

## IRM PROCEDURAL UPDATE

**DATE: 02/12/2016**

**NUMBER: SBSE-04-0216-0327**

**SUBJECT: Post Publication Revision to 4.19.3, IMF Automated Underreporter (AUR) Program**

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

**CHANGE(s):**

**IRM 4.19.3.14.9(6) b and c - Added b and c to provide instructions for attached paper Form W-2 and ELF Form W-2 with amounts in Box 12, coded "B" or "N"**

6. Create an IR(s) for the AdMT calculation when:
  - a. There is a Form W-2 attached, for which there is no IR. Create all elements (income types and EIN field) of the Form W-2.
  - b. There is an amount(s) on a paper Form W-2 in Box 12, coded "B" for Uncollected Medicare tax on tips, or coded "N" for Uncollected Medicare tax on the taxable cost of group-term life insurance over \$50,000. Include the EIN field and the MCTXW element for the coded amount(s) from Form W-2, Box 12 in the created IR.
  - c. The taxpayer includes an ELF payer document for which there is no IR, create an IR if necessary. Include all elements on the ELF payer document(s), except W/H, MCTXW and amounts from the ELF Form W-2 in Box 12, coded "B" for Uncollected Medicare tax on tips, or coded "N" for Uncollected Medicare tax on the taxable cost of group-term life insurance over \$50,000. Do not give credit or allow additional credit for MCTXW on an ELF payer document for which there is no IR.

**REMINDER:** Entry in the EIN field is required to calculate AdMT correctly.

**IRM 4.19.3.20.1.25.4(1) (3) - Added new subsection for Return Preparer Misconduct (RPM); includes definition and guidance for phone and paper responses**

1. Unscrupulous return preparers may alter TP tax data and/or misdirect a portion or all of the refund. TPs may become aware of misconduct through taxpayer initiated contact or through IRS correspondence and may submit Form 14157, *Return Preparer Complaint* and/or Form 14157-A, *Tax Return Preparer Fraud and Misconduct Affidavit*.
2. When a TP states a preparer altered tax return data or misdirected a portion of or all of the refund, **telephone assistors** will research IDRS CC ENMOD and take the following action:

If	Then
IDRS CC ENMOD research determines there is an existing TC 971 AC 504 with the literal RPM for the AUR tax year	<ol style="list-style-type: none"> <li>1. Request the case via UWC.</li> <li>2. Leave a detailed case note.</li> <li>3. Close case following normal AUR procedures.</li> </ol> <p><b>EXCEPTION:</b> If the case is unavailable through UWC, check the action required box and leave a case note indicating the case needs to be closed following normal processing procedures per IRM 4.19.3.20.1.25.3.1(5), table, <i>IDT Claims - Responses</i>.</p>
There is no TC 971 AC 504 with literal RPM for the AUR tax year	<ol style="list-style-type: none"> <li>1. Advise the TP to complete and return both Form 14157, <i>Return Preparer Complaint</i> and Form 14157-A, <i>Tax Return Preparer Fraud and Misconduct Affidavit</i>.</li> <li>2. Inform the TP that additional information is available on <a href="http://www.irs.gov">www.irs.gov</a> and search keyword "preparer misconduct".</li> <li>3. Leave a detailed case note.</li> </ol>

3. When working **paper responses** and a TP states a preparer altered tax return data or misdirected a portion of or all of the refund, take the following action:

If	Then
There is no Form 14157 and/or Form 14157-A present	<ol style="list-style-type: none"> <li>1. Research IDRS CC ENMOD for an existing TC 971 AC 504 with literal RPM, for the AUR tax year.</li> <li>2. If present, close case following normal AUR procedures and go to step 7.</li> <li>3. If not present follow steps 4 –7.</li> <li>4. Issue Letter 2626C advising the TP to complete and return both Form 14157 and Form 14157-A.</li> <li>5. Inform the TP that additional information is available on <a href="http://www.irs.gov">www.irs.gov</a> and search keyword "preparer misconduct".</li> <li>6. Input IPC 3L, 6L, or 8L as appropriate.</li> <li>7. Leave a detailed case note.</li> </ol>
Form 14157 and/or Form 14157-A is present	<ol style="list-style-type: none"> <li>1. Leave a detailed case note.</li> <li>2. Transfer to the designated UID.</li> <li>3. Place in the designated area for the AUR</li> </ol>

