

INTERIM IRM PROCEDURAL UPDATE

DATE: 07/09/2012

NUMBER: SBSE-05-0712-1343

SUBJECT: Identity Theft Updates

AFFECTED IRM(S)/SUBSECTION(S): 5.19.1

CHANGE(S):

IRM 5.19.1.9.2.1 - Identity Theft Documentation Processing, deleted the first Note and Caution under (1). Inserted new (2) and Note. Renumbered remaining paragraphs accordingly.

1. Beginning January 1, 2012, TC 971 AC 522 will also require the input of an appropriate source code and secondary date. This will enable the IRS to flag accounts at different stages of processing, from initial identity theft allegation to closure, dependent upon case specifics. Use the following directions when processing Identity Theft issues:

If ...	And ...	Then ...
The taxpayer makes an allegation of identity theft	<p>Has not provided:</p> <ul style="list-style-type: none">• A copy of the U.S. Federal or State issued form of identification (i.e. driver's license, state identification card, social security card, passport).• A copy of a police report or IRS Affidavit Form 14039, <i>Identity Theft Affidavit</i>. <p>NOTE: For more information on required documentation see IRM 10.5.3.2.1, <i>Identity Theft and Substantiation Documentation</i>.</p>	<ol style="list-style-type: none">1. Input TC 971 AC 522 containing the miscellaneous field PNDCLM and input the tax year of the IDT incident into the secondary date field.2. Phone or TAC operations should verbally advise the taxpayer to submit the required documentation and provide the appropriate address. (See IRM 5.19.1.9, <i>Identity Theft - Overview</i>.)3. Paper operations should send a letter to the taxpayer and request they provide the required documentation.4. Document AMS.

The taxpayer makes an allegation of identity theft	Has provided required identity theft documentation as described in IRM 10.5.3.2.1, <i>Identity Theft and Substantiation Documentation</i> .	<ol style="list-style-type: none"> 1. Input TC 971 AC 522 with miscellaneous field NOFR, INCOME, MULTFL, or INCMUL. 2. Document AMS. 3. Follow procedures in IRM 5.19.1.9, <i>Identity Theft - Overview</i>, for processing the account.
The taxpayer makes an allegation of identity theft	Has provided required documentation as described in IRM 10.5.3.2.1, <i>Identity Theft and Substantiation Documentation</i> , and you are closing the case in your function.	<ol style="list-style-type: none"> 1. Input TC 971 AC 501 with miscellaneous field NOFR, INCOME, MULTFL, or INCMUL. 2. Update taxpayer's module(s) with the appropriate closing code. 3. Advise taxpayer in writing the issue has been resolved. Include information for any other unresolved balances. 4. Complete Form 9409, <i>IRS/SSA Wages Worksheet</i>, as appropriate for wage income only and send to SSA. 5. Update AMS to show invalid income sources and Form 9409, <i>IRS/SSA Wages Worksheet</i>, sent to SSA.
Taxpayer alleges identity theft	There is a posted unreversed TC 971 AC 501 or 506	<ol style="list-style-type: none"> 1. Taxpayer is not required to provide substantiation documentation. 2. Input TC 971 AC 522 with miscellaneous field NODCRQ. 3. Input TC 971 AC 522 with miscellaneous field PNDCLM and input the tax year of the new IDT incident into the secondary date field.

		<p>NOTE: Two TC 971 AC 522 must be input, one for each miscellaneous code described above, if the taxpayer is coming back in due to a new issue that has occurred since the TC 971 AC 501 or 506 has been input.</p>
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NOTE: Incomplete or illegible documents will be returned to the taxpayer with a request to resubmit clear complete information. Advise the taxpayer to respond within 30 days to avoid processing delays. IRS will mark taxpayer accounts upon receipt of complete and legible documents. This action marks the account to reflect the Service received the documents. **Additional research is required to substantiate an identity theft incident actually occurred.** The assigned function will perform in-depth account research to rule out a mixed entity or scrambled situation as detailed in IRM 21.6.2.4.2.3, *Preliminary Research*.

2. If an active levy exists:

For ACS/ACSS Employees:

- When the taxpayer contact claims to be a victim of ID Theft and documentation **has not been received**, a levy release is not warranted unless hardship situation. On ACS, ensure account is in K5/M5 inventory.
- When the taxpayer contact claims to be a victim of ID Theft and documentation **has been received**, the levy should be released only for the tax modules affected by the ID Theft.
- Follow IRM 5.19.4.4.10, *Levy Release: General Information*, for full and partial levy release procedures.

For Employees without access to ACS:

- When the taxpayer contact claims to be a victim of ID Theft and documentation **has not been received**, a levy release is not warranted unless hardship situation.
- When the taxpayer contact claims to be a victim of ID Theft and documentation **has been received**, the levy should be released only for the tax modules affected by the ID Theft.
- If a levy release is warranted, fax Form 4442, *Inquiry Referral* to the appropriate ACS Support ID Theft and ITAR Liaison. Be sure to provide supporting documentation, including documenting the tax module(s) affected by the ID Theft. See SERP; Who/Where; ACS Support Liaisons.

NOTE: Consider a release of a levy based on prior indication of ID Theft TC 971 AC 501/506 on IDRS.

IRM 5.19.1.9.3 - Identity Theft Balance Due Return (TC 150) Not Resulting from Additional Assessment, inserted new paragraph (1). Combined old paragraphs (1) and (2) into new paragraph (2). Revised table under (2).

1. IRM 5.19.1.9.2.1, *Identity Theft Documentation Processing*, outlines the TC 971 AC 522 source code and secondary date that is to be input on the account at different stages of process from initial identity theft allegation to closure dependent upon case specifics.
2. When the taxpayer disputes the assessment because they indicate they did not file the tax return due to identity theft, determine if the identity theft is related to the tax year with the balance due and if so, use the following chart:

If ...	And ...	Then ...
The taxpayer faxes in ID theft documentation	The documentation verifies/supports their ID theft claim	<ol style="list-style-type: none"> 1. Input the appropriate TC 971 AC 522 source code per IRM 5.19.1.9.2.1, <i>Identity Theft Documentation Processing</i>. 2. Acknowledge receipt of fax and advise the taxpayer of transfer to another office for determination. 3. Fax documents to the appropriate ACSS Site for processing (http://serp.enterprise.irs.gov/databases/who-where.dr/acsspt-lias.dr/acs-support.htm) 4. For ACS Cases: <ul style="list-style-type: none"> ○ Document AMS with actions taken ○ W&I – Reassign "TOM5,60,IDTADJ" ○ SB/SE-Reassign "TOK5,60,IDTADJ" 5. For Non ACS Cases: <ul style="list-style-type: none"> ○ Document AMS with actions taken and ○ Input CC STAUP 2209
The taxpayer faxes in ID theft documentation	The documentation does not support the ID theft claim	<ul style="list-style-type: none"> • Inform the taxpayer why the documentation does not support their claim of ID theft. • If the taxpayer will be submitting the required documents input history code with a parameter of 30 days past the deadline date. 60 days past the deadline date on international cases. W&I - "TOM5,XX,DOCREQ" SB/SE – "TOK5,XX,DOCREQ" • If a TC 971 AC 522 PNDCLM does not already exist for the tax year in question, Input TC 971 AC

		<p>522 PNDCLM</p> <ul style="list-style-type: none"> If the taxpayer drops the ID Theft claim continue with collection activity and take next appropriate action. Do not input a TC 971 AC 522. If a TC 971 AC 522 is already present, reverse with a TC 972.
<p>The taxpayer wants to mail ID theft documentation</p>	<p>Intentionally Left Blank</p>	<ul style="list-style-type: none"> For ACS (including International) Cases: <ol style="list-style-type: none"> Input TC 971 AC 522 source code and secondary date per IRM 5.19.1.9.2.1, <i>Identity Theft Documentation Processing</i> Document AMS with actions taken. Provide ACS Support address to taxpayer per http://serp.enterprise.irs.gov/databases/who-where.dr/acsspt-lias.dr/acs-support.htm. Warn of enforcement action. Input history code with a parameter of 30 days past the deadline date. 60 days past the deadline date on international cases W&I - "TOM5,XX,DOCREQ" SB/SE – "TOK5,XX,DOCREQ" For Non-ACS Cases: <ol style="list-style-type: none"> Document AMS with actions taken. Provide CSCO address to taxpayer per http://serp.enterprise.irs.gov/databases/who-where.dr/addresses.dr/collections.htm. * International – Provide Philadelphia address on SERP. Warn of enforcement action. Input CC STAUP 2209. <p>NOTE: International accounts are identified by File Location Codes (FLC) 20, 21, 60, 66, 78 and 98. FLC 21, 66, and 78 contain all returns with a U.S. possession or territory address with a 5-digit ZIP Code (Forms 1040-PR or 1040-SS) which include Puerto Rico, American Samoa, Guam, U.S. Virgin Islands and the Commonwealth of the Northern Marianna Islands.</p> <p>FLC 20, 60, and 98 are used for returns with:</p> <ul style="list-style-type: none"> A foreign address

		<ul style="list-style-type: none"> • Form 2555/2555-EZ • Form 1042-S, Form SSA 1042-S, Form 8805 or Form 8288-A • Dual Status Notification • Form 1040NR or 1040NR -EZ <p>NOTE: Do not assume that an account is International just because you have received Spanish correspondence. Ensure that the above criteria is met.</p>
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IRM 5.19.1.9.7 - Identification Theft -Non-Owner of the Social Security Number (SSN) and Individual Taxpayer Identification Number (ITIN), updated (4).

4. A levy may remain in effect based on the following information unless circumstances outlined in IRM 5.19.4.4.10, *Levy Release: General Information*, are present:
- The liability was assessed in the name of the non-owner of the TIN
 - The liability was assessed under the TIN/SSN of the victim
 - The assessment is based solely on the income of the non-owner of the TIN with no credits (payment, offset etc.) attributable to the victim for the assessment listed on the levy
 - And pre levy notices were properly issued to non-owner of the TIN

REMINDER: To prevent re-issuance of levy, change levy source to "INFO ONLY".