



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

July 22, 2014

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5.12.10; 21.1.7; 21.3.4;
3.8.45; 3.11.10; 3.12.10;
3.17.278

MEMORANDUM FOR DIRECTOR, ADVISORY AND INSOLVENCY, SBSE
DIRECTORS, FIELD COLLECTION AREA OPERATIONS, SBSE
DIRECTOR, CAMPUS COMPLIANCE SERVICES, SBSE
DIRECTOR, FIELD ASSISTANCE, W&I
DIRECTOR, SUBMISSION PROCESSING, W&I
DIRECTOR, ACCOUNTS MANAGEMENT, W&I
DIRECTORS, CAMPUS COMPLIANCE OPERATIONS, SBSE
DIRECTORS, COMPLIANCE SERVICES, W&I

FROM: Rocco A. Steco /s/ *Rocco A. Steco*
Acting Director, Collection Policy

SUBJECT: Change to Definition of Designated Payment Code 07

The purpose of this memorandum is to provide Interim Guidance (IG) regarding the definition and use of Designated Payment Code (DPC) 07.

There are thirteen (13) Internal Revenue Manual (IRM) sections impacted by this IG memorandum. Please ensure this guidance is distributed to all affected employees. This guidance is effective immediately. The revisions described in this IG will be incorporated into the various IRM sections when those sections are next updated.

The current definition of DPC 07 as "Federal tax lien" does not sufficiently identify the situations in which the DPC should be used. As a result, data captured for the DPC is affected. To better clarify its use, the definition of DPC 07 is revised to the following:

Payment received expressly for full or partial payoff of the Notice of Federal Tax Lien (NFTL), as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-

3641), copy of the NFTL, or statement of the taxpayer or third party as documented in appropriate history.

Although the implementation of this revised definition should improve the accuracy of the data associated with this DPC, it must be noted that individual DPCs cannot always capture or quantify all dollars collected or case resolutions facilitated by the associated program. For example, payments applied under DPC 07 may not reflect the full impact of the NFTL on the collection process.

Attached are specific IRM subsections that reference the definition of DPC 07 and how the paragraphs in those subsections are revised. Only those paragraphs or bulleted items shown for the subsections are impacted by this interim guidance. Other paragraphs or bulleted items in the identified subsections, including those for the usage of other DPCs, are unchanged.

If you have any questions concerning this memorandum, please contact Alan Gilds, Program Analyst, Field Operations Review & Enforcement, or Kyle Romick, Program Analyst, Campus Collection/Technical.

cc: Director, Appeals
Director, Field Collection
Director, ECS
www.irs.gov

IRM REVISIONS - Change to Definition of Designated Payment Code 07

REMINDER: Only the paragraph(s) and bulleted item(s) shown for the listed subsection are impacted by this interim guidance. Other paragraphs and bulleted items not specifically shown for the subsection are unchanged. The usage of other DPCs not shown remains the same.

IRM 3.8.45.9.1, Designated Payment Codes (DPCs)

Current: (3) The majority of ACS payments will have a DPC of "05" for levies. The following is a list of valid DPCs authorized for input.

...

07 = Federal Tax Lien

Revised: (3) The majority of ACS payments will have a DPC of "05" for levies. The following is a list of valid DPCs authorized for input.

...

07 = Payment received expressly for full or partial payoff of the Notice of Federal Tax Lien

IRM 3.8.45.9.3, Lien Payments – CSPC Only

Current: (1) Most lien payments will be received in P.O. Box 145595 with Letter 3640/Letter 3640A/Letter 3641/Letter 3172. These payments will receive priority for processing.
(2) Prepare Form 3244 with TC 670 and DPC 07.

Revised: (1) Most Notice of Federal Tax Lien payments will be received in P.O. Box 145595 with Letter 3640/Letter 3640A/Letter 3641/Letter 3172 or Form 668(Y). These payments will receive priority for processing.
(2) Prepare Form 3244 with TC 670 and DPC 07.

IRM 3.11.10.5.10, Designated Payment Code

Current: (8) The following DPCs are valid for revenue receipt processing:

...

07	Federal Tax Lien
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Revised: (8) The following DPCs are valid for revenue receipt processing:

...

07	Payment received expressly for full or partial payoff of the Notice of Federal Tax Lien.
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IRM 3.12.10.3.23, Field 01DPC—Designated Payment Code (DPC)

Current: (3) The following DPCs are valid for revenue receipt processing:

...

07	Federal Tax Lien
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Revised: (3) The following DPCs are valid for revenue receipt processing:

...

07	Payment received expressly for full or partial payoff of the Notice of Federal Tax Lien.
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IRM Exhibit 3.17.278-1, DPC Codes for Offer-in-Compromise

Current:

07	Federal Tax Lien
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Revised:

07	Payment received expressly for full or partial payoff of the Notice of Federal Tax Lien, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party, as documented in appropriate history.
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IRM 5.1.2.8.1, Designated Payment Codes

Current: (2) DPCs are two-digit codes, which serve a three-fold purpose:

- Facilitate identification of payments
- Indicate application of payment to a specific liability
- Identify the event which resulted in payment

Revised: (2) DPCs are two-digit codes, which serve a three-fold purpose:

- Facilitate identification of payments
- Indicate application of payment to a specific liability
- Identify the event which resulted in payment

NOTE: Individual DPCs cannot always capture or quantify all dollars collected or case resolutions facilitated by the associated program. For example, payments applied under DPC 07 may not reflect the full impact of the NFTL on the collection process.

IRM 5.1.2.8.1.4, DPCs Valid for Use by FC

Current: (1) The following table displays the DPCs valid for use by Field Collection (FC) and provides the DPC definitions:

...

07	Federal Tax Lien
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Revised: (1) The following table displays the DPCs valid for use by Field Collection (FC) and provides the DPC definitions:

...

07	Payment received expressly for full or partial payoff of the Notice of Federal Tax Lien, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party, as documented in appropriate history.
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IRM 5.1.2.8.1.6, DPCs for Use by Advisory

Current: (1) The following table displays the DPCs valid for use by Advisory and provides the DPC definitions:

Reminder: These codes are for Advisory only. Non-Advisory personnel use DPC-07 for all Federal tax lien payments

Revised: (1) The following table displays the DPCs valid for use for Advisory programs and provides the DPC definitions:

Reminder: These codes are for Advisory and Non-Advisory personnel.

IRM 5.12.3.3.1.1, Liability Satisfied by Payment

Current: (8) Employees must use designated payment code (DPC) 07 when posting payments that are the direct result of a NFTL payoff. (See IRM 5.12.3.17 for other DPCs related to lien certificates.)

Revised: (8) Employees must use designated payment code (DPC) 07 when posting payments made expressly for full or partial payoff of the NFTL, as evidenced by accompanying NFTL payoff letter, copy of the NFTL, or statement of the taxpayer or third party. Document evidence in appropriate history. (See IRM 5.12.3.17 for other DPCs related to lien certificates.)

IRM 5.12.3.17, Designated Payment Codes Related to Liens and Lien Certificates

Current: (2) Generally, employees should use one of the following DPCs when payment that is the direct result of a lien-related certificate:

- ...
- 07 - NFTL payoff

Revised: (2) Generally, employees should use one of the following DPCs when payment that is the direct result of a lien-related certificate:

- ...
- 07 – Full or partial payoff of the NFTL
NOTE: DPC 07 is used when the payment received is expressly for full or partial payoff of the NFTL, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party as documented in appropriate history.

IRM 5.12.4.6, Consent to Sale of Property Free of Lien

Current: (6) All payments, directly related to consents to sale, secured by Advisory staff will be applied to the taxpayer's account using Designated Payment Code (DPC) 57. Payments received by a revenue officer should be applied using TC 670 DPC 07.

Revised: (6) All payments directly related to consents to sale will be applied to the taxpayer's account using Designated Payment Code (DPC) 57.

IRM 5.12.4.7.1, Surplus or Excess Proceeds from Non-Judicial Sales

Current: (6) All payments, directly related to non-judicial sales, secured by Advisory staff will be applied to the taxpayer's account using Designated Payment Code (DPC) 57. Payments received by a revenue officer should be applied using TC 670 DPC 07.

Revised: (6) All payments directly related to non-judicial sales will be applied to the taxpayer's account using Designated Payment Code (DPC) 57.

IRM 5.12.5.7.7, Process, Application, and Recordation of Redemption Sale Proceeds

Current: (8) All payments, directly related to Redemption and Release of Right of Redemption, secured by AIQ staff (Advisory/PALS) and applied to the taxpayer's account will use the Designated Payment Code (DPC) 58. Payments received by a revenue officer should be applied using TC 670 DPC 07.

Revised: (8) All payments directly related to Redemption and Release of Right of Redemption and applied to the taxpayer's account will use the Designated Payment Code (DPC) 58.

IRM 5.12.5.9.3, Release of Right of Redemption Issued

Current: (6) Payments received by AIQ employees (Advisor/PALS) will be applied using Transaction Code (TC) 670 with the Designated Payment Code (DPC) 58. The DPC 58 is not for Field employee use.
 (7) Payments received by revenue officers should be applied using TC 670 DPC 07.

Revised: (6) Payments will be applied using Transaction Code (TC) 670 with the Designated Payment Code (DPC) 58.
 (7) [Deleted]

IRM 5.12.7.12.4, Designated Payment Code (DPC)

Current: (4) Use the following DPC for lien related payments when collected by

- a. A revenue officer or other staff outside of Advisory, Insolvency, or the Centralized Lien Operation:
 - ...
 - DPC 07 when applying payments secured for the release of a notice of federal tax lien
 - ...
- b. Advisory, Insolvency, or Centralized Lien Operation employees:

Revised: (4) Use the following DPC for lien related payments:

- ...
- DPC 07 when applying payments received expressly for full or partial payoff of the Notice of Federal Tax Lien, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party, as documented in appropriate history.
- ...
- [combine DPCs of (a) and (b) into one listing]

IRM 5.12.9.10, Designated Payment Codes Related to Liens and Lien Certificates

Current: (2) Generally, employees should use one of the following DPCs depending on the basis for the payment:

- ...
- 07 - NFTL payoff

Revised: (2) Generally, employees should use one of the following DPCs depending on the basis for the payment:

- ...
- 07 – Full or partial payoff of the NFTL
NOTE: DPC 07 is used when the payment received is expressly for full or partial payoff of the NFTL, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party as documented in appropriate history.

IRM 5.12.10.10, Designated Payment Codes Related to Liens and Lien Certificates

Current: (2) Generally, employees should use one of the following DPCs depending on the basis for the payment:

- ...
- 07 - NFTL payoff

Revised: (2) Generally, employees should use one of the following DPCs depending on the basis for the payment:

- ...
- 07 – Full or partial payoff of the NFTL
NOTE: DPC 07 is used when the payment received is expressly for full or partial payoff of the NFTL, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party as documented in appropriate history.

IRM Exhibit 21.1.7-5, Designated Payment Code

Current:

07	Federal Tax Lien
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Revised:

07	Payment received expressly for full or partial payoff of the Notice of Federal Tax Lien, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party, as documented in appropriate history.
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IRM 21.3.4.7.1.3, Designated Payment Code (DPC)

Current: (2) DPCs and their definitions are below or in Document 6209 or by using the <http://serp.enterprise.irs.gov/databases/irm.dr/current/e6209/e6209home.htm>.

....

07	Federal Tax Lien
----	------------------

Revised: (2) DPCs and their definitions are below or in Document 6209 or by using the <http://serp.enterprise.irs.gov/databases/irm.dr/current/e6209/e6209home.htm>.

....

07	Payment received expressly for full or partial payoff of the Notice of Federal Tax Lien, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party, as documented in appropriate history.
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IRM 21.3.4.12.5.4, Lien Release Request

Current: (2) Routine Releases and Payment Made by Check or Non-Certified Funds

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- Process the payment using Designated Payment Code (DPC) 07 if the payment will full pay the lien.

Revised: (2) Routine Releases and Payment Made by Check or Non-Certified Funds

-
- Process the payment using Designated Payment Code (DPC) 07.