



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

SMALL BUSINESS/Self-EMPLOYED DIVISION

April 11, 2024

Control Number: SBSE-05-0424-0017  
Expiration Date: 04-11-2026  
Affected IRM(s): 5.8.4, 5.8.7 and 5.19.7

MEMORANDUM FOR: Francine Stewart, Acting Director  
Specialty Collection Offer in Compromise (SCOIC)

FROM: Rocco A. Steco, Director  
Collection Policy Rocco A. Steco  
Jr.

Digitally signed by Rocco A. Steco Jr.  
Date: 2024.04.11 10:57:15 -04'00'

SUBJECT: Interim Guidance on Notice of Federal Tax Lien Filing for SCOIC Employees

**Purpose:** The purpose of this memorandum is to issue procedural guidance for Notice of Federal Tax Lien (NFTL) filing for SCOIC employees on Offer in Compromise (OIC) cases. Please ensure that this information is distributed to all affected employees within your organization.

**Background/Source(s) of Authority** It is the responsibility of Collection employees to safeguard the government's interest and taxpayer rights. Currently, the Specialty Collection Offer in Compromise (SCOIC) employee submits the request for a NFTL 15 days after the return, withdrawal or rejection letter is mailed, or at the end of the appeal period and the timing of the NFTL request is determined by the liability amount on rejected offers. This interim guidance memo (IGM) eliminates the tiered dollar amounts and simplifies the timing of the request for NFTL filing. This process will ensure the NFTL is filed timely, accurately, and efficiently to protect the government's interest while ensuring the taxpayer's appeal rights are protected.

The below table shows the current procedures and the procedural changes:

Acceptances Current Procedures	Acceptances Procedural Changes
If an offer is being accepted, while there is no requirement to file a NFTL, if the tax liability is greater than or equal to \$50,000 or the offer terms extend past five months, the offer examiner (OE)/offer specialist (OS) may file a NFTL to protect the government's interest in	If an offer is being accepted, while there is no requirement to file a NFTL, if the tax liability is greater than or equal to \$10,000 or the offer terms extend past five months, the OE/OS may file a NFTL to protect the government's interest in a taxpayer's real property or other

a taxpayer's real property or other assets. Managerial approval is required if a NFTL is being filed where the tax liability is less than \$50,000 or the offer terms are equal to or less than five months.	assets. Managerial approval is required if a NFTL is being filed where the tax liability is less than \$10,000 or the offer terms are equal to or less than five months.
<b>Returns/Withdrawals</b>	<b>Returns/Withdrawals</b>
<b>Current Procedures</b>	<b>Procedural Changes</b>
A NFTL will generally be filed when the aggregate unpaid balance of assessments (UBA) exceeds \$10,000 and an offer is returned or withdrawn. The request for NFTL filing (Form 12636) should be forwarded 15 calendar days after the mailing of the return/withdrawal letter.	A NFTL will generally be filed when the aggregate unpaid balance of assessments (UBA) exceeds \$10,000 and an offer is returned or withdrawn. In conjunction with closing the case on the automated offer in compromise system (AOIC), the employee will separate the NFTL request (Form 12636) from the file and send via encrypted email to Centralized Lien Operations (CLO), with a cc: to the group/team manager.
<b>Rejection Appealed</b>	<b>Rejection Appealed</b>
<b>Current Procedures</b>	<b>Procedural Changes</b>
If the offer is being rejected and the unpaid balance of assessments is over \$50,000, the NFTL request (Form 12636) should be forwarded 15 days after the issuance of the rejection letter. If the UBA exceeds \$10,000 and is less than \$50,000, a NFTL request (Form 12636) should be forwarded at the conclusion of the appeal period, if the rejection is not appealed, or if the rejection is appealed, at the conclusion of the appeals investigation.	If the offer is being rejected, the NFTL will generally be filed when the aggregate unpaid balance of assessments (UBA) exceeds \$10,000. The NFTL request (Form 12636) will be prepared and included in the file. The OE/OS will send the NFTL request (Form 12636) to CLO via encrypted email with a cc: to the group/team manager when the case is transferred to Appeals.
<b>Rejection Not Appealed</b>	<b>Rejection Not Appealed</b>
<b>Current Procedures</b>	<b>Procedural Changes</b>
If the offer is being rejected and the unpaid balance of assessments is over \$50,000, the NFTL request (Form 12636) should be forwarded 15 days after the issuance of the rejection letter. If the UBA exceeds \$10,000 and is less than \$50,000, a NFTL request (Form 12636) should be forwarded at the conclusion of the appeal period, if the rejection is not appealed, or if the rejection is appealed, at the conclusion of the appeals investigation.	If the offer is being rejected, the NFTL will generally be filed when the aggregate unpaid balance of assessments (UBA) exceeds \$10,000. The NFTL request (Form 12636) will be forwarded to CLO when the case is closed on AOIC, rejected, did not appeal. The NFTL request (Form 12636) will be prepared and included in the file. In conjunction with closing the case on AOIC, the employee will separate the NFTL request (Form 12636) from the file and send to CLO via encrypted mail with a cc: to the group/team manager.

**Effect on Other Documents:** This guidance will be incorporated into IRM 5.8.4, Investigation, IRM 5.8.7, Return, Terminate, Withdraw, and Reject Processing, and IRM 5.19.7, Monitoring Offer in Compromise.

**Effective Date:** This guidance is effective as of the date of this memorandum.

**Contact:** If you have any questions, please contact Diana Estey, OIC Program Manager; or a member of your staff may contact OIC Program Analyst, Linda Harrison.

**cc:**

Director, Collection Operations – Quality and Technical Support  
Director, Headquarters Collection  
Director, Collection  
National Taxpayer Advocate Service  
Assistant Division Counsel, SB/SE  
IRS.gov

**Attachment to Interim Guidance: SBSE05-0424-0017**  
**IRM NFTL Impacted Section and Procedural Changes**

**IRM 5.8.4.13, Notice of Federal Tax Lien Filing**

(5) A NFTL will generally be filed whenever the aggregate unpaid balance of assessments (UBA) exceeds \$10,000 and the OIC is not being recommended for acceptance. If the OIC is being returned or withdrawn, the OE/OS will forward the NFTL request to CLO with a cc: to the group/team manager when the case is approved for closure. If the OIC is being rejected, the OE/OS will prepare the NFTL request (Form 12636) and include in the file. The Form 12636 will be processed to CLO when the case is closed in AOIC (no appeal) or transferred to Appeals. The employee will separate the Form 12636 from the file and send via encrypted email to CLO, with a cc: to the group/team manager.

(6) If an offer is being accepted, while there is no requirement to file a NFTL, if the tax liability is greater than or equal to \$10,000 or the offer terms extend past five months, the OE/OS may file a NFTL to protect the government's interest in a taxpayer's real property or other assets. Managerial approval is required if a NFTL is being filed where the tax liability is less than \$10,000 or the offer terms are equal to or less than five months.

**IRM 5.8.7.2.2.7, Closing an Offer as a Processable Return**

(2)(r): Per IRM 5.8.4.13(5), the request for NFTL will be forwarded when the return determination is made and the case is approved for closure.

**IRM 5.8.7.4.1, Voluntary Withdrawal**

(6) Per IRM 5.8.4.13(5), the request for NFTL will be forwarded when the voluntary withdrawal determination is made and the case is approved for closure.

**IRM 5.8.7.4.2, Involuntary Withdrawal**

(11) Per IRM 5.8.4.13(5), the request for NFTL will be forwarded when the withdrawal determination is made and the case is approved for closure.

**IRM 5.8.7.7.4, Rejection Not Appealed**

(3) If no appeal request is received by the 45<sup>th</sup> day from the date of the rejection letter, the following actions should be taken:

**Note:** Per IRM 5.8.4.13 (5), the request for NFTL will be forwarded to CLO via encrypted mail when the case is closed rejected, did not appeal. In conjunction with closing the case on AOIC, the employee will separate the Form 12636 from file and

send via encrypted email to CLO, with a cc: to the group/team manager. The rejection letter contains language regarding the Collection Appeal Program. Refer to [IRM 5.1.9.2](#), Informing Taxpayers of Their Appeal Rights.

#### **IRM 5.8.7.7.6, Addressing a Timely Appeal Without Ex-Parte Communication**

**Add to (2):** If the taxpayer appeal does not include new information requiring additional investigation or consideration by the OE/OS, the OE/OS will:

- a. Notify the taxpayer that the case is being transferred and provide the telephone number of Appeals Customer Service. Notification may be verbal or in writing but must be documented. If you cannot reach the taxpayer by phone, use the AOIC transfer letter, paragraph B with address code 200. **If you are filing an NFTL and have not previously advised the taxpayer of their appeal rights, see [IRM 5.1.9.2](#), Informing Taxpayers of Their Appeal Rights.**
- b. **Send any prepared Form 12636 via encrypted email to CLO, with a cc: to the group/team manager when the case is transferred to Appeals.**

(6) After manager review of taxpayer's appeal:

- a. Transfer the case to 90XX on AOIC.
- b. Send the case to the appropriate Appeals Area office based on the Appeals Case Routing Tool.

#### **IRM 5.19.7.5.3, Closing Manually Monitored OICs**

(4) Follow guidelines in [IRM 5.19.7.8.9](#), Releasing the Federal Tax Lien.

#### **IRM 5.19.7.8.9, Releasing the Federal Tax Lien**

(3): Under the terms of the OIC contract (Form 656), the lien will generally be released within 45 days when the offer payment terms have been satisfied and the monitoring offer in compromise unit (MOIC) completes all closing actions. See [IRM 5.19.7.5.3](#), Closing Manually Monitored OIC and [IRM 5.19.7.13.1](#), Compliance Monitoring Status.

(6): Refer to [IRM 5.12.3.3.1.1](#), Liability Satisfied by Payment, and [IRM 5.12.3.3.1.1.1](#), Electronic and Credit Card Payments, for the appropriate time frame required to release a federal tax lien.