

IRM PROCEDURAL UPDATE

DATE: 04/30/2024

NUMBER: sbse-20-0424-0577

SUBJECT: Subsequent Requests for Penalty Relief

AFFECTED IRM(s)/SUBSECTION(s): 20.1.1.3.5.1

CHANGE(s):

IRM 20.1.1.3.5.1 Subsequent Requests for Penalty Relief - Clarified instructions to transfer cases to Appeals

(1) A second or subsequent request for penalty relief may be received after the initial request for relief has been denied.

(2) If the penalty was previously considered by the IRS Independent Office of Appeals (Appeals), forward the request to the appropriate Appeals office. (This may be identified by the presence of **PRC 041/042** followed by a TC 290 for \$0.00 with a Blocking Series 96X, -N Freeze Code on the account.)

(3) If review of the account indicates that the taxpayer’s request for penalty relief was previously disallowed, but not previously considered by Appeals, review the circumstances of the previous denial.

If	And	Then
The taxpayer is submitting new information,	The facts presented in the new information meet penalty relief criteria (see IRM 20.1.1.3, Criteria for Relief From Penalties),	Abate the penalty or penalties. See IRM 20.1.1.3.5.2, Taxpayer Entitled to Relief.
The taxpayer is submitting new information,	The facts presented in the new information do not meet penalty relief criteria,	Notify the taxpayer that relief cannot be granted based on the new information provided and refer the taxpayer to follow the information contained in the original disallowance letter they were issued.
The taxpayer is submitting new information,	The facts presented in the new information do not meet penalty relief criteria and the taxpayer indicates a desire for appealing the decision,	Transfer the case to Appeals with all required information (and notify the taxpayer the additional information does not meet penalty relief criteria and their request is being transferred to Appeals).

If	And	Then
The taxpayer is not submitting new information,	The taxpayer has not requested an appeal of the previous determination,	Inform the taxpayer the penalty relief request cannot be considered.
The taxpayer is not submitting new information,	The taxpayer is requesting an appeal of the previous determination,	Transfer the case to Appeals with all required information.
The taxpayer is not submitting new information,	It is unclear what the taxpayer wants,	Contact the taxpayer to request clarifying information.

(4) Cases transferred to Appeals **must** include the following information:

- a. The letter or form requesting an appeal. It must be signed by the taxpayer or an authorized power of attorney (POA), as evidenced by a valid Form 2848, Power of Attorney and Declaration of Representative, either attached to the request or on file. (A copy of the Form 2848 is preferred with the case going to Appeals whenever possible.)

Note: Form 8821, Tax Information Authorization, or Form 2848, Level H (unenrolled return preparer), is not considered an authorized POA.

- b. The documentation showing written supervisory approval of the penalty (or penalties) being appealed, when required by IRC 6751(b)(1). See IRM 20.1.1.2.3, Approval Prerequisite to Penalty Assessments for more information.

Note: Appeals does not have access to the Correspondence Imaging Inventory (CII). If the written supervisory approval of any penalty being appealed is contained in CII, take action to ensure documentation showing the supervisory approval is included with the files sent by the penalty appeals coordinator.

- c. A copy of the previously denied penalty relief request. This denied request would be with the TC 290 .00 in Blocking Series 98/99 source document. **(The appropriate Blocking Series (98/99) must show on each MFT and tax period associated with the previously denied penalty relief request before transferring the case to Appeals.)** If the source document is not available, provide a copy of the Files charge-out information to Appeals.
- d. A copy of the disallowance letter or a print of the LPAGE input screen showing the 'Request Completed' response message (852C, 853C, 854C, 2413(P), 2414(P) or other disallowance letter). For letters generated through the RCA program, the PDF print of the letter that was successfully transmitted is also acceptable.

- e. Any and all other information that is needed for Appeals to fully and fairly consider the applicability of the penalty and the taxpayer’s abatement request.

(5) When transferring a case to Appeals, complete the following actions for **each** MFT code **and** tax period being transferred:

- a. Input a TC 971 with Action Code 251, and
- b. Reassign the control base to Appeals, IDRS unit 662980000, category APPZ, and
- c. Input the TC 470 and appropriate Closing Code (CC) for each MFT code and tax period based on the table below:

If:	Then:
The MFT/tax period shows NO module balance	TC 470 is NOT required
The MFT/tax period shows a module balance	TC 470 is required with the applicable CC to prevent additional collection notices: <ul style="list-style-type: none"> • CC 95 Modules with PRN 668 international penalties • CC 90 Modules in collection notice status 19, 20, 21, 54, 56 or 58 • No CC Modules in collection notice status 22, 24, 26 Refer to Document 6209, TC 470 Closing Code Chart to verify the applicable closing code.

(6) The penalty appeals coordinator will transfer the case to Appeals by accessing the Appeals Electronic Case Receipts SharePoint site at <https://irs.gov.sharepoint.com/sites/AP-SPH> and taking the following actions:

- a. Select *Add New Electronic Case Receipts*
- b. Select the appropriate Business Unit from the drop down list
- c. Select *PENAP (Penalty Appeals)* in the Type of Case field
- d. Choose the correct type of PENAP case from the following three choices: International, MFT 06, or All Other
- e. Input the taxpayer name, TIN, MFT(s), and tax period(s) being appealed

Note: The *MFT* and *Tax Period* fields permit multiple entries for the same taxpayer.

- f. Input the requestor’s name or SEID in the *Requestor* field and then select that name in the pop-up box so the *Requestor*, *Email*, *Telephone*, and *POD* fields auto-populate.

- g. Click *Add Attachment* and use the *Choose File* button to browse and select the case file contents described in paragraph (4) above to be uploaded, and

Note: Files selected for upload should be in PDF format. Each file should not exceed 25 pages. While the size of files is limited to 25 pages, penalty appeals coordinator(s) may attach and upload an unlimited number of files.

- h. Click the *Submit* button when all information has been input and all files necessary to work the case have been added as attachments.

Note: It is important that only penalty appeals coordinator(s) submit cases to Appeals through the Appeals Electronic Case Receipts SharePoint site as they are most familiar with the documents that need to be transmitted to Appeals. Cases that are sent to Appeals without all necessary documents or control bases will be returned by Appeals as premature referrals with jurisdiction released.

Note: For a demonstration of the required process the penalty appeals coordinator follows in submitting a case to Appeals, refer to the self-help online tutorial video titled Electronic Case Receipts, Penalty Appeals, at Helpful Tips (sharepoint.com).