MEMORANDUM FOR DIRECTOR, EXAMINATION

FROM: Daniel Lauer
Acting Director, Examination – Field & Campus Policy

SUBJECT: Interim Guidance increasing the mandatory referral threshold and establishing procedures for referrals to Collection

This interim guidance increases the referral threshold for individual master file (IMF) cases to $250,000 and provides SB/SE Field and Specialty Examiners, excluding Estate and Gift Tax, guidance for making referrals to Collection.

The IRM currently requires examiners to coordinate all agreed unpaid cases over $100,000 with Collection using local procedures. Under revised guidance, SB/SE field examiners are required to use the Specialist Referral System (SRS) to submit a mandatory collection referral if the taxpayer’s aggregate unpaid balance of assessment plus the agreed unpaid portion of the amount due (tax, penalty and interest) shown on the examination report exceeds certain dollar criteria. A mandatory referral is required for any agreed business master file (BMF) case with a total unpaid liability over $100,000 and any agreed IMF case with a total unpaid liability over $250,000. See the attachment for proposed IRM language.

The guidance is effective immediately and within two years from the date of this memorandum will be incorporated into IRM sections 4.20.1, General Collectibility Procedures, 4.20.3, Soliciting Payment, and 4.20.4, Installment Agreements.

If you have questions, you may contact me or have a member of your staff may contact Susan L. Howard, Acting Program Manager, Examination Field and Campus Policy, Field Examination Special Processes, at 267-941-6419.

Attachments:
Proposed IRM language

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4.20.1.2 (MM-DD-YYY)  
Examiner's Responsibilities

(5) If the examiner does not secure full payment or an installment agreement from the taxpayer, coordination with Collection may be considered. A Collection referral is mandatory on agreed cases if the taxpayer's aggregate unpaid balance of assessment plus the unpaid amount due shown on the examination report exceeds $100,000 for BMF cases and $250,000 for IMF cases. See IRM 4.20.3.4, Coordination with Collection. The amount due includes tax, penalties and interest for all years.

4.20.3.4 (MM-DD-YYYY)  
Coordination with Collection

(1) Coordination with Collection is mandatory for agreed BMF cases with total unpaid liabilities over $100,000 and agreed IMF cases with total unpaid liabilities over $250,000 using the Specialist Referral System (SRS). Referrals will be initiated through the SRS with group manager approval. The taxpayer's liability includes the aggregate unpaid balance of assessment for all years plus the tax, penalties and interest for all years shown on the examination report.

(2) The examiner will initiate the referral to Collection when they believe the final amount due shown on the examination report (tax, penalties, and interest) will be agreed, and the total unpaid liability will be more than the threshold amounts. Field Collection will notify the examiner within 10 calendar days whether the referral is accepted or rejected. The examiner may close the case once the referral is made. The activity record should be documented with the referral date and response, if known at time of closure.

(3) If the taxpayer requests an installment agreement which is beyond Examination’s installment agreement criteria, see IRM 4.20.4.7, Non-Streamlined Installment Agreements.

4.20.4.2 (MM-DD-YYYY)  
Examination's Authority and Procedures

(6) Examiners are not authorized to set up installment agreements over $50,000:
   a. For amounts between $50,001 and $100,000, Non-Streamlined Installment Agreement procedures apply. See IRM 4.20.4.7, Non-Streamlined Installment Agreements.
   b. A Collection referral is mandatory for agreed unpaid BMF cases over $100,000 and agreed unpaid IMF cases over $250,000. See IRM 4.20.3.4, Coordination with Collection.