

IRM PROCEDURAL UPDATE

DATE: 01/28/2015

NUMBER: WI-03-0115-0199

SUBJECT: Correction of Lockbox Payment Instructions

AFFECTED IRM(s)/SUBSECTION(s): 3.12.10.2.7

Change(s):

IRM 3.12.10.2.7 - Includes editorial changes to text, entitled, "Lockbox Unprocessables Reduction - Basic Manual IDRS Research for Payment Perfection (Special Payment Perfection Procedures)", to clarify instructions for examiners working Lockbox payments. Instructions in the table (under IRM 3.12.10.2.7:(2)a) were revised to state that examiners should apply the payment to the earliest Collection Statute Expiration Date (CSED) that is in a balance due status. This is based on a recommendation in SERP Feedback Control #201500398, dated January 26, 2015, entitled "Lockbox Payment". The initiator explained there seemed to be a problem when tax examiners see a CSED date on SUMRY, but the status is 12.

1. Throughout the text of this IRM, procedures have been written to verify specific fields.
 - a. When it is found that these fields have been edited or transcribed incorrectly, it is always necessary to correct the specific fields which are in error and to leave a working trail on the document when appropriate.
 - b. **Use taxpayer intent when applying payments.**
 - c. For specific instructions of correction procedures, see the applicable IRM or Error Code.
2. The Integrated Automation Technologies (IAT) Tool for Payment Perfection (formerly known as the IDRS Decision Assisting Program (IDAP) Tool for Payment Perfection) should be utilized to perform IDRS research. This section provides general guidance for only a few basic scenarios relative to Payment Perfection IDRS research. Refer to these instructions in the absence of the IAT macro for payment research. Also, in this section are a few IDRS command codes that are required to be researched in order to apply a payment accurately. This is not an all inclusive list. It is intended only to provide a basic point to begin payment research. There will be situations when more extensive research may be required, for example, the procedures outlined in **IRM 3.8.45.10.2 (entitled, "Analysis of PPU Presearch")**. Refer to ADP/IDRS handbooks, referenced IRMs and Job Aids for complete information. There is also much information on SERP:
http://serp.enterprise.irs.gov/databases/irm-sup.dr/job_aid.dr/command-

code.dr/idrs_command_codes_job_aid.htm. The job aids on this site are viewable and easily printed.

CAUTION: If IAT comes up with a different MFT, use SUMRY to identify the earliest unexpired CSED for the MFT on RTR.

Scenario	THEN	IF IMF	IF BMF
IF	Both IMF and BMF	THEN	THEN
a. Payment Received with check only and the only identifying information is the name and address on the check.	Research to whom the payment should be applied. Use: CC NAMEB and CC NAMEE for a BMF EIN. CC NAMEI and CC NAMES for an IMF SSN. See additional research methods in paragraph (4) below. If a TIN cannot be found, SSPND 351 to Rejects to route to the Unidentified Remittance File (URF).	Determine where (tax-period and MFT) and how (transaction code) the payment should be applied. Use: CC SUMRY to display an index of all tax modules available for a SSN. If no modules exist on CC SUMRY , check CC IMFOLI .CC IMFOLT displays specific tax module amounts, dates including Collection Statute Expiration Date (CSED) and a listing of posted transactions. Apply to the earliest unexpired CSED date that is in a "balance due" STATUS . If multiple tax periods have the same CSED date, apply to the earliest tax	Determine where (tax-period and MFT) and how (transaction code) the payment should be applied. Use: CC SUMRY to display an index of all tax modules for an EIN. If no modules exist on CC SUMRY , check CC BMFOLI .CC BMFOLT displays specific tax module amounts, dates including CSED and a listing of posted transactions. Apply to the earliest unexpired CSED date that is in a "balance due" STATUS for the MFT on RTR. If multiple tax periods have the same CSED date, apply to the earliest tax period that is in a "balance due" STATUS .

		period that is in a "balance due" STATUS.	
b. Payment received and the only information available is the TIN.	Use CC ENMOD to determine necessary entity information. CC INOLE displays name line information available for any TIN. CC INOLEX displays (SSA) name controls, cross-reference, and merge transaction information.	Follow the THEN procedures in scenario a. above.	Follow the THEN procedures in scenario a. above.
c. Payment received with TIN, tax period and name of taxpayer.	If SSN, go to IF IMF column. If EIN, go to IF BMF column.	Apply payment to the SSN, tax period and tax form as indicated. Refer to Document 6209 or IRM 3.8.45.2.1 for appropriate transaction code.	Apply the payment to the EIN and tax period and form type designated. Research CC BMFOLI/CC BMFOLT for appropriate MFT, if necessary. Refer to Document 6209 or IRM 3.8.45.2.1 for appropriate transaction code.
d. Receive a payment without tax period or name and research described in scenario b. indicates the account is in installment	Research CC SUMRY for the module in Status 60, 61, 63, 64 (Status 14 for Estate Installment Agreements) and apply the payment to the	If CC SUMRY indicates that the module with the earliest unexpired CSED has an assessed module balance of zero, post the payment to this	If CC SUMRY indicates that the module with the earliest unexpired CSED has an assessed module balance of zero, post the payment to this

agreement status.	module with the earliest unexpired CSED. (Refer to IRM 3.8.45.10.2 for more detail.)	module and the system will calculate accruals and roll any remaining balance to the subsequent modules in CSED order.	module and the system will calculate accruals and roll any remaining balances to the subsequent modules in CSED order.
e. Receive a payment for an EPMF return that requires a Plan Number. Then research CC EMFOLI for the Plan Number.	If Entity or payment information is required, follow steps outlined in scenario a. and b. above.		
f. Receive a payment and research indicates there is no balance due on IDRS or CFOL.	Post payment to the current year due.	Post the payment to the current year due.	Post the payment to the current year due (Form 1120 or current quarter Form 941, as appropriate).
g. A payment is accompanied by the second page of the tax return.	Research IDRS to determine if the original return has posted (TC 150 for the tax period). The tax period is contained at the top or at the bottom of the tax return. <ul style="list-style-type: none"> ○ If the return has posted, input a TC 670 to post the payment. ○ If the 	CC TXMOD and/or CC IMFOLT	CC TXMOD and/or CC BMFOLT

	return has not posted, input a TC 610 to post the payment.		
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3. Always check cross-referenced TIN to ensure proper posting.
4. See also IRM 3.12.10.2.7.2 entitled, Lockbox Unprocessables - Reject Procedures, for additional information.
5. The IRMs for the above-mentioned IDRS Command Codes are as follows:

Command Code	IRM Reference (Screen Display)
BMFOL	IRM 2.3.59
EMFOL	IRM 2.3.64
ENMOD	IRM 2.3.15
IMFOL	IRM 2.3.51
INOLE	IRM 2.3.47
NAMEE and NAMEB	IRM 2.3.60
SUMRY and TXMOD	IRM 2.3.11

6. See also IRM 3.12.10.2.7.2 entitled, "Lockbox Unprocessables - Reject Procedures", for additional information.