

IRM PROCEDURAL UPDATE

DATE: 03/15/2016

NUMBER: WI-03-0316-0534

SUBJECT: Revised Text Instructions for Designated Payment Code (Field 01DPC) Correction

AFFECTED IRM(s)/SUBSECTION(s): 3.12.10

Change(s):

IRM 3.12.10.2.8(3) - Includes revisions to procedures entitled, "Suspense/Rejects Conditions". Per request of SERP Feedback Control #201505463 (entitled, "Extension input"), includes addition to text, Following taxpayer intent and Masterfile requirements, extensions that would require renumbering may be input directly by ERS to avoid transshipment of documents. (SERP Feedback Control #201505463)

3. Following taxpayer intent and masterfile requirements, extensions that would require renumbering may be input directly by ERS to avoid transshipment of documents

IRM 3.12.10.3.23(1) j - Includes revisions to procedures entitled, "Suspense/Rejects Conditions". Per request of SERP Feedback Control #201600080 (entitled, "01 DPC 36"), includes instruction to resolve a field error when Field 01MFT (Master File Tax Account Code) contains an entry and Field 01DPC (Designated Payment Code) is blank. (SERP Feedback Control #201600080)

- Includes text instruction that Field 01DPC (Designated Payment Code) is a field which might require a numeric entry when it sets to error. No blanks or spaces are accepted by the program when it goes to error.
 - Includes a new table containing revised and expanded procedures for correcting those MFT (Master File Tax Account) Codes with unique specifications.
1. This is a two position numeric field that may be present.
 - a. Field 01DPC must be numeric. No blanks or spaces are accepted when this field goes to error.
 - b. The valid DPCs are 00 through 24, 26, 29, 31, 33 through 36, 43, 47 through 53, 55 through 59, and 99.
 - c. If Field 01DPC is 12, Transaction Code must be 640.

- d. If Field 01DPC is 13, Field 01MFT must be 30 and Field 01TXP must not be earlier than 199312 or later than 199411.
- e. If Field 01DPC is 26, Field 01MFT must be 31, Transaction Date must be greater than August 16, 2010, and Transaction Code must be 670, 680 or 690.
- f. If Field 01DPC is 29, Field 01MFT must be 13 or 55, and Transaction Code must be 640 or 670.
- g. If Field 01DPC is 31, Field 01MFT must be 31.
- h. **If Field 01DPC is 36, Field 01MFT must be either IMF MFT 35 or IMF MFT 65, and Transaction Code must be 640 or 670 or 680 or 690 or 694. See the table below for processing exceptions for these MFT 35 and MFT 65.**

NOTE: Transaction codes other than the 6XX series TCs listed above may be used with either MFT 35 or MFT 65, but, will not be accepted for use with DPC 36. Please refer to the table under (3), below, providing the specific procedures used for correcting MFT 35 and MFT 65 transactions.

NOTE: Designated Payment Code (DPC) 36 must be used ONLY with IMF MFT 35 and IMF MFT 65 (ACA Provision 5000A SRP Voluntary Payment (also known as "Individual Shared Responsibility Payment")). See also procedures contained in the table below.

- i. **If Field 01DPC is 43, Field 01MFT must be BMF MFT 43, and the Transaction Code must be 640.**

NOTE: Designated Payment Code (DPC) 43 must be used ONLY with BMF MFT 43 (ACA Provision 4980H ESRP Voluntary Payment (also known as "Employers Shared Responsibility Payment")). Transaction codes other than TC-640 and Designated Payment Codes other than DPC 43 may be used with the MFT 43. Please refer to the table under (3), below.

2. **Correct Field 01DPC** using the following procedures:
 - a. Compare the data on the document to 01DPC on the screen. Correct any transcription errors.
 - b. For Form 3244 and Form 4907, the DPC is edited in the box to the right of or circled below the preprinted "670".
 - c. If the document is Form 3244 (Payment Posting Voucher) or 4907 (TDA/Taxpayer Delinquent Account) and Field 01DPC was transcribed correctly but is invalid, overlay Field 01DPC with "00". Otherwise, overlay with "05".
 - d. **Please refer (also) to procedures provided in the table under (3), below, for specific correction handling of (unique) MFTs.**

3. The following table describes unique DPC relationships requiring special handling. These Master File Tax Account (MFT) codes accept unique criteria to pass validation.

IF . . .	AND . . .	THEN
If the Designated Payment Code in Field 01DPC is NOT listed in the table below,		<p>The Field 01DPC will set to "error".</p> <p>To correct:</p> <ol style="list-style-type: none"> 1. Compare the data on the document to 01DPC on the screen. 2. Correct any transcription errors. <p>CAUTION: Use no DPCs listed on the table as "systemically applied".</p>
If Field 01DPC is "12" (Cash Bond Credit)	and the Transaction Code (TC) is <u>NOT</u> 640 (Advance Payment)	<p>Field 01DPC will set to "error".</p> <p>To correct:</p> <ol style="list-style-type: none"> 1. Compare the data on the document to 01DPC on the screen. 2. Correct any transcription errors. <p>REMINDER: The program requires that a Transaction Code (TC) 640 must be present with DPC 12 ALWAYS.</p>
If Field 01DPC is "13" (Payment in Response to reminder notice, OBRA	<p>And any of the following criteria are NOT met:</p> <ul style="list-style-type: none"> ○ MFT is 30, AND/OR ○ Tax Period is NOT "199312" through 	<p>Field 01DPC will "error"</p> <p>To correct:</p> <ol style="list-style-type: none"> 1. Compare the data on

1993)	"199411"	<p>the document to Field 01DPC and Field 01TXP on the screen.</p> <ol style="list-style-type: none"> 2. Correct any transcription errors. 3. If, after comparing Field 01DPC and Field 01TXP on the screen with the document(s), it is determined the entries were transcribed correctly, but, the tax period is invalid, overlay Field 01DPC EITHER with "00" (Designated payment indicator is not present on posting voucher) OR "99" (Miscellaneous payment other than above). <p>REMINDER: If DPC is 13, the MFT <u>must be</u> "30".</p>
If Field 01DPC is "26"	<p>Any of the following conditions are NOT met:</p> <ul style="list-style-type: none"> ○ MFT must be 13, OR MFT must be 55, AND ○ Transaction Code is TC640 (Advance Payment) OR TC670 (Subsequent Payment) 	<p>Field 01DPC will set to "error"</p> <p>To correct:</p> <ol style="list-style-type: none"> 1. Compare the data on the document to Field 01DPC on the screen. 2. Correct any transcription errors. 3. If, after comparing the screen with the document(s), it is determined the entries were transcribed correctly, but, (a) Field 01MFT is NOT 13 or 55, OR, (b) the transaction codes (TCs) are other than TC 640 or TC 670,

		<p>overlay the screen entry in Field 01DPC with 99.</p> <p>CAUTION: All of the conditions listed in the AND column must be met for Field 01DPC (containing a DPC 29) to pass validation. According to the program, DPC 29 is valid for use ONLY with MFT 13 or MFT 55.</p>
If Field 01DPC is "31"	Field 01MFT is NOT "31"	<p>Field 01DPC will set to "error".</p> <p>To correct:</p> <ol style="list-style-type: none"> 1. Compare the data on the document to Field 01DPC on the screen. 2. Correct any transcription errors. 3. If, after comparing the entries, it is determined the entries in Field 01DPC and/or Field 01MFT were transcribed correctly, but either field does not contain 31, overlay the screen entry in Field 01DPC with 99. <p>NOTE: DPC 31 is valid for use ONLY with MFT 31.</p>
If Field 01DPC is "36"	<ul style="list-style-type: none"> ○ MFT must be 35, OR ○ MFT must be 65, AND ○ Transaction Code must be EITHER TC 640 or TC 670 	<p>If all of these conditions in the "AND" column are met, the transaction will pass validation and will post to the taxpayer's account.</p>

	or TC 680 or TC 690 or TC 694	<p>Otherwise, Field 01DPC will set to "error"</p> <p>NOTE: DPC 36 is valid for use ONLY with MFT 35 or MFT 65. Although other transaction codes are valid for use with MFT 35 and/or MFT 65, they are not valid for use with the DPC 36.</p>
If Field 01DPC is "36"	Field 01MFT is NOT MFT 35 or MFT 65	<p>Field 01DPC will set to "error".</p> <p>To correct:</p> <ol style="list-style-type: none"> 1. Compare the data on the document to Field 01DPC on the screen' 2. Correct any transcription errors. 3. If, after comparing the screen and the document, it is determined the entries on the screen were transcribed correctly, but the MFT on the document is other than MFT 35 or MFT 65, determine whether another DPC is appropriate. (see "Reminder" note below). 4. Overlay Field 01DPC with the appropriate DPC. (See also "Caution" note below.)

		<p>REMINDER: DPC 36 is valid for use with no MFTs other than MFT 35 and MFT 65.</p> <p>CAUTION: Only DPCs 03 or 09 or 10 or 14 or 24 or 33 or 34 or 35 or 36 or 99 or 00 are valid for use with MFT 35 or MFT 65.</p>
<p>If Field 01DPC is "36"</p>	<p>the MFT is MFT 35 or MFT 65, BUT, the Transaction Code (TC) of OTHER THAN TC 640 or TC 670 or TC 680 or TC 690 or TC 694</p>	<p>The DPC 36 cannot be use with transaction codes OTHER THAN TC 640, TC 670, TC 680, TC 690, or TC 694</p> <p>To Correct:</p> <ol style="list-style-type: none"> 1. Compare the data on the document to Field 01DPC and the transaction code on the screen. 2. Correct any transaction errors. 3. If, after comparing the screen and the document, it is determined the entries on the screen were transcribed correctly, and the MFT on the document is other than MFT 35 or MFT 65, determine whether another DPC is appropriate. (see "Reminder" below). 4. Overlay Field 01DPC with the appropriate DPC. <p>REMINDER: DPC 36 can be used ONLY with MFT 35 or</p>

		<p>MFT 65.</p> <p>EXCEPTION: Also, only DPCs 03 or 09 or 10 or 14 or 24 or 33 or 34 or 35 or 36 or 99 or 00 are valid for use with MFT 35 or MFT 36.</p> <p>CAUTION: NEVER use Enforcement Code DPCs with MFT 35 or MFT 65. Enforcement Code DPCs (i.e., DPC 05 through 07, 16, 18 through 23, 30 and 32 (also referred to as "liens" or "levies") are prohibited by law for use with Shared Responsibility Payments (SRPs) and are NOT valid for use with MFT 35 and/or MFT 65.</p>
<p>If Field 01DPC is "43"</p>	<ul style="list-style-type: none"> ○ MFT must be 43, AND ○ Transaction Code must be TC 640 	<p>If these conditions in the "AND" column are met, the transaction will pass validation and will post to the taxpayer's account.</p> <p>Otherwise, Field 01DPC will set to "error"</p> <p>NOTE: DPC 43 is valid for use ONLY with MFT 43. Although other transaction codes are valid for use with MFT 43, they are not valid for use with the DPC 43.</p>
<p>If Field 01DPC is "43"</p>	<p>Field 01MFT is NOT MFT 43</p>	<p>Field 01DPC will set to "error".</p> <p>To correct:</p> <ol style="list-style-type: none"> 1. Compare the data on

		<p>the document to Field 01DPC on the screen'</p> <ol style="list-style-type: none"> 2. Correct any transcription errors. 3. If, after comparing the screen and the document, it is determined the entries on the screen were transcribed correctly, but the MFT on the document is other than MFT 43, determine whether another DPC is appropriate. (see the DPCs in the Table below). 4. Overlay Field 01DPC with the appropriate DPC from the DPC table below. 5. If you cannot determine an appropriate DPC from the list of DPCs in the table, overlay Field 01DPC EITHER with "00" (Designated payment indicator is not present on posting voucher) OR "99" (Miscellaneous payment other than above). <p>REMINDER: DPC 43 is valid for use with no MFTs other than MFT 43.</p>
If Field 01DPC is "43"	The transaction code is other than TC 640	<p>Field 01DPC will set to "error".</p> <p>To correct:</p>

		<ol style="list-style-type: none"> 1. Compare the data on the document to the data on the screen. 2. Correct any transcription errors. 3. If after comparing the screen and the document(s), it is determined the entries on the screen were transcribed correctly, determine whether any other DPC in the table is appropriate for use with this MFT/transaction. 4. If no other DPC is determined appropriate, overlay Field 01DPC with "99" or "00".
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4. The following DPCs are valid for revenue receipt processing:

DPC	MEANING
00	Designated payment indicator is not present on posting voucher.
01	Payment is to be applied first to the non-trust fund portion of the tax.
02	Payment is to be applied first to the trust fund portion of the tax.
03	Bankruptcy, undesignated payment.
04	Levied on state income tax refund (State Income Tax Levy Program (SITLP)) (prior to 07/22/1998).
05	Notice of levy. (Other Levy Proceeds) used only for levy proceeds received from a third party in response to a Notice of Levy and does not include payments from the taxpayer as a result of a levy.
06	Seizure and sale.
07	Payment received expressly for full or partial payoff of the Notice of Federal tax lien.
08	Suits (Non-Bankruptcy).
09	Offer in compromise.
10	Installment agreement (Manually Monitored Installment Agreements).
11	Bankruptcy, designated to trust fund.
12	Cash bond credit (allowed with TC 640 only)
13	Payment in response to reminder notice, OBRA 1993 (Revenue

	Reconciliation Act of 1993 (OBRA)) NOTE: "OBRA" is the acronym for "Omnibus Budget Reconciliation Act of 1993". (Valid only with MFT 30 for tax periods 199312 through 199411).
14	Authorization given by taxpayer to apply payment ("CSED expired, taxpayer authorized payment"). NOTE: "CSED" is "Collection Statute Expiration Date."
15	Payments caused by Form 8519.
16	Federal EFT (Electronic Funds Transfer) levy payment.
17	Federal EFT payroll deduction installment agreement payment.
18	Federal Payment Levy Program (FPLP) payment for the Primary TIN. Payments are received electronically from Financial Management Service (FMS). NOTE: The name, "Financial Management Service (FMS) " recently changed to Bureau of Fiscal Services (BFS)
19	Federal Payment Levy Program (FPLP) payment for the Secondary TIN. Payments are received electronically from FMS. NOTE: The name, "Financial Management Service (FMS) " recently changed to "Bureau of Fiscal Services (BFS)"
20	State Income Tax Levy Program (SITLP) receipt - systemically applied
21	State Income Tax Levy Program (SITLP) receipt (used exclusively for manually applied payments).
22	Alaska Permanent Fund Dividend Levy Program (AKPFD) receipt - systemically applied
23	Alaska Permanent Fund Dividend Levy Program (AKPFD) receipt (used exclusively for manually applied payments).
24	Payment received with an amended return.
26	Court Ordered Criminal Restitution Payments - Used to access and track restitution ordered payable to the IRS in a criminal case.
29	Return Preparer Penalties - Used as a mechanism for measuring the volume of payments received by the Return Preparer Office as opposed to subsequent collection and communication actions.
31	Exclude payment from systemic cross-reference processing to allow treatment of each spouse differently on a joint return.
33	Offer in Compromise \$186.00 application fee
34	Offer in Compromise 20% lump sum/initial periodic payment.
35	Offer in Compromise subsequent payments made during the offer investigation.
36	ACA Provision 5000A SRP voluntary payment (IMF MFT 35 and IMF MFT 65 only) (also referred to as "Individual Shared Responsibility Payment" (Affordable Care Act (ACA) NOTE: Only DPCs 03 or 09 or 10 or 14 or 24 or 33 or 34 or 35

	or 36 or 99 or 00 are valid for use with MFT 35 or MFT 65.
43	ACA Provision 4980H ESRP Voluntary Payment (BMF MFT 43 only) (also known as Employers Shared Responsibility Payment (Affordable Care Act (ACA)))
47	Installment Agreement Reduced Origination User Fee (Reduced for Low Income Taxpayer).
48	Direct Debit Reduced Origination User Fee (Reduced for Low Income Taxpayer).
49	Direct Debit Installment Agreement (DDIA) Origination User Fee.
50	Installment Agreement Origination User Fee (IAUF).
51	Installment Agreement Restructured User Fee (IAUF), reinstated.
52	Reserved for Collection
53	Discharges
55	Subordinations
56	Withdrawals
57	Judicial (JUD) Foreclosures and Non-Judicial (NONJUD) Foreclosures NOTE: Clarification provided at reviewer's request: "JUD" is "Judicial"; "NONJUD" is "Non-judicial".
58	Redemptions; Release of Right of Redemptions
59	706 Liens; Decedent Estate Proof of Claim (POC)
99	Miscellaneous payment other than above