



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

January 29, 2026

Control Number: SBSE-05-0126-0003

Expiration Date: 01/29/2028

Affected IRMs: 5.7.4

MEMORANDUM FOR ALL FIELD COLLECTION EMPLOYEES

FROM:

Thomas Kramer  
Director, Collection Policy

Thomas D. Kramer

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Kramer  
Date: 2026.01.29 10:09:03 -08'00'

SUBJECT: Interim Guidance for Trust Fund Recovery Actions for Simple Payment Plans  
(Business Trust Fund)

This memorandum provides interim guidance to Collection employees regarding the implementation of the Simple Payment Plan (Business Trust Fund) for in-business, Business Master File (BMF) taxpayers with an unpaid balance of assessment (UBA) of \$25,000 or less. Please distribute this information to all affected employees within your organization.

**Purpose:** The purpose of this memorandum is to address the impact of new Simple Payment Plan (Business Trust Fund) guidance on Trust Fund Recovery Penalty (TFRP) investigations, reinforce existing TFRP procedures, and provide updated guidance where applicable.

**Background:** The Simple Payment Plan (Business Trust Fund) has replaced the IBTF Express Installment Agreement for in-business taxpayers with UBA's under \$25,000 (see IRM 5.14.5.4 and IGM SBSE-05-0126-0008). Although the Simple Payment Plan streamlines the payment plan process for the resolution of cases meeting its criteria, it removes the former 24-month full-pay requirement and conditionally removes the requirement to make a TFRP determination as required per IRM 5.7.4.2.

**Source of Authority:** The statutory authority for the Trust Fund Recovery Penalty is 26 U.S.C. § 6672, Failure to collect and pay over tax, or attempt to evade or defeat tax.

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## Revenue Officer Procedure:

Under the revised guidance in IRM 5.7.4.2 and IGM SBSE-05-0126-0008, *Revised Interim Guidance for Field Collection on new Simple Payment Plans for Business Master File (BMF) Taxpayers*, the removal of the determination requirement will only apply when the taxpayer is granted a Simple Payment Plan (Business Trust Fund) within 120 days from case assignment on ICS. Failure to make a timely determination by the determination due date solely because the UBA is below \$25,000 would be considered a late determination. If a taxpayer does not meet the criteria for a Simple Payment Plan under IRM 5.14.5.4 at the time a determination is required, revenue officers (RO) must input a determination to 'Pursue' on ATFR or VTFRP, consistent with IRM 5.7.3.3(4). In addition, Simple Payment Plan (Business Trust Fund) would not apply for business taxpayers if any of the following conditions apply:

- Taxpayer is not in filing or deposit compliance and is therefore ineligible for a payment plan.
- Taxpayer's request for the payment plan is made in conjunction with a request for levy release.
- Taxpayer's request meets Installment Agreement (Payment Plan) Requests Made to Delay Collection Action criteria per IRM 5.14.3.3. This includes situations where there is an indication the business may be using pyramiding or successor entities to avoid tax responsibilities.

## Simple Payment Plan (Business Trust Fund) — Case Disposition Chart ATFR/VTFRP

**Note:** If the taxpayer meets the criteria for a Simple Payment Plan (Business Trust Fund) and the decision has been made to grant the agreement, then no determination is required but you still need to take actions to remove case from inventory on ATFR/VTFRP. Please ensure the ICS history is documented to explain the closing action.

IF	AND (Condition)	THEN (Action Required)
Case is on <b>ATFR</b>	Pursue determination has <b>not</b> been made	Make a "Don't Pursue" determination on ATFR. When the next window appears, select the second option that reads "The Taxpayer meets the criteria for an In-Business Trust Fund Express Installment Agreement (IBTFIA), to remove the case from active ATFR inventory.

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Case is on <b>ATFR</b>	Pursue determination <b>has already</b> been made	Select disposition “ <b>Return to Queue</b> ” to remove the case from active ATFR inventory. <i>Do not</i> select disposition pertaining to IBIA.
Case is on <b>ATFR</b>	Pursue determination <b>has already</b> been made and <b>Form 4183 has been approved</b>	Select disposition “IBIA Closure Approval Requested” to remove the case from active ATFR inventory.
Case is on <b>VTFRP</b>	Pursue determination has not been made <i>or</i> has already been made	Select the case closure disposition option “ <b>Simple Payment Plan (Business Trust Fund)</b> ” to remove the case from active VTFRP inventory.  <i>A Pursue or Do Not Pursue selection is not required prior to case closure.</i>

**Effective Date:** This guidance is effective as of the date of this memorandum and will be incorporated into the IRM within two years of the issuance date.

**Contact:** If you have any questions regarding the guidance in this memorandum, you may contact Mindy Murphy, Senior TFRP Program Analyst, or a member of your staff may contact, Matthew Brody, Employment Tax Program Manager.

**Distribution:**

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**Attachment: IG Control # SBSE-05-0126-0003**

The following changes are hereby effective 1/31/2026 for the IRM sections listed below. Changes are reflected in **bold** type; strikethrough items will be deleted.

**IRM 5.7.4.2 (07-14-2023)**

**TFRP Determinations, Interviews, and Investigations**

- (1) The decision whether to pursue the TFRP should be made:
- After the initial contact with the BMF trust fund taxpayer.
  - As soon as possible, but no later than 120 calendar days after assignment of the balance due account(s) to an RO (ICS will provide a notification when there are 60 days remaining on the determination date and when the determination date has expired).

**Note:** The determination date should be shortened if there is an imminent assessment statute expiration date (ASED). See IRM 5.7.3.6, *Statutory Assessment Period*, for information on the ASED.

(2) The 120-day determination date will appear on the Automated Trust Fund Recovery Penalty (ATFR) program or the Virtual Trust Fund Recovery Penalty (VTFRP) program. A decision to pursue or not pursue the TFRP must be made within this time period, unless the trust fund balance is less than # [REDACTED] # **or the unpaid balance of assessment (UBA) is less than # [REDACTED] # and the taxpayer will be granted a Simple Payment Plan (Business Trust Fund). The GM may also authorize** a delay to the TFRP determination timeframe (e.g., when the taxpayer/potentially responsible persons cannot be located or identified) prior to its expiration.

GMs must document ATFR/**VTFRP** and ICS with why a delay of determination (or reset of a past due delay determination) is warranted before approval. The decision to pursue or not pursue the TFRP will also be documented in the ICS history. **See IRM 5.7.4.2.1, *Factors When Considering Trust Fund Balance Owed Amounts and SBSE-05-0126-0008, Revised Interim Guidance for Field Collection on new Simple Payment Plans for Business Master File (BMF) Taxpayers.***

(3) Don't Pursue Determinations should be limited to:

- The taxpayer is out of business and a responsible person cannot be identified or located. See IRM 5.1.18, *Locating Taxpayers and Their Assets*, for guidance on locating taxpayers.
- ~~The taxpayer meets the criteria for an In-Business Trust Fund Express Installment Agreements (IBTF-IA) and the decision has been made to grant the agreement. (See IRM 5.14.5.4, In-Business Trust Fund Express Installment Agreements.)~~

**Note:** If the case is assigned on ATFR and determination has not been made, then ROs will need to select "Don't Pursue" followed by the IBTF-Express option in the second bullet to remove the case from their ATFR inventory. If the case is assigned on VTFRP,

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then a determination is not needed; ROs can select the Close Case disposition option for Simple Payment Plan (Business Trust Fund) from the Actions menu.

~~(4) Before the RO may decide not to pursue the TFRP in IBTF-IA situations, the taxpayer must meet all the following conditions:~~

- ~~• Unpaid Balance of Assessment (UBA) is \$25,000 or less and~~
- ~~• Outstanding liabilities only include current year or prior calendar year periods~~
- ~~• Entire liability will be paid in 24 months~~

#### **IRM 5.7.4.8.1 (07-14-2023)**

##### **Considerations for In-Business Payment Plan**

(1) An RO can secure an in-business **payment plan** rather than recommending immediate assertion of the TFRP, as long as:

- The taxpayer qualifies for an in-business **payment plan** (IRM 5.14.7, *BMF Installment Agreements*).
- The TFRP assessment statute expiration date (ASED) is appropriately extended by **securing a Form 2750, Waiver Extending Statutory Period for Assessment of Trust Fund Recovery Penalty, from each related responsible party.**
- The investigative aspects of the TFRP inquiry are documented and preserved.

**Exception:** No TFRP determination or Form 2750, Waiver Extending Statutory Period for Assessment of Trust Fund Recovery Penalty is required on cases **that meet** the requirements for a **Simple Payment Plan (Business Trust Fund)** (see IRM 5.14.5.4, *In-Business Trust Fund Express Installment Agreements*, and IRM 5.7.4.2(3)).

(2) If an RO determines an in-business **payment plan** is the appropriate case action, generally, the TFRP will not be assessed if the taxpayer meets the terms of the **payment plan**. However, based on the taxpayer's prior history as a repeater or because of the length of the proposed **payment plan**, the RO may determine assertion of the TFRP is in the best interest of the government. If the TFRP is not being assessed, the following actions **must be taken relative to the TFRP** if the agreement will not fully pay all balances due at least **one year** prior to the earliest ASED:

- a. Complete interviews for all potentially responsible persons and any other interviews necessary to determine responsibility and willfulness.
- b. Secure the appropriate Collection Information Statement from all responsible persons and complete the collectability determination (See IRM 5.7.5, Collectability Determination).
- c. Request a signature on Form 2750, *Waiver Extending Statutory Period for Assessment of Trust Fund Recovery Penalty*, from all responsible persons (see IRM 5.7.3.7.1, *Form 2750 Waiver*, for the actions required when securing a waiver to extend the statute to the expected end-date of the agreement plus one year.

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- d. Assemble all documentation for completion of the penalty to the point of assessment (including securing approval of Form 4183).

**Exception: The actions listed in (2) are not required if the business taxpayer is being granted a Simple Payment Plan (Business Trust Fund).**

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