



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

March 16, 2012

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MEMORANDUM FOR DIRECTOR, ADVISORY AND INSOLVENCY
DIRECTORS, COLLECTION AREA OPERATIONS

FROM: Scott D. Reisher /s/ **Scott D. Reisher**
Director, Collection Policy

SUBJECT: Interim Guidance for Trust Fund Recovery Penalty Case
Review and Processing by Advisory, Control Point Monitoring

This memorandum provides interim guidance concerning case review and processing of Trust Fund Recovery Penalty (TFRP) assertion recommendations by Advisory, Control Point Monitoring (CPM). Interim Guidance SBSE 05-1211-104, *Documenting Trust Fund Recovery Penalty Recommendations*, dated December 7, 2011 amended the TFRP documentation requirements outlined in IRM 5.7.4 and IRM 5.7.6. This memorandum details the new case review procedures and actions to be followed by CPM. Please ensure that this information is distributed to all affected employees within your organization. This guidance is effective immediately.

IRM 5.7.10.2(2), *Case Review and Processing*, currently states that if a required form is missing from the file that can be printed from the Automated Trust Fund Recovery (ATFR) program, the form should be printed and included in the file. If the ATFR or Integrated Collection System (ICS) history is missing from the TFRP case file, it should also be printed and included in the case file. Do not issue Form 5942 and return TFRP cases solely for missing ATFR or ICS case histories.

The attached mandatory check sheet provided in IRM Exhibit 5.7.10-1 has been updated to reflect the core documentation items that should be in TFRP case files. If the items are not in the file, the ICS history must document why the items were not secured. Significant changes to the CPM review checksheet are as follows:

- Removal of the requirement for copies of tax returns as core documentation
- CPM printing of ATFR or ICS if not included in case file
- Option of a bank signature card or PIN assignment data
- Option of sampling of checks or bank statements for applicable periods

If the TFRP file is incomplete for reasons other than missing forms that can be printed from the ATFR program, the ICS history should be reviewed to determine if the missing items were addressed by the revenue officer.

CPM is accountable for ensuring that all paperwork needed to process the TFRP assessment and the mandatory core documentation items are in the case file or that the reason for their absence is documented in the ICS history. The revenue officer and group manager are responsible for decisions regarding the willfulness and responsibility factors of TFRP assessments based on these documents.

TFRP cases that are returned from Appeals as non-sustained must be reviewed by CPM to determine if the release of Transaction Code (TC) 130, Entire Account Frozen from Refunding, is appropriate. Individual case circumstances will dictate if the release is appropriate. TC 130 is a taxpayer entity freeze. If additional TFRP assessments are pending, or there is a prior sole proprietor TC 130 offset in place, release of the TC 130 is not appropriate.

If you have any questions, please feel free to contact me, or a member of your staff may contact Jeanne Dunford, Senior Program Analyst. Advisory personnel should direct any questions, through their management staff, to the appropriate headquarter contact.

Attachment (1)

cc: www.irs.gov

TFRP CASE FILE CHECKSHEET for review of TFRP case files

Responsible Person: _____ **SSN:** _____

Employer: _____ **EIN:** _____

Earliest ASED Date: _____

RO Name and Assignment Number: _____

Is Form 3210 included?

Is Form 2749 included?

Is Form 4183 with Page 4 included?

Are any barred statutes addressed?

Is Form 2750 included?

If yes, is 2750 signed and dated by TP and IRS?

Is Letter 1153(DO) included? If yes:

- Enter Date of Letter 1153:

Method of Delivery:

- If mailed – Is Certified information or Proof of mailing included?

If no, is reason documented in ICS history?

Is Form 2751 included?

If yes, is Form 2751 signed and dated?

Is Letter 1155 included?

Is Form 9327 included?

Is Form 2859 included?

If yes, is Form 3210 with DLN and 23C date included?

Is Form 3552 included?

If yes, is mailing documented in ICS history?

Is CPM History input?

Was 5942 / E-MAIL issued?

Are ICS /ATFR History included?

If no, print and include in case file

Core Documentation Items

Per 5.7.4 and 5.7.10. **Note:** If the following documents are not secured, the ICS history must be documented with the reasons they were not secured and why they are not necessary to support the recommendation. Prepare Form 5942 and return to originator if not included or documented.

Is Form 4180 included?

If no, is reason documented in ICS history?

Are Bank Signature Cards or PIN assignment included?

If no for both, is reason documented in the ICS history?

Are Checks or Bank Statements included?

If no for both, is reason documented in the ICS history?

Are Corporate Resolutions included?

If no, is reason documented in the ICS history?

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APPEALS FILE

Is Letter 1154 included?

Is Written Protest included?

If no, return to RO

Is Appeal Timely?

If yes or no, Appeals Request Received by:

If Hand Delivery or Fax – Is ICS documented?

If Mail – Is postmarked envelope included?

Is Summary narrative addressing taxpayer issues included in case file?

CPM REVIEWED DATE _____