IRM PROCEDURAL UPDATE

DATE: 10/30/2015

NUMBER: SBSE-04-1015-1588

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

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

CHANGE(s):

IRM 4.19.3.7.7.1(1) c - corrected IRM reference

1. Compare MERCH amounts with entries on:
    a. Schedule C, Part I, line 1.
    b. Schedule C-EZ, Part II, line 1.
    c. Schedule E, Part II - see (5) below.
    d. Schedule F.

IRM 4.19.3.7.10.3(16) b - corrected IRM reference

16. **#** ████████████████████████████████████
██
███████████████████████████ **#** if the TP discloses an
amount, including zero (0) or reports a lesser amount as calculated on Form
8606, *Nondeductible IRAs*, or similar worksheet.

NOTE: If the TP reports an amount less than "GR/A" amount and the
distribution code indicates the 10 percent premature distribution tax should be
assessed, modify the IR to calculate the correct amount of the additional tax.
See IRM 4.19.3.14.3 (8), *10 Percent Tax on Early Distributions from Qualified
Retirement Plans/25 Percent Tax on Early Distributions from SIMPLE IRAs*,
for additional information.

   a. If COD J is present, see IRM 4.19.3.7.10.7 (9), *IRA Distributions*.
   b. If the payer is OPM, see IRM 4.19.3.7.10.3 (10), *Retirement -
       Analyzation*.
   c. If payer is Railroad Retirement Board, see IRM 4.19.3.7.10.5 (4),
       Railroad Retirement Board (RRB) IRs.

IRM 4.19.3.7.10.6.1(3) 2nd Example- corrected information in example

3. In order to determine the allowable reduction in the Form 1099-R DFAS retirement distribution (based on the VA disability determination), apply the following formula: multiply the "amount withheld" by the number of months from the "payment start date" to the next "payment start date".

   NOTE: You must add one month to the date listed under the heading of "Payment Start Date" or "Effective Date". These dates for the military are one month after the date listed.

EXAMPLE:	The year shown in the payment start date "201X" should be the AUR year of the case you are working.

Total Award Amount	Amount Withheld	Monthly Entitlement Amount	Payment Start Date
$1,000	$450	$550	March 1, 201X
$1,000	$0	$1,000	Nov. 1, 201X

Payment start date of 03/01/201X to next payment start date of 11/01/201X is 8 months x $450 (amount withheld) = $3,600. The TP would be allowed to reduce the Form 1099-R TX/A amount by $3,600.

Occasionally, the amount withheld and monthly award changes over a period of months. When a retroactive award crosses over from a previous year, only consider the AUR tax year in the calculation.

EXAMPLE:	The year shown in the payment start date "201X" should be the AUR year of the case you are working, unless otherwise indicated.			
	Total Award Amount	**Amount Withheld**	**Monthly Entitlement Amount**	**Payment Start Date**
	$800	$250	$550	Sept. 1, 201X (prior year)
	$840	$260	$580	Apr. 1, 201X
	$840	$0	$840	Oct. 1, 201X
	Since the first payment start date is in a prior year, use 01/01/201X as the first payment start date. Payment start date of 01/01/201X to next payment start date of 04/01/201X is 3 months x $250 (amount withheld) = $750. From the 04/01/201X payment start date to the next payment start date of 10/01/201X is 6 months x $260 = $1,560. The TP's total allowable reduction is $2,310 ($750 + $1,560).			

IRM 4.19.3.15.6(1) - added Caution for processing changes that added APTC/PTC; added Note regarding Form 8962, Part 5.

IRM 4.19.3.15.6(2) - added instructions for cases with no change to AGI

IRM 4.19.3.15.6(3) step 8 and first Note - corrected instructions to change field entries to zero; step 10 - added Exception to printing calculation when there is no change to APTC/PTC and included instruction for case note to document this situation

IRM 4.19.3.15.6(6) - added automatic Paragraph 62 information and Note regarding Paragraph 90

1. Beginning in TY 2014, taxpayer (or their spouses) who are enrolled in health insurance through the Health Insurance Marketplace may be eligible to claim the premium tax credit. The refundable credit claimed on Form 1040, line 69 or Form 1040A, line 45, is the amount of Premium Tax Credit (PTC) minus the amount of Advance Premium Tax Credit (APTC). Taxpayers complete Form 8962, **Premium Tax Credit (PTC)**, to determine the amount of eligible credit.

   CAUTION: Be alert for processing changes which added APTC/PTC. Math Error Code 558 may be present on these cases although Form 8962 was not filed with the return. Take actions to recalculate APTC/PTC and include on the notice, when appropriate.
   NOTE: For TY 2014, Form 8962, Part 5, *Alternative Calculation for Year of Marriage*, is not included in AUR TRDB. If Part 5 information is needed for a recalculation it can be accessed on EUP.

2. AUR will adjust per changes to MAGI. If there is no AGI change, do not recalculate PTC. Enter "PER RETURN" amounts from the Premium Tax Credit window in the corresponding fields in the "AMS AMOUNTS" column.
3. To recalculate PTC take the following actions:
    1. Screen the case to Return Value.
    2. Access the Premium Tax Credit window. The amount shown in the "MODIFIED AGI" field will be needed to recalculate PTC.
    3. Access IDRS.
    4. Access AMS.
    5. Access the TP's account on AMS.
    6. Select ACA Tools.
    7. Select the "8962 PTC Calc".
    8. Once AMS populates the PTC calculator worksheet with the TP's information, input the "MODIFIED AGI" amount from AUR in the "Adjusted Gross Income" field of the PTC calculator worksheet and change all other amounts present in the income section of the PTC calculator to zero.

        NOTE: If the field amounts are not changed to zeroes the AUR MAGI will duplicate amounts.

        REMINDER: If the TP reports SS/RR, the SS/RR window MUST be worked (even if SS/RR is not an issue) in order for the MAGI to be correct.

        NOTE: If the TP provides new annual or monthly premium amounts or if there is a change to the filing status or number of exemptions, input the correct amount(s) in the PTC calculator worksheet.

    9. Scroll to the bottom of the worksheet, check the "calculate without CDR validation box" and click the "Calculate" button.
    10. Print the calculation, reset the PTC Calculator worksheet, and return to AUR.

        EXCEPTION: In some cases the change to MAGI does not cause a change to APTC/PTC. If there is no change to ATPC/PTC, do not print the calculation. Select the following standard case note to document the case: Change to AGI. Accessed AMS to recalculate PTC/APTC. No change to PTC or APTC.

    11. In the Premium Tax Credit window, verify/input the "PER RETURN" amounts for "TOTAL PTC", "TOTAL ADVANCE PYMT OF PTC", "NET PTC" and "EXCESS APTC REPAY", as appropriate.
    12. Using the printed calculation from the AMS PTC calculator, enter amounts in the "AMS Amounts" column of the AUR Premium Tax Credit window for "TOTAL PTC", "TOTAL ADVANCE PYMT OF PTC", "EXCESS ADVANCE PYMT OF PTC", "REPYMT LIMITATION", and "EXCESS ADVANCE PYMT ABOVE LIMITATION".

> **CAUTION:** These end results or "AMS Amounts" are the amounts from the AVS column.

13. Continue with Return Value calculations. AUR will calculate the PTC change amount and include it in the Summary screen.
14. Leave the printed AMS PTC calculation as part of the AUR case file.

> **NOTE:** For virtual cases print a Form 4251 as cover for AMS worksheet.

4. PTC allowed on the original return posts with TC 766, credit reference 262. Recalculate Form 8962, *Premium Tax Credit (PTC)*, using the "8962 PTC Calc", found in the AMS ACA tools. When adjusting PTC related data, use the following reference numbers, as appropriate:
   - **262** - adjusts the PTC refundable credit (Form 8962, line 26)
   - **865** - adjusts the Advance Payment of Premium Tax Credit (TOTAL APTC as shown on IDRS) (Form 8962, line 25)
   - **866** - adjusts the Total PTC (Form 8962, line 24)
   - **867** - adjusts the Excess Advance PTC Repayment (APTC TX LIAB as shown on IDRS) (Form 8962, line 29)
   - **868** - adjusts the Repayment Limitation (LIMIT AMT as shown on IDRS) (This is to record the amount being waived. Form 8962, the difference between line 27 and line 28 if line 27 is greater than 28.)
5. When adjusting PTC related data, use the following reason codes, as appropriate:

   a. **151** - PTC
   b. **152** - Excess Advance PTC Repayment
6. PARAGRAPH 62 automatically generates when PTC is adjusted due to a change to modified adjusted gross income. See Exhibit 4.19.3-7, *CP PARAGRAPHS.*

> **NOTE:** Currently AUR will only adjust PTC based on AGI changes, therefore, PARAGRAPH 90 will not be used.

IRM 4.19.3.20.2.4(9) step 2 - corrected telephone number

9. **If the TP inquires about paying with their credit card**,
   1. Advise the TP 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 TP 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 TP wishes to pay using the internet provide the following web address: www.irs.gov/e-pay .

IRM 4.19.3.24(3) - clarified instruction for when a Recon with claim of identity theft should be referred to the AUR IDT liaison

IRM 4.19.3.24(4) - new to provide IRM references for working Recons with claims of identity theft that can't be referred

3. If RECON is based on a claim of identity theft and the response includes Form 14039 or a police report, close and refer the case to the AUR IDT liaison.
4. If RECON is based on a claim of identity theft and the response does not include Form 14039 or a police report, see IRM 4.19.3.20.1.25, *Identity Theft (IDT) Claims - Overview*, IRM 4.19.3.20.1.25.2, *IDT - General*, IRM 4.19.3.20.1.25.3, *IDT Claims - Initial Handling*, and IRM 4.19.3.20.1.25.3.1, *IDT Claims - Responses*, for guidance to work the case.