

IRM PROCEDURAL UPDATE

DATE: 01/13/2015

NUMBER: SBSE-04-0115-0099

SUBJECT: Post Publication Revision to TY 2013 IRM 4.19.3, IMF Automated Underreporter Program

AFFECTED IRM(s)/SUBSECTION(s): 4.19.3

CHANGE(s):

IRM 4.19.3.14.1(5) 3rd Note - added information regarding virtual currency

5. SE tax must be computed/recomputed or evaluated (considered) when the following conditions apply:

- There is U/R self-employment income

NOTE: A fully U/R Interest and/or Dividend IR with a payee EIN is considered self-employment income.

- There is reported self-employment income that is not included on Schedule SE
- If self-employment income and/or SELF EMPLOYMENT TAX field on Income Comparison is asterisked

NOTE: Unidentified income of \$400 or more reported on line 21 is subject to SE tax. Send PARAGRAPH 39, see Exhibit 4.19.3-7, *CP PARAGRAPHS*.

NOTE: If the amount reported on line 21 is identified as Gulf Oil Spill (GOS or GCCF) payments, or virtual currency (Bitcoin, coinbase, etc.) DO NOT assess SE tax.

- There is an increase to social security wages, Medicare wages, allocated tips, or tips from Form W-2
- There is a change to Form 4137, line 10 (as filed or as adjusted during U/R processing)
- There is a change to Form 8919, line 10 (as filed or adjusted during U/R processing).
- There is a change to self-employment income using the Misc Adjust/Schedule C Expense window

NOTE: Self-employment income may include income described by the taxpayer as commissions, renewal commissions, director's fees, lecture fees, honoraria, etc.

IRM 4.19.3.14.9(6) revised to indicate all elements

IRM 4.19.3.14.9(6) Note - revised to provide instructions for creating an IR for ELF payer documents with no IR present

6. Create an IR(s) for all elements (income types and EIN field) when if there is MCTXW for which a Form W-2 is attached, but an IR is not present.

NOTE: If the taxpayer includes an ELF payer document for which there is no IR, create an IR if necessary. All elements on the ELF payer document(s), excluding W/H and MCTXW, are considered more accurate than the IR elements. Do not give credit or allow additional credit for MCTXW on an ELF payer document for which there is no IR.

IRM 4.19.3.15.1.4(4) - revised to indicate when MCTXW is a discrepant issue

4. Medicare Tax needs to be computed when MCTXW is a discrepant item. The net change to excess MCTXW is computed by the system and is displayed in the W/H SST ADJ field of the Case Analysis screen.

CAUTION: Do not use status code "N" or "D" in the SSWAG, MCWGE or SSTIP literal when screening valid Wage IRs. Use of status code "N" or "D" may result in an incorrect Additional Medicare Tax withheld calculation.

IRM 4.19.3.15.1.4(5) - revised to indicate all elements of the IR

IRM 4.19.3.15.1.4(5) - added 2nd Note for creating an IR

5. Create an IR(s) for all elements (income types and EIN field) when there is MCTXW for which a Form W-2 is attached, but an IR is not present.

NOTE: Entry in the EIN field is required to calculate the Additional Medicare Tax Withheld window correctly.

NOTE: If the taxpayer includes an ELF payer document for which there is no IR, create an IR if necessary. All elements on the ELF payer document(s), excluding W/H and MCTXW, are considered more accurate than the IR elements. Do not give credit for, or allow additional credit for, MCTXW on an ELF payer document for which there is no IR

IRM 4.19.3.20.1.25.3(3) c - added Caution for following normal statute procedures

3. All cases identified as IDT, both open and RECON, will be worked as priority without unreasonable delay and require the following:
 - a. IDRS indicators - input or updated within 2 working days of notification/receipt.
 - b. Expedited treatment - TP correspondence - worked and an acknowledgement or determination letter issued within 30 days of the receipt of all necessary documentation.

NOTE: Although the Letter 5064C is specified throughout IRM 4.19.3.20.1.25.3, AUR is authorized to continue use of the Letter 2626C.

- c. When correcting AUR tax assessments made on accounts subsequently determined to involve identity theft (employment or a fraudulent tax return), reverse any overpayment previously offset and release for refund from the originating tax period and adjust the transactions posted on the module to reflect **exactly** the identity theft victim's tax return. For more information see IRM 10.5.3.2.8, *Closing Identity Theft Issues*. Adjust the module to reflect the correct figures from the identity theft victim's tax return as accepted by the IRS for all line items such as tax, AGI, TXI, W/H, and credits.

CAUTION: Normal Statute procedures apply when transferring payments.

- d. Detailed Case Notes documenting actions.
 - e. Address verification -Verify the address is that of the taxpayer before closing the case or issuing any letter/notice/refund.

NOTE: If research determines the posted return is bad, the address on the module may not be that of the actual taxpayer, it may be necessary to research the taxpayer address against prior year returns or IDRS CC ENMOD and reissue the notice/letter accordingly.

NOTE: Use the address from the SS/RR IR when the only UR income is social security benefits that do not indicate a filing requirement.

IRM 4.19.3.20.2.4(9) step 2 - corrected phone number

- 9. If the taxpayer inquires about paying with their credit card,**
 1. Advise the taxpayer to sign and return the consent to tax page (both signatures are needed for married filing joint returns) in order to complete action on their case.
 2. Provide these toll-free numbers: 1-888-729-1040, 1-844-872-9829 and 1-888-872-9829.
 3. If the taxpayer is calling from a foreign country provide these telephone numbers: 1-615-665-6883, 1-615-730-6369 and 1-334-321-4567.
 4. If necessary, advise that the service provider at those numbers will provide any additional information.
 5. If the taxpayer wishes to pay using the internet provide the following web address: www.irs.gov/e-pay.