

IRM PROCEDURAL UPDATE

DATE: 12/15/2015

NUMBER: SBSE-04-1215-1797

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

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

CHANGE(s):

IRM 4.19.3.7.10.6.1(3) Note - Included clarification for adding one month to the Payment Start Date

IRM 4.19.3.7.10.6.1(3) 1st Example - Added clarification for calculation

IRM 4.19.3.7.10.6.1(3) 2nd Example - Added clarification for calculation

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" because the amount is not actually withheld until the following month.

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 April 1, 201X (March 1, 201X plus one month) to next payment start date of December 1, 201X (November 1, 201X plus one month) 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.

- b. The 10 percent premature distribution tax may also apply. see IRM 4.19.3.14.3, *10 Percent Tax on Early Distributions from Qualified Retirement Plans/25 Percent Tax on Early Distributions from SIMPLE IRAs*, for further information.
- c. A 1099R IR with COD "N" or COD "R" represent recharacterizations. These are corrections of amounts converted from Traditional, SEP or SIMPLE IRAs to Roth IRAs. Delete any 1099R IRs containing COD "N" or COD "R".

IRM 4.19.3.19.1(4) - Corrected table IRM references related to AC 504, 505, 506, 523 and 524 and reformatted a portion of the table to be Section 508 compliant

- 4. When there is an indication of identity theft in the message window, take the following actions:

CAUTION: If the TC 971 AC 501, 504, 505, 506 or 522 has been reversed with a corresponding TC 972 - continue normal AUR processing, DO NOT TRANSFER TO IDTVA.

NOTE: The **TRANS-DT** on an existing AC 5XX must be less than three (3) years old to be considered "**Current**". "**Not current**" or "**expired**" for purposes of IDT documentation is three (3) or more years old.

If TC 971 has an AC of	Then
501	<p>Research IDRS CC ENMOD to determine if the TRANS- DT on an existing AC 501 indicates documentation was received within the last three (3) years.</p> <p>If less than 3 years:</p> <ol style="list-style-type: none"> 1. Issue a Letter 2626C 2. Include a paragraph to request a statement identifying the issues related to IDT. 3. If the income issue(s) is affiliated with the secondary SSN which does not have the IDRS IDT indicator, include a paragraph to request both the IDT documentation and identification of the issues related to IDT. 4. Input IPC 3L, 6L or 8L as appropriate.

	<p>If more than 3 years:</p> <ol style="list-style-type: none"> 1. Issue a Letter 2626C. 2. Include a paragraph to request IDT documentation. 3. Include a paragraph to request a statement identifying the issues related to IDT. 4. If the income issue(s) is affiliated with the secondary SSN which does not have the IDRS IDT indicator, include a paragraph to request both the IDT documentation and identification of the issues related to IDT. 5. Input IPC 3L, 6L or 8L as appropriate.
<p>522 with the literals INCOME, MULTFL, INCMUL, IRSID, NODCRQ, NOFR or OTHER</p>	<p>Research IDRS CC ENMOD to determine if the TRANS-DT on an existing AC 522 is current; within the last three (3) years.</p> <p>If less than 3 years:</p> <ol style="list-style-type: none"> 1. Transfer to the designated UID. 2. Place in the designated area for the AUR IDT liaison. <p>If not current; more than 3 years, continue normal AUR processing.</p>
<p>522 with the literal PNDCLM</p>	<p>Research IDRS CC ENMOD to determine if the TRANS-DT on an existing AC 522 is current; within the last three (3) years.</p> <p>If current; less than 3 years take the following actions:</p> <ol style="list-style-type: none"> 1. Research AMS/CIS to check for IDT documentation and/or a related scanned taxpayer response.

	<p>NOTE: If TE does not have access to AMS/CIS, follow local procedures to ensure that AMS/CIS is researched for IDT documentation.</p> <ol style="list-style-type: none"> 2. If AMS/CIS includes a copy of a Form 14039 or a police report, transfer to the designated UID. 3. Place in the designated area for the AUR IDT liaison. <p>If AMS/CIS does not include a copy of a Form 14039 or police report or any IDT related TP response, then continue normal processing.</p> <p>If AMS/CIS does not include a copy of a Form 14039 or police report, but an IDT related scanned TP response is present, refer to IRM 4.19.3.20.1.25.3.1, <i>IDT Claims - Responses</i>.</p> <p>If TRANS-DT is not current; more than 3 years, continue normal AUR processing.</p>
504 with the literal RPM on the AUR tax year	Close no change PC 52, 71 or 92. Do not send a Letter 1802C.
506 on the AUR tax year	Close no change PC 52, 71 or 92. Do not send a Letter 1802C.
AC 504 with the literal RPM (not on the AUR tax year) or with literals SPCL1, SPCL2 or EAFAIL does not indicate identity theft. See IRM 25.23.2.20.1.2, <i>TC 971 AC 504 - Miscellaneous Field Code SPCL1, SPCL2, RPM and EAFAIL</i> .	<ol style="list-style-type: none"> 1. Continue normal AUR processing. 2. Leave a case note acknowledging the AC 504 - SPCL1, SPCL2 or EAFAIL.
504 with literals ACCT,	Research IDRS CC ENMOD to

<p>BOTH, NKI or EMPL</p>	<p>determine if the TRANS-DT on an existing AC 504 is current; within the last three (3) years.</p> <p>If less than 3 years:</p> <ol style="list-style-type: none"> 1. Transfer to the designated UID. 2. Place in the designated area for the AUR IDT liaison. <p>If not current; more than 3 years, continue normal AUR processing.</p>
<p>505 NOTE: Per IRM 25.23.2.20.2, <i>IRS Data Loss Incidents - TC 971 AC 505</i>, TP's personally identifiable information (PII) was lost, breached, disclosed or stolen. The indicator may be present even when another AC is present on the account.</p>	<p>Continue normal AUR processing.</p>
<p>506 on other than the AUR tax year</p> <p>CAUTION: If the tax return in question meets the criteria outlined in the Refund Scheme Listing, IRP data, IRM 25.23.4-3, <i>IRTPTR/IDRS Data Decision Tree</i>, (i.e., the only UR income is social security benefits that do not indicate a filing requirement, etc.), it may be an indication that the return is bad (not filed by the SSN owner) and the address on the module may not be that of the actual TP. It may be necessary to research the TP's address against prior year returns or IDRS CC ENMOD and reissue the notice/letter accordingly. Refer to Exhibit 4.19.3-19, <i>Filing Requirements For Most</i></p>	<ol style="list-style-type: none"> 1. Issue a Letter 2626C. 2. Include a paragraph to request IDT documentation. 3. Include a paragraph to request a statement identifying the issues related to IDT. 4. If the income issue(s) is affiliated with the secondary SSN which does not have the IDRS IDT indicator, include a paragraph to request both the IDT documentation and identification of the issues related to IDT. 5. Inform the TP they should contact the Federal Trade Commission at (877)438-4338 or http://www.ftc.gov/ and that they should make a report to their local police and the three major credit bureaus. For additional information, visit http://www.irs.gov/ keyword Identity Theft or see Pub

<p><i>People</i>, for additional information.</p> <p>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.</p>	<p>4535, <i>Identity Theft Prevention and Victim Assistance</i>.</p> <p>6. Input IPC 3L, 6L, or 8L as appropriate.</p> <p>NOTE: The instructions in steps 1 - 6 above apply even if the case is ready to default.</p>
<p>523</p> <p>NOTE: See IRM 25.23.2.20.3, <i>TC 971 AC 523 - Reserved</i>.</p>	<p>Continue normal AUR processing. DO NOT TRANSFER TO IDTVA.</p>
<p>524</p> <p>NOTE: Per IRM 25.23.2.20.4, <i>Locking Decedent Accounts - TC 971 AC 524</i>, as of 01/2011, AC 524 is used to lock the account of deceased taxpayers. The posted return is presumed to be legitimate until a response is received.</p>	<p>Continue AUR processing following IRM 4.19.3.4.5, <i>Deceased Taxpayers</i>, and/or IRM 4.19.3.20.1.14, <i>Decedents</i>. DO NOT TRANSFER TO IDTVA.</p>
<p>525</p>	<p>Close no change PC 52, 71 or 92. Do not send a Letter 1802C.</p>