complete processing the case per IRM 4.8.5.2.2.2(7), paragraphs (d) through (i).

4.8.5.2.2.2.2  
(10-05-2017)  
**Post-Assessment  
Partially Allowed /  
Denied Cases**

- (1) The reviewer must take the following actions after the technical review which will include ensuring that the liability allocation shown on the allocation worksheets is correct. Refer to IRM 25.15.3.8.3, *Allocating a Deficiency Under IRC 6015(d)*.
  - a. Prepare and issue the preliminary determination letters to each spouse and place the case in suspense per IRM 4.8.5.2.2.2(7)(b). Issue Letter 4984, *Nonrequesting Spouse Preliminary Determination*, to the NRS. Issue Letter 4987, *Requesting Spouse Preliminary Determination-Partial*, to the RS. Select the appropriate explanation paragraphs for each letter. Enclose the allocation worksheets with each letter.
  - b. If a protest is received within 45 days, follow the procedures in this section to determine whether another preliminary determination letter is required or the case can be prepared to close to Appeals. See IRM 4.8.5.2.2.2(7)(c).
  - c. If no protest is received within 45 days, prepare and issue the final determination letters. Issue Letter 5087, *Requesting Spouse Final Determination Letter-Final*, certified to the RS. Issue Letter 3323, *Notice to Non-Electing Spouse of Final Determination on Innocent Spouse Claim*, to the NRS (regular mail).
  - d. Provide the following instructions to the 90 day issuance clerk:
    - Update the case to Status Code 24, Suspense Type 537
    - Suspend the case in the notice of deficiency suspense (90 day suspense) for 105 days
  - e. Complete processing per IRM 4.8.5.2.2.2(7), paragraphs (d) through (j).

4.8.5.2.2.2.3  
(10-05-2017)  
**Post-Assessment Fully  
Allowed**

- (1) The reviewer must take the following actions after the technical review:
  - a. Prepare and issue the preliminary determination letters to each spouse and place the case in suspense per IRM 4.8.5.2.2.2(7)(b). Issue Letter 4983, *NRS Preliminary Determination Allowed*, to the NRS. Issue Letter 4986, *Requesting Spouse Preliminary Determination-Allowed*, to the RS. Select the appropriate explanation paragraphs for each letter.
  - b. If a protest is received within 45 days, following the procedures in this section to determine whether another preliminary determination letter is required or the case can be prepared to close to Appeals. See IRM 4.8.5.2.2.2(7)(c).
  - c. If no protest is received within 45 days, prepare and issue the final determination letters. Issue Letter 5086, *Requesting Spouse (RS) Final Determination Letter*, certified to the RS. Issue Letter 3323, *Notice to Non-Electing Spouse of Final Determination on Innocent Spouse Claim*, to the NRS (regular mail).

d. Complete processing per IRM 4.8.5.2.2.2(7), paragraphs (d) through (j).

4.8.5.2.2.3  
(06-10-2015)  
**Special Cases**

- (1) **Collection:** If the case is a Collection referral, complete Form 3449, *Referral Report*, Part B. Place a copy in the case file and return the original Form 3449 to the revenue officer with a copy of the determination letter(s). If there is a tax lien and the requesting spouse is granted FULL RELIEF, provide a copy of the determination letter to the lien release unit and request a partial lien release with regard to the requesting spouse ONLY. Provide the lien release unit with all SSNs and the years to which the partial tax lien release applies.
- (2) **Taxpayer Advocate:** If the case is a Taxpayer Advocate Service (TAS) case, call the advocate handling the case to advise the case is being closed. Generally, TAS will request copies of documents from the file for their case file (e.g., the determination letter, Appeals request, etc.). Do not close a TAS case without contacting the advocate first.
- (3) **Returning Cases to Examiners:** The most common error that causes a case to be returned to an examiner is failure to issue the 30 day letter to the taxpayer(s) with the RAR indicating the innocent spouse determination (pre-assessment case) when sufficient time remains on the statute of limitations. In such a situation, return the case on a Form 3990, *Reviewer's Report*, and refer the examiner to the procedures in IRM 25.15.6.4(h), *Examiner's Responsibilities*, and IRM 4.10.8, *Report Writing*. Update ISTS Stage 8 with the appropriate activity. Refer to IRM 25.15.14.4.1.8, *Stage 08 — Local Review*, and IRM 25.15.14.4.1.8, *Stage 10 — Rework*.
- (4) **Claim Filed After a Statutory Notice of Deficiency Issued:** In general, if an innocent spouse claim is filed after the issuance of a statutory notice of deficiency on a joint account, the claim needs to be screened to determine whether or not it is processable (i.e., all required information provided, signature present, etc.).
  - a. If the claim is valid, it will be set up on ISTS and TC 971 AC 065 will be input on the account. This is accomplished by contacting the innocent spouse coordinator or an innocent spouse reviewer. Once the statutory notice of deficiency defaults, the deficiency (plus related penalties) will be assessed on the MFT 30 joint account using partial assessment procedures and the case will be returned to the group on a Form 3990 (in Status Code 12) for consideration of the innocent spouse claim. This procedure reduces taxpayer burden by getting the claim worked as quickly as possible. It also allows the examiner to work the claim using the original administrative file without reopening the case.
  - b. If a petition is filed in response to the statutory notice of deficiency, the consideration of the innocent spouse claim must be coordinated with area counsel.
- (5) **MFT 31 Assessments Present:** the guidance in this IRM section is premised on the fact that joint liabilities will be present on MFT 30 joint accounts. There are circumstances in which liabilities originating from joint returns may be present on MFT 31 accounts for one or both spouses. In those cases, special instructions are sometimes required to adjust the MFT 31 accounts for the amount of relief allowed. If in doubt, contact the applicable innocent spouse reviewer or the CCP-FORT for assistance.

- (6) Both Spouses File Claims: When both spouses file claims, claim procedures must be followed for both claims simultaneously. It is possible to end up with some liability on the MFT 30 joint account as well as the MFT 31 account of each spouse depending on the determinations made.
- (7) Non-Qualifying (No Consideration) Claims and Claim Withdrawals: For these claims the following actions will be taken:
  - a. If for any reason the claim is not considered (e.g., there is no deficiency at the end of the examination, or the liability is fully paid by the NRS while the claim is being considered), issue Letter 3657, *Non-qualifying Innocent Spouse Claim Letter*, or Letter 3657-A, *Non-qualifying innocent Spouse Claim Letter*, to the RS. Refer to IRM 25.15.1.2, *Joint and Several Liability*, for other situations that may disqualify a claim.
  - b. If the RS withdraws the claim, either verbally or in writing, issue Letter 3388, *Closing Letter for Withdrawal of Relief from Liability Request*, to the RS.
  - c. For both non-qualifying claims and claim withdrawal cases, after the appropriate letters are issued, update ISTS through Stages 29 and 30 prior to closing. Refer to IRM 25.15.14.4.1.29, *Stage 29 - Nonqualifying*, for valid activity codes to be used with Stage 29.
  - d. Request the TC 971 AC 065 present on the MFT 30 account be reversed either by submitting Form 3177, *Notice of Action for Entry on Master File*, to CCP or by including the request on the Form 3198.
  - e. Once the above actions are complete, no other special closing instructions for CCP will be required for the claim.

4.8.5.3  
(03-28-2012)  
**TEFRA Case Reviews**

- (1) TEFRA cases require special handling. The processing procedures for these cases are addressed in IRM 4.31.2, *Pass-Through Entity Handbook—TEFRA Examinations—Field Office Procedures*.

4.8.5.4  
(10-05-2017)  
**Cases Returned From Appeals**

- (1) Appeals may return cases to the Exam field groups. Cases returned to Examination are routed to Technical Services and assigned to a reviewer for consideration. Since Appeals does not use ERCS, the case must be updated on AIMS to Status Code 21.

**Note:** TEFRA cases returned from Appeals to the Exam field groups should be returned to the original TS TEFRA coordinator who reviewed the case before Appeals.

**Note:** TEFRA / non-TEFRA cases returned to the Campus from Appeals to complete other actions will be updated on AIMS to Status Code 20 (Campus). The Campus TEFRA / non-TEFRA functions will update the cases to Status Code 34 (TEFRA) / 33 (non-TEFRA) upon receipt of the database.

- (2) There are two methods Appeals can use to return cases to the area. One method is referred to as “jurisdiction released” and the other method is referred to as “jurisdiction not released.”
  - a. A “jurisdiction released” case is routed from Appeals to Technical Services via Form 10467, *Appeals Division Feedback Report and Transmittal Memorandum*. A minimum of 210 days must be remaining on the statute of limitations when received by Technical Services. Technical Services assumes responsibility for jurisdiction released cases, including the re-

sponsibility for statute management. Reviewers are responsible for identification and protection of statutes of limitation on all returns assigned to them or for which they have control. Procedures for statute controls are located in IRM 25.6.23, *Examination Process—Assessment Statute of Limitations Controls*. Procedures for consents are located in IRM 25.6.22, *Extension of Assessment Statute of Limitations by Consent*.

**Caution:** Occasionally, Appeals will route the case to Technical Services without updating AIMS to Status Code 21 or will route the case directly to the examination group without updating the case to Status Code 12. When this occurs, the AIMS/ERCS staff will be contacted to correct the status code.

- b. A “jurisdiction not released” case occurs when Appeals retains responsibility for a case, including the responsibility for statute management. The AIMS controls for the case remain with Appeals. Only the case file is returned to the field examiner. Once the field examiner completes his or her actions, the case file will be returned directly to Appeals by the field examiner.

- (3) Unagreed cases designated for closure to Appeals and cases requiring completion of post-examination processing require priority handling, as referenced in IRM 4.8.2.7.1, *Cases Requiring Priority Handling*.

4.8.5.4.1  
(03-28-2012)

**Disagree With Appeals Request**

- (1) If the reviewer does not agree with the appeals officer’s recommendations and the Technical Services group manager concurs, a responding or clarifying memorandum is prepared and returned to Appeals with the case file.

**Note:** The Technical Services manager will discuss the clarifying memorandum or response with the field group manager prior to returning the case to Appeals.

4.8.5.4.2  
(06-10-2015)

**Agree With Appeals Request**

- (1) If the reviewer agrees with the appeals officer’s recommendations and the Technical Services group manager concurs, the case is returned to the examination group for completion of the required actions. If the case returns to Appeals after the required actions are completed, the statute of limitations must have at least 180 days remaining when the case is received in Appeals.

4.8.5.4.3  
(03-28-2012)

**Criteria for Returning Cases**

- (1) Cases should be returned to the group vs. being completed in Technical Services in the following situations:
  - a. If the matter is factual.
  - b. If the case requires further development or verification of new information.
  - c. If it’s more efficient and/or expedient for the original examiner to complete the work.
- (2) Cases should not be returned to the group if the matter is one of legal interpretation and is not a matter of factual development.

**Reminder:** In addition to applying the applicable IRM program procedures, reviewers will also consider the case return criteria. See IRM 4.8.2.9.1, *Case Return Criteria*. This is to determine whether a quality examination has been performed and if Technical Services has determined additional examination action is necessary, which may not have been

addressed by Appeals. If the reviewer identifies additional errors, problems, or shortcomings with the case not identified by the appeals officer on Form 10467, the reviewer should prepare Form 3990, with Form 886-A, if needed, to accompany the case when returned to the group.

4.8.5.4.4  
(03-28-2012)  
**Case Return and  
Closing Procedures**

- (1) Because Appeals released jurisdiction of the case, AIMS is updated and the case is returned to the field. Upon completion of the additional field work, the group closes the case either by using normal procedures without additional action by Technical Services or by returning it to Technical Services for processing as appropriate.
- (2) If Appeals did not release jurisdiction, the case is returned to the field. Upon completion of the required field work, the case closes from the field to Appeals.

4.8.5.5  
(05-30-2014)  
**Cases Returned From  
Appeals for a Statutory  
Notice of Deficiency**

- (1) For unsettled listed transaction cases, Appeals will return the case to Technical Services for the preparation and issuance of a statutory notice of deficiency when an agreement is not secured. In these situations, Appeals will provide the notice language (e.g., 419 Project Cases).

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**Exhibit 4.8.5-1 (10-05-2017)**

**Examples of Closing Instructions for Post-Assessment Innocent Spouse Cases**

<b>Example of Post Assessment Full Allowance</b>	
INSTRUCTIONS TO CENTRALIZED CASE PROCESSING Attachment to Form 3198	<input type="checkbox"/> EXPEDITE <input type="checkbox"/> REGULAR
TO: Centralized Case Processing	Date:
Name of Taxpayer - XXX-XX-XXXX  Doe, John and Jane	Year(s):  Statute Expires: AA
Other Instructions Post Assessment Innocent Spouse Claim	
Closing Instructions: This claim is being allowed in full per IRC 6015(x). Final Determination letters have been issued. CCISO will process all MFT 31 transfers: <ol style="list-style-type: none"> <li>1. Close AIMS controls. Do not input TC 290.00 when closing AIMS control, CCISO will do this. Form 5344 must be attached showing closed AIMS controls.</li> <li>2. Prepare Form 2275 to recharge to: Cincinnati Centralized Innocent Spouse Operations (CCISO) Internal Revenue Service Attn: Processing Unit Stop 840F Post Office Box 120053 Covington, KY 41012</li> <li>3. Input TC 971 AC 103 to generate the MFT 31 account for (NRS - culpable spouse name and SSN) for tax year(s) XXXX.</li> <li>4. Update ISTS to Stage 23 for tax year(s) XXXX.</li> <li>5. Prepare Form 3210 listing case by name and SSN and forward administrative file to address shown above. (If applicable, indicate "Refund Due" next to listed case if RS is due a refund.)</li> <li>6. Please note that enclosed Form 3870 was prepared for use by CCISO for MFT 31 transfer.</li> </ol>	
Signature of reviewer Reviewer name, Innocent Spouse Reviewer, ID#, Phone #	

<b>Example of Post Assessment Full Disallowance</b>	
INSTRUCTIONS TO CENTRALIZED CASE PROCESSING Attachment to Form 3198	<input type="checkbox"/> EXPEDITE <input type="checkbox"/> REGULAR
TO: Centralized Case Processing	Date:
Name of Taxpayer - XXX-XX-XXXX  Doe, John and Jane	Year(s):  Statute Expires: AA

**Exhibit 4.8.5-1 (Cont. 1) (10-05-2017)**

**Examples of Closing Instructions for Post-Assessment Innocent Spouse Cases**

<b>Example of Post Assessment Full Disallowance</b>
Other Instructions Post Assessment Innocent Spouse Claim DEFAULTED 90 DAY
Closing Instructions: This claim is being disallowed in full per IRC 6015(b), (c) and (f). Final Determination letters have been issued. 1. Update ISTS to Stage 27 upon receipt. 2. Input TC 290 0.00 with Adjustment Reason Code 97. 3. Close AIMS controls with the input of TC 300 0.00. 4. Input TC 972 AC 065 dated MMDDYYYY and XREF: XXX-XX-XXXX for tax year(s) YYYY. 5. Update ISTS to Stage 30 - NOACCTP upon completion.
Signature of reviewer Reviewer name, Innocent Spouse Reviewer, ID#, Phone #

<b>Example of Post Assessment Partial Allowance</b>	
INSTRUCTIONS TO CENTRALIZED CASE PROCESSING Attachment to Form 3198	<input type="checkbox"/> EXPEDITE <input type="checkbox"/> REGULAR
TO: Centralized Case Processing	Date:
Name of Taxpayer - XXX-XX-XXXX  Doe, John and Jane	Year(s):  Statute Expires: AA
Other Instructions Post Assessment Innocent Spouse Claim	

**Exhibit 4.8.5-1 (Cont. 2) (10-05-2017)**

**Examples of Closing Instructions for Post-Assessment Innocent Spouse Cases**

<b>Example of Post Assessment Partial Allowance</b>
<p>Closing Instructions:                      This claim is being allowed in part per IRC 6015(x). Final Determination letters have been issued. CCISO will process all MFT 31 transfers:</p> <ol style="list-style-type: none"> <li>1. Close AIMS controls. Do not input TC 290 0.00 when closing AIMS control, CCISO will do this. Form 5344 must be attached showing closed AIMS controls.</li> <li>2. Prepare Form 2275 to recharge to:                      Cincinnati Centralized Innocent Spouse Operations (CCISO)                      Internal Revenue Service                      Attn: Processing Unit Stop 840F                      Post Office Box 120053                      Covington, KY 41012</li> <li>3. Input TC 971 AC 103 to generate the MFT 31 account for (NRS - culpable spouse name and SSN) for tax year(s) XXXX.</li> <li>4. Update ISTS to Stage 23 for tax year(s) YYYY.</li> <li>5. Prepare Form 3210 listing case by name and SSN and forward administrative file to address shown above. (If applicable, indicate "Refund Due" next to listed case if RS is due a refund.)</li> <li>6. Please note that enclosed Form 3870 was prepared for use by CCISO for MFT 31 transfer.</li> </ol>
<p>Signature of reviewer                      Reviewer name, Innocent Spouse Reviewer, ID#, Phone #</p>

**Exhibit 4.8.5-2 (10-05-2017)****Examples of Closing Instructions for Pre-Assessment Innocent Spouse Cases**

<b>Example of Pre Assessment Full Allowance</b>	
INSTRUCTIONS TO CENTRALIZED CASE PROCESSING Attachment to Form 3198	<input type="checkbox"/> EXPEDITE <input type="checkbox"/> REGULAR
TO: Centralized Case Processing	Date:
Name of Taxpayer - XXX-XX-XXXX  Doe, John and Jane	Year(s):  Statute Expires: AA
Other Instructions Pre Assessment Innocent Spouse Claim	
<p>Closing Instructions:            This claim is being allowed in full per IRC 6015(x).            If agreed: RAR indicating relief allowed in full has been signed by both spouses <b>OR</b> RAR indicating relief allowed in full was signed by NRS, and Final Determination Letter was issued to RS.            If unagreed: Final Determination letter has been issued to RS, (name of RS here), Final Determination has been issued to NRS, (name of NRS), and statutory notice of deficiency has been issued to NRS, (name of NRS here), indicating relief was allowed in full.            This case required MANUAL closure.</p> <ol style="list-style-type: none"> <li>1. Assess 100% of the deficiency plus related penalties and interest on the MFT 31 account of the culpable spouse, (name of taxpayer here), SSN XXX-XX-XXXX.</li> <li>2. Update ISTS to Stage 27 when received in CCP.</li> <li>3. Update ISTS to Stage 28 when MFT 31 account creation is requested.</li> <li>4. After MFT 31 assessment is complete, input TC 972 AC 065 XREF: XXX-XX-XXXX to reverse TC 971 AC 065 XREF: XXX-XX-XXXX dated MMDDYYYY on the MFT 30 account for tax year(s) YYYY.</li> <li>5. After MFT 31 assessment is complete, update ISTS to Stage 30 - NOACCTP for tax years(s) YYYY.</li> <li>6. After all of the above have been completed, the case can be closed.</li> </ol>	
Signature of reviewer Reviewer name, Innocent Spouse Reviewer, ID#, Phone #	

<b>Example of Pre Assessment Full Disallowance</b>	
INSTRUCTIONS TO CENTRALIZED CASE PROCESSING Attachment to Form 3198	<input type="checkbox"/> EXPEDITE <input type="checkbox"/> REGULAR
TO: Centralized Case Processing	Date:
Name of Taxpayer - XXX-XX-XXXX  Doe, John and Jane	Year(s):  Statute Expires: AA

**Exhibit 4.8.5-2 (Cont. 1) (10-05-2017)**

**Examples of Closing Instructions for Pre-Assessment Innocent Spouse Cases**

<b>Example of Pre Assessment Full Disallowance</b>
Other Instructions Pre Assessment Innocent Spouse Claim DEFAULTED 90 DAY
<p>Closing Instructions:                      This claim is being disallowed in full per IRC 6015(b), (c) and / or (f).                      If agreed: RAR indicating relief was denied has been signed by both spouses.                      If unagreed: Statutory notice of deficiency has been issued to both spouses, indicating relief was denied.</p> <p><b>Note:</b> If one spouse agrees and one does not, modify instructions accordingly.</p> <p>This case required MANUAL closure.</p> <ol style="list-style-type: none"> <li>1. Update ISTS to Stage 27 upon receipt.</li> <li>2. Assess deficiency plus related penalties and interest on the MFT 30 joint account.</li> <li>3. Update ISTS through Stage 30 - NOACCTP.</li> <li>4. Input TC 972 AC 065 XREF: XXX-XX-XXXX to reverse TC 971 AC 065 XREF: XXX-XX-XXXX dated MMDDYYYY on the MFT 30 account for tax year(s) YYYY.</li> </ol>
Signature of reviewer Reviewer name, Innocent Spouse Reviewer, ID#, Phone #

<b>Example of Pre Assessment Partial Allowance</b>	
INSTRUCTIONS TO CENTRALIZED CASE PROCESSING Attachment to Form 3198	<input type="checkbox"/> EXPEDITE <input type="checkbox"/> REGULAR
TO: Centralized Case Processing	Date:
Name of Taxpayer - XXX-XX-XXXX  Doe, John and Jane	Year(s):  Statute Expires: AA
Other Instructions Pre Assessment Innocent Spouse Claim	

**Exhibit 4.8.5-2 (Cont. 2) (10-05-2017)****Examples of Closing Instructions for Pre-Assessment Innocent Spouse Cases**

<b>Example of Pre Assessment Partial Allowance</b>
<p>Closing Instructions:            This claim is being allowed in part per IRC 6015(b).            If agreed: RAR indicating partial relief has been signed by both spouses.            If unagreed: Statutory notice of deficiency has been issued to both spouses, indicating relief was partially allowed.</p> <p><b>Note:</b> If one spouse agrees and one does not, modify instructions accordingly.</p> <p>This case required MANUAL closure.</p> <ol style="list-style-type: none"> <li>1. Assess \$XX,XXX.XX of the deficiency plus related penalties and interest on the MFT 31 account of the culpable spouse, (name of the NRS here), SSN XXX-XX-XXXX. Assess \$XX,XXX.XX of the deficiency plus related penalties and interest on the joint MFT 30 account.</li> <li>2. Update ISTS to Stage 27 when received in CCP.</li> <li>3. Update ISTS to Stage 28 when MFT 31 account creation is requested.</li> <li>4. After MFT 31 assessment is complete, input TC 972 AC 065 XREF: XXX-XX-XXXX to reverse TC 971 AC 065 XREF: XXX-XX-XXXX dated MMDDYYYY on the MFT 30 account for tax year(s) YYYY.</li> <li>5. After MFT 31 and 30 assessments are complete, update ISTS to Stage 30 - NOACCTP.</li> <li>6. After all of the above have been completed, the case can be closed.</li> </ol>
<p>Signature of reviewer            Reviewer name, Innocent Spouse Reviewer, ID#, Phone #</p>