

IRM PROCEDURAL UPDATE

DATE: 01/04/2016

NUMBER: WI-21-0116-0032

SUBJECT: Link to Identity Theft Exhibit; Form 4442 Language; AIMS Status Code Guide

AFFECTED IRM(s)/SUBSECTION(s): 21.5.10

CHANGE(s):

IRM 21.5.10.4.2 Corrected the Identity Theft link to Exhibit 25.23.4-6.

1. A study of tax returns conducted by Compliance Research (CR) showed duplicate usage of Social Security Numbers (SSNs), also known as Duplicate Taxpayer Identification Numbers (TINs) to obtain tax benefits. Exam consolidated the prior six notices into four new CP notices to cover the scenarios identified by the study. The Risk Based Scoring System (RBSS) team designed three new notices to cover taxpayers who break rules concerning qualifying child status, filing status, and Schedule C income in claiming the EITC and were not selected for audits.
2. Exam currently has two Soft Notices; CP 85 based on rules concerning the Earned Income Tax Credit (EITC) and CP 87 based on rules that apply when two or more taxpayers claim the same individual for the EITC or an exemption under IRC Section 151.
3. CP 85A, CP 85B, CP 85C, CP 87A, CP 87B, CP 87C, and CP 87D (Exam Soft Notices) inform the taxpayer that he/she claimed one of the various tax benefits for a qualifying child, exemption, and filing status. The letters are sent for the following scenarios:
 - CP 85A, *Please Help Us Confirm Your Filing Status*. Taxpayer claimed Head of Household filing status and may be married.
 - CP 85B, *Please Help Us To Confirm Your Qualifying Child*. Taxpayer claimed a qualifying child for EITC that may not be correct.
 - CP 85C, *Please Help Us Confirm Income You Reported on Schedule C That Qualified You for the Earned Income Credit (EIC)*. Taxpayer filed a Schedule C with little or no expenses and may not have a business.
 - CP 87A, *You Need To Make Sure Someone Is Your Dependent*. Taxpayer claimed an exemption and/or qualifying child for EITC that was duplicated on another return.
 - CP 87B, *You Need To Make Sure You Are Not Someone's Dependent*. Taxpayer claimed an exemption for themselves, and another taxpayer also claimed the exemption.

- CP 87C, *You Need To Make Sure Someone Qualifies As Your Dependent*. Taxpayer claimed an exemption that was claimed on another return. The exemption claimed is over the age of 23 and filed a tax return reporting more than the exemption amount in gross income.
- CP 87D, *You Need To Make Sure Someone Is Your Dependent*. Taxpayer claimed an exemption for self and was also claimed on a joint return.

NOTE: Master File will contain a TC 971, action code (AC) 138 when one of the Exam soft notices listed above is generated.

4. Both the CP 85 and CP 87 are sent for information only. No adjustments will be made to the return unless the taxpayer initiates an adjustment. Undelivered CP 85 and CP 87 should be destroyed as classified waste.
5. Each taxpayer is asked to check his/her tax return (for the tax year indicated on the notice) and ensure the information is correct. If the taxpayer is:
 - Entitled - no action is required.
 - Not entitled to the exemption, Qualifying Child, Filing Status, or Schedule C income, he/she is advised to file Form 1040X, *Amended U.S. Individual Income Tax Return*, for the tax year referenced in the CP Notice, and not to make the same error on his/her next tax return.
6. For inquiries about these letters.

If	And	Then
Taxpayer calls	Needs clarification of tax law	Refer to IRM 21.1.1.6(5) and (6), <i>Customer Service Representative (CSR) Duties</i> for additional information concerning tax law questions.
	Claims they are a victim of Identity Theft	Refer to IRM 25.23.3, <i>Identity Protection and Victim Assistance-IMF Identity Theft Toll-Free and Identity Protection Specialized Unit (IPSU) Paper</i> , for guidance.
	Agrees he/she should not have claimed exemption/EITC, filing status or Schedule C income	Advise the taxpayer to complete Form 1040X, <i>Amended U.S. Individual Income Tax Return</i> , to correct the original return. Inform the taxpayer they can obtain a copy of Form 1040X and the instructions by going to www.irs.gov or offer to mail the information to them. NOTE: For additional information concerning tax law refer to IRM 21.1.1.6, <i>Customer Service</i>

		<i>Representative (CSR) Duties.</i>
	Used the wrong SSN	<ol style="list-style-type: none"> 1. Advise taxpayer they should correct the SSN on future filings. If a preparer was used to file the return, advise the taxpayer to provide the preparer with the correct SSN for future filings. 2. Taxpayer does not need to do anything for current tax return. 3. Refer to IRM 21.6.1.6, <i>Command Code DUPED and DDBCK</i>, to update the Duplicate TIN database (DUPOL).
	Wants to report information on the other taxpayer claiming exemption/EITC, for example both taxpayers are claiming the same dependent and claiming EITC	<ol style="list-style-type: none"> 1. Inform the taxpayer we have all the information concerning the other taxpayer and there is no need to take any action at this time. 2. Explain that you cannot discuss another taxpayer's income tax return because of disclosure laws and the Privacy Act.
	After a review of the tax law as above, taxpayer determines he/she is entitled to the benefit	Explain to taxpayer that if he/she finds that the SSN entered on the return was correct and the taxpayer has determined that he/she is entitled to claim the exemption, EITC or Schedule C income (after reviewing the requirements in the Form 1040 Tax Package); then no action is needed. Advise the taxpayer Exam may contact the taxpayer at a later date to verify the claim.

7. For written correspondence:

If Taxpayer	And	Then
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Files Form 1040X, <i>Amended U.S. Individual Income Tax Return</i>		<ol style="list-style-type: none"> 1. Adjust account per IRM 21.5.3, <i>General Claims Procedures</i>. 2. Ensure all related adjustments are made, i.e., exemption, EITC, filing status and/or Schedule C income.
Sends a signed letter agreeing he/she should not have claimed the exemption, EITC and/or Schedule C income		<ol style="list-style-type: none"> 1. Adjust account per IRM 21.6.1, <i>Filing Status and Exemptions Adjustments</i>. 2. Ensure all adjustments are made, i.e., exemption, EITC, filing status and/or Schedule C income.
Sends a letter stating he/she is entitled to exemption, EITC and/or Schedule C income	Appears he/she is expecting a response.	<ol style="list-style-type: none"> 1. Send an IDRS C letter thanking him/her for information. 2. Advise the taxpayer, that even though the SSN entered on the return was correct and the taxpayer has determined (after reviewing the requirements in the Form 1040 Tax Package) that he/she is entitled to claim the exemption, EITC and/or Schedule C income, Exam may contact the taxpayer at a later date to verify the claim.
Sends documentation claiming they are a victim of Identity Theft.		Refer to IRM 25.23.3, <i>Identity Protection and Victim Assistance-IMF Identity Theft Toll-Free and Identity Protection Specialized Unit (IPSU) Paper</i> , for guidance.
Sends Form 14039, <i>Identity Theft Affidavit</i> , to report on another taxpayer claiming		Refer to Exhibit 25.23.4-6 , <i>Identity Theft Functional Routing and Referral Chart</i> , under "Non-Tax Related Form 14039", for

exemption/EITC, for example both taxpayers are claiming the same dependent and claiming EITC.		additional information.
Sends a letter stating he/she is entitled to exemption	Appears he/she is not expecting a response.	No further action is required. Treat correspondence as classified waste.
Taxpayer sends a letter stating he/she used wrong SSN		<ol style="list-style-type: none"> 1. Reply to the taxpayer that he/she should correct the SSN on future filings. If a preparer was used to file the return, advise the taxpayer to provide preparer with the correct SSN for future filings. 2. Taxpayer does not have to do anything for the current tax return.

Exhibit 21.5.10-2 Updated Status 23 to include 30 day timeframe.

- Calls can be transferred to Exam following the procedures in IRM 21.5.10.5, *Accounts Management Call Transfers to Exam*, as a replacement for routing Form 4442/e-4442. Follow the AIMS status code table below to determine when a call transfer or a referral would be appropriate. Assistors without the capability to transfer a call will need to complete a Form 4442/e-4442, *Inquiry Referral*, and fax to Exam where the AIMS control is located. Refer to SERP Who/Where at Form 4442 Referral Fax Numbers for the fax numbers.

NOTE: BMF Assistors - Complete Form 4442/e-4442, *Inquiry Referral*, and fax to Exam where the AIMS control is located. Refer to SERP Who/Where at Form 4442 Referral Fax Numbers for the fax numbers.

- To insure proper transfers of calls and/or routing of Form 4442, first determine the AIMS control. Research CC AMDISA for the Primary Business Code (PBC) on command code AMDISA and **NOT** the Business Operating Division (BOD), for Campus Location of the Examination. All Campus examinations will reflect an Employee Group Code (EGC) (5XXX).

CAUTION: Correspondence Exam cases are located in the Campus and can be identified by the 3 digit Primary Business Code (PBC), located on AMDISA as follows:

W&I		SBSE	
Andover	190	Brookhaven	295
Atlanta	191	Cincinnati	296
Austin	192	Memphis	297
Fresno	193	Ogden	298
Kansas City	194	Philadelphia	299

Those accounts meeting the transfer criteria can be transferred as follows:
The Cases open in IMF W&I Campuses -

- #92217 English
- #92218 Spanish

Cases open in IMF SBSE Campuses -

- #92461 English
- #92462 Spanish

International - Not Toll Free

- 267-941-1037

Hours of operation are Monday-Friday from 7 a.m. to 7 p.m. local time. Alaska and Hawaii use Pacific times.

NOTE: AIMS Status may indicate a future date in the "current status code line" of CC AMDISA. This date indicates the next status the account will update to. Use the appropriate status code when speaking with the taxpayer. If the date of the call is before the future date, use the current status code indicated on CC AMDISA.

REMINDER: Always verify the current mailing address on file. If address needs to be updated follow the procedures in each of the AIMS status codes listed in the exhibit below.

NOTE: Status 34 - If in Status 34, PBC 298 or 398 and in the EGC range of 5400-5495 or 5800-5890, it is OSC TEFRA and the Form 4442, *Inquiry Referral*, should be sent to OSC AIMS coordinator at OSC mail stop 4590 or faxed to 801-620-2380. If in Status 34 PBC 295 and in EGC range of 5400-5495 or 5800-5890 it is BSC TEFRA then the Form 4442 should be sent to the BSC AIMS coordinator, at BSC mail stop

630 or faxed to 631-447-4781.

AIMS STATUS CODE	AND	THEN
<p>23</p> <p>REVISED AUDIT REPORT ISSUED</p> <p>Taxpayer information considered and a revised Examination report issued with a Letter 692.</p>	<p>Less than 30 days since update to Status 23 and no letter/report received by the taxpayer.</p>	<ul style="list-style-type: none"> a. Advise taxpayer the report has been issued. b. If the address has changed, transfer the call to W&I Campus or SBSE Campus. Transfer call per procedures in IRM 21.5.10.5, <i>Accounts Management Call Transfers to Exam</i>. c. Assistors without the capability to transfer a call, complete a Form 4442/e-4442, <i>Inquiry Referral</i>, and fax to Exam where the AIMS control is located. d. Refer to SERP Who/Where, Form 4442 Referral Fax Numbers for the fax numbers. e. If the taxpayer's address has not changed, advise the taxpayer that once report is received to submit the requested information and allow 30 days for receipt.
	<p>30 days or more from the transferred call or Form 4442 referral date and no letter/reply received by that taxpayer.</p>	<p>Refer to the procedures in IRM 21.1.3.18, <i>Taxpayer Advocate Service (TAS) Guidelines</i>.</p>
	<p>Taxpayer received the report and has information to</p>	<p>Ask the taxpayer to submit the additional information to the requestor.</p>

	submit.	
	Less than 30 days since the taxpayer responded and no letter or response received.	Advise the taxpayer to wait 30 days for a response. Do not refer.
	30 days or more from the transferred call or Form 4442 referral date and taxpayer has not received a letter or response.	Refer to the procedures in IRM 21.1.3.18, <i>Taxpayer Advocate Service (TAS) Guidelines</i> .

IRM 21.5.10.4.4 Updated 4442 language to include may be the TC 300 DLN.

1. Follow instructions in the table below to request copies of an audit report:

If	And	Then
The taxpayer is requesting a copy of their audit report	A TC 421 is present on the module(s)	<ol style="list-style-type: none"> 1. Refer a Form 4442, <i>Inquiry Referral</i>, to the Return and Income Verification Unit (RAIVS) at the campus reflected by the 1st two digits of the TC 421 DLN. Refer to note below. 2. Note on Form 4442, <i>Inquiry Referral</i>, the Document Locator Number (DLN) of the audit assessment (usually the TC 300) and the controlling DLN. 3. Specify which year(s) the taxpayer is requesting. 4. If there is more than one audit on the same year, identify which audit the taxpayer is questioning.
The taxpayer is requesting a copy of their audit report	A TC 421 is not present on the module(s)	W&I Campus or SBSE Campus: Transfer call per procedures in IRM 21.5.10.5, <i>Accounts Management Call Transfers to Exam</i> .

2. Advise the taxpayer it may take up to 60 days to receive the copy of the audit report if the return has been shipped to the Federal Records Center. Do not charge the taxpayer for a copy of audit report. Follow procedures below:
 - a. Forward request to Return and Income Verification Services (RAIVS) Unit in the campus where the audit occurred.
 - b. Refer to Exhibit 3.5.20-3, *RAIVS Contacts*.

IF	THEN
TC 421 reflects Brookhaven	IMF - route to Fresno
	BMF - route to Cincinnati
TC 421 reflects Memphis	IMF - route to Fresno
	BMF - route to Cincinnati
TC 421 reflects Philadelphia	IMF - route to Kansas City
	BMF - route to Ogden
TC 421 reflects Andover	IMF - route to Fresno
	BMF - route to Cincinnati
TC 421 reflects Atlanta	IMF - route to Kansas City