

## IRM PROCEDURAL UPDATE

**DATE: 07/21/2015**

**NUMBER: WI-21-0715-1207**

**SUBJECT: TDS Programming; Transcripts with Identity Theft**

**AFFECTED IRM(s)/SUBSECTION(s): 21.2.3**

**CHANGE(s):**

### **IRM 21.2.3.2.1 Removed Identity Protection PIN.**

1. The tax return transcript contains significant data transcribed from the original return. BMF transcripts are limited to the following forms: Form 1120, *U.S. Corporation Income Tax Return*, Form 1065, *U.S. Return of Partnership Income*, Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*, Form 1120-H, *U.S. Income Tax Return for Homeowners Associations*, Form 1120-L, *U.S. Life Insurance Company Income Tax Return*, and Form 1120-S, *U.S. Income Tax Return for an S Corporation*.
2. This transcript is ordered when the taxpayer needs a computer printout of their tax return. Some reasons may include, but are not limited to:
  - Meet documentation requirements for student loans, grants, and scholarships
  - Meet documentation requirements for social services
  - Respond to a notice from IRS
  - File an amended return
  - Obtain financing for a mortgage
  - Obtain alien clearance
  - Personal reasons
3. The information displayed on the tax return transcript contains, but is not limited to:
  - Type of return filed
  - Filing status
  - Tax shown on return
  - Adjusted gross income
  - Mortgage interest
  - Real estate tax deduction
  - Taxable income
  - Number of exemptions
  - Federal income tax withheld
  - Earned income credit
  - Self-employment income and tax
  - Tax due per return
  - Refund per return

- Refundable credits
  - Total income
  - Business expenses
  - Wages paid
  - Designee's Personal Identification Number (DPIN), Preparer's Tax Identification Number (PTIN)
4. The transcript will not show amendments or adjustments made to the account after the original return has posted. If adjustments have been made, offer to provide the record of account, see IRM 21.2.3.2.4, *Record of Account*.
  5. In some cases, IRS may change the taxpayer's reported figures on the originally filed return due to input errors, incomplete or missing information, or computational errors. The tax return transcript will show both:
    - The taxpayer's original figures, labeled "per return," and,
    - The figures as corrected by IRS, labeled "per computer"

**IRM 21.2.3.3.3 Added description of TDS programming with IDT indicators.**

1. Transcript Delivery System (TDS) is the primary automated system designed to process transcript requests from taxpayers and authorized parties.
2. IRS assistors and approved tax professionals can access TDS; however, this service is not available to the general public. For questions regarding the application process, refer the tax professional to IRS.gov.
3. The following transcripts are available using TDS and can be mailed, either to the address of record or to a new address, or faxed.

**NOTE:** The limitations in the chart below refer only to transcripts obtained through TDS.

<b>Transcript</b>	<b>IMF</b>	<b>BMF</b>
Tax Return	Available for the current and three prior tax years	Available for Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120-S for the current and three prior tax years
Tax Account	Available for any account that is active on Master File	Available for any account that is active on Master File
Wage and Income	Available for the current and nine prior tax years. Information for the current year is generally not available until the year after it is filed.	Not available

	<p><b>NOTE:</b> TDS can only deliver 198 wage and income documents per request. If the request exceeds this limit, use CC IRPTR to provide the remaining documents. Alternately, input more than one TDS request by selecting separate transcripts for the various form types (W-2, 1099 MISC, etc.) and/or tax year to keep within the 198 documents limitation.</p>	
Record of Account	Available for the current and three prior tax years.	Available for Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120-S for the current and three prior tax years
Verification of Non-Filing	Available for the current and three prior tax years	Not available

4. TDS is programmed to recognize certain identity theft indicators on accounts. For a jointly filed return, TDS will look at indicators on both the primary and secondary accounts. TDS does not allow any transcripts to generate if the following Transaction Codes (TC) and Action Codes (AC) are present:
- TC 971, AC 501
  - TC 971, AC 506
  - TC 971, AC 522
  - TC 971, AC 524

**NOTE:** If there is a TC 972 with the same transaction date and tax year as the TC 971, which reverses the IDT indicator, and no other indicators are present, transcripts will generate as usual.

**EXCEPTION:** TDS will recognize an SEID in the “Employee ID field” and generate transcripts as usual. Caution must be used in recognizing indicators and researching the account(s) to ensure transcript requests are fulfilled appropriately. See IRM 21.2.3.5.8, *Transcripts and Identity Theft*.

5. Get Transcript and the Interactive Voice Response (IVR) transcript availability is restricted if any of the identity theft indicators in (4) are present. For Get Transcript ONLINE, no transcript is generated; instead, users receive a message stating, “We cannot process your transcript request. Please contact

the Identity Protection Specialized Unit (IPSU) at # [REDACTED] #.” For Get Transcript by MAIL and the IVR, taxpayers receive a letter in place of the transcript advising them to contact IPSU. Refer to IRM 21.2.3.3.4, *IRS Website (IRS.gov)*, for more information on Get Transcript.

6. If any of the identity theft indicators in (4) are present, tax professionals and other third parties accessing TDS via e-Services receive a message stating, “We are not able to process your request at this time. You or your client will need to contact the Identity Protection Specialized Unit (IPSU) at # [REDACTED] #.”

#### IRM 21.2.3.3.5 Removed content for Form 4506-A.

1. Most of the Form 4506 Series is commonly used to order a transcript for valid taxpayer identification numbers (TIN). These forms are processed in Submission Processing, by Return and Income Verification Services (RAIVS). These forms give taxpayers the option to have their transcript or tax information mailed to a third party. These forms can be submitted by mail, or by fax if the taxpayer wants expedited receipt by IRS. The IRS processing time is indicated on each form.
2. Form 4506-T, *Request for Transcript of Tax Return*, is used to order BMF and IMF tax return transcripts or other transcripts. Up to four tax years can be requested on the same form. If more than four years is requested, another Form 4506-T must be submitted. For requests relating to quarterly tax returns, such as Form 941, *Employer’s Quarterly Federal Tax Return*, each quarter or tax period must be entered separately. The following transcripts can be ordered:

<b>Transcript Type</b>	<b>Availability</b>
Tax Return	Available for the current and three prior tax years
Tax Account	Available for any account that is active on Master File
Wage and Income	Available for the current and nine prior tax years  <b>NOTE:</b> Information for the current year is generally not available until the year after it is filed
Record of Account	Available for the current and three prior tax years
Verification of Non-Filing ( <b>IMF Only</b> )	Available for the current and three prior tax years

3. Form 4506-T-EZ, *Short Form Request for Individual Tax Return Transcript*, is used to order 1040 series transcripts. The transcripts are available for the current and three prior tax years.

**IRM 21.2.3.5.7 Deleted content. Form 706 GS-D (MFT 78) was removed from TDS.**

1. Special circumstances may exist on IDRS that restrict the issuance of a transcript or require additional actions after requesting the transcript. For example:
  - Criminal Investigation. Refer to IRM 21.5.6.4.52, *-Z Freeze*, and IRM 21.5.6.4.51, *Z- Freeze*, for specific directions when -Z or Z- freeze codes are present on the account.
  - Identity Theft. If the IAT Disclosure tool or the taxpayer indicates identity theft, follow the procedures in IRM 21.2.3.5.8, *Transcripts and Identity Theft*.
2. Requests for prints of IDRS data should not be honored if the information is available using TDS. Encourage the taxpayer to accept the TDS transcript instead. If the information is not available on TDS, or the taxpayer insists on an IDRS print, refer to IRM 21.2.3.5.9.5, *Internal IDRS Transcript Processing*.
3. Occasionally, factors on the account prevent certain transcript requests from fully processing and thus require that an alternate transcript to TDS be provided.

**EXAMPLE:** A taxpayer filed a return that does not match the entity filing requirement, e.g., taxpayer files Form 1120-S, *U.S. Income Tax Return for an S Corporation*, but the requirement is Form 1120, *U.S. Corporation Income Tax Return*. Research CFOL Express for a list of command codes used to generate an alternate transcript.

4. Return Request and Display (RRD) is a sub-system of Modernized e-File (MeF) which is an internal system that stores electronically filed return information. Printout requests cannot be honored because they may not contain posted return information.
  - Offer to provide copies of a return transcript if the return has posted.
  - If the return has not posted, advise the taxpayer to contact us after the processing timeframe has passed. Refer to the processing timeframe chart in IRM 21.4.1.3(2), *Refund Inquiry Response Procedures*.
  - If the taxpayer requests a photocopy of his/her return, advise to file a Form 4506, *Request for Copy of Tax Return*, and enclose the fee.
5. Generally, balance due accounts do not post to Master File before cycle 20. TDS cannot be used to provide a tax return transcript until the return is available on Master File.
  - If the taxpayer requests a tax return transcript before the return has updated to Master File, provide the applicable timeframes and advise

the taxpayer to contact IRS after this timeframe has elapsed, see IRM 21.4.1.3(2), *Refund Inquiry Response Procedures*.

- If the taxpayer has an immediate need, research CC TRDBV to determine if the return has been transcribed. If available, provide a CC TRDBV printout using the IAT QCC Tool to access, grab, sanitize, and print. If information is not available on CC TRDBV, and appropriate processing timeframes have elapsed, follow IRM 21.4.1.3.1.1, *Return Not Found*.
6. If the taxpayer requests a verification of non-filing letter before June 15th, encourage the taxpayer to contact IRS after June 15. If the taxpayer has an immediate need, then issue the letter using TDS.

**NOTE:** June 15 is derived from the paper processing timeframe of 6-8 weeks based on the return being submitted April 15.

7. When a student has filed an amended return and requests a transcript to complete an application for financial aid, see IRM 21.3.13.4, *Amended Returns*.
8. IRS follows laws which dictate the length of time records need to be retained. Taxpayers requesting transcripts for years which are no longer available can complete Form 4506 , *Request for Copy of Tax Return*, if a copy of their tax return will meet their needs. IRS refunds the fee if unable to retrieve the tax return requested. IMF taxpayers can also contact the Social Security Administration per IRM 3.5.20.3.7.1, *Procedures for Form W-2 Tax Information*.
9. If the taxpayer requests a date stamp on a transcript, explain that the IRS does not date stamp any transcript, including a TRDBV or a TDS Letter 3538. The presence of a date stamp does not change the validity of a transcript. Information for mortgage companies related to date stamping can be found in paragraph 1 of Issue Management Resolution System (IMRS) Issue 13-0001826 – Tax return transcripts for mortgage lenders, <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/IMRS-Monthly-Overview-Special-Edition-February-2014>.

**IRM 21.2.3.5.8 Added new overview of Identity Theft issues including TDS programing for Identity Theft account indicators, Form 4506-T and 4506-T-EZ handling, requests for sending transcripts to third parties, and taxpayers receiving transcripts they did not request.**

1. Transcript Delivery System (TDS) is programmed to restrict the delivery of transcripts to external users when certain identity theft indicators are present. These external users include tax professionals accessing TDS via e-Services and individual taxpayers using Get Transcript and the IVR. Assistors must be cautious when fulfilling transcript requests as there are no TDS restrictions for internal users. Follow account authentication and research procedures for identity theft as instructed in these subsections:

- IRM 21.2.3.5.8.1, *Authentication Procedures for Identity Theft*
  - IRM 21.2.3.5.8.2, *Accounts with Resolved Identity Theft*
  - IRM 21.2.3.5.8.3, *Accounts with Suspected or Open/Unresolved Identity Theft*
  - IRM 21.2.3.5.8.4, *Type of Transcript Requested for Identity Theft Accounts*
2. Submission Processing (SP) receives transcript requests on Form 4506-T , *Request for Transcript of Tax Return*, and Form 4506-T-EZ , *Short Form Request for Individual Tax Return Transcript*, in the Return and Income Verification Services (RAIVS) and through Income Verification Express Service (IVES). RAIVS/IVES will not fulfill requests when their research shows identity theft indicators are present on either the Primary or cross reference SSN account. RAIVS/IVES will mail Form 14611, *RAIVS/IVES Additional Actions Needed*, instructing the taxpayer to call the Identity Theft toll-free number. More information on SP procedures is found in IRM 3.5.20.2.8.2, *Identity Theft Procedures for Photo Copy Requests*.
  3. If you determine the taxpayer filed Form 4506-T or Form 4506-T-EZ, and received Form 14611, apologize and explain we are protecting their tax account and personal information and refer to IRM 21.2.3.5.8.4, *Type of Transcript Requested for Identity Theft Accounts*, to provide the requested transcript. Do not ask the taxpayer to submit or resubmit a Form 4506-T or Form 4506-T-EZ, in identity theft instances.

**REMINDER:** A tax professional with a Form 2848 or Form 8821 authorization can contact AM to request a transcript when a TDS letter instructs his or her client to contact IPSU (currently Identity Theft toll-free), or if the taxpayer receives Form 14611; however, they may or may not be able to provide sufficient information required for the assistor to research the identity theft account. In certain instances, only the taxpayer may have enough history and documentation to resolve the inquiry. Authentication of the client's tax information is required, following IRM 21.1.3.2.3(3), *Required Taxpayer Authentication*.

4. If the taxpayer indicates they filed Form 4506, *Request for Copy of Tax Return*, and received Form 14611, refer to IRM 21.3.6.4.3.2, *Return Copy Procedures and Identity Theft*, for handling instructions.
5. If the taxpayer requests transcripts be sent to a third party, apologize to the taxpayer and explain that we do not send transcripts directly to a third party when there is the possibility of identity theft.

**NOTE:** If the taxpayer is requesting a tax return transcript for a mortgage company, please provide the following information: "In cases of identity theft, the financial community has been made aware that we will only release transcripts to the taxpayer. A mortgage company or lender does not need to obtain the transcript directly from the IRS." See Treasury Regulation § 1026.43(c)(4)(vi) discussion in Issue Management Resolution System (IMRS) Issue 13-0001826 – Transcripts requested for financial purposes.

6. If the taxpayer indicates receipt of a transcript they did not request, probe to find out if their spouse or someone who is authorized (such as a tax professional) could have requested the transcript. If the taxpayer indicates no one requested the transcript on their behalf, see IRM 21.2.3.5.8.3, *Accounts with Suspected or Open/Unresolved Identity Theft*.
7. If the taxpayer indicates receipt of a transcript they requested that contains incorrect information due to possible identity theft, see IRM 21.2.3.5.8.3, *Accounts with Suspected or Open/Unresolved Identity Theft*.

**IRM 21.2.3.5.8.4.1 Removed sentence about preparing envelope as it is addressed in the prior sentence. Clarified “immediate need.”**

1. A tax return transcript can be issued to the taxpayer who filed the return on a resolved or open/unresolved identity theft account. In some cases, TDS cannot be used and a CC TRDBV print will be provided.

**NOTE:** If the CC TRDBV does not show the SSN owner's tax return for the year requested, or if the return posted as a TC 977 instead of a TC 976, perform research on Correspondence Imaging System (CIS) to locate the return. If the return is found, follow IRM 21.5.1.5.5, *Processing/Reprocessing CIS Tax Returns*, to have the return reprocessed. If the return is not found on CIS, follow IRM 21.4.1.3.1, *Locating the Taxpayer's Return*. In either scenario, provide the taxpayer with the timeframe to call back for a transcript; refer to IRM 21.4.1.3(2), *Refund Inquiry Response Procedures*. Only after the TC 976 has posted can a TRDBV print be issued for that return.

2. TDS generates a transcript from the Tax Return Database (TRD) compiled from the original return filed on an account. If there are two returns filed, e.g., TC 150 and TC 976, TDS will generate a tax return transcript only for the TC 150 return. If the account involves identity theft and the fraudulent return posts first (TC 150), neither the IRS nor the taxpayer should order a tax return transcript using TDS. If the identity theft victim needs a tax return transcript and more than one return has posted on the account, determine which return belongs to the taxpayer.
  - a. If the taxpayer is the filer of the TC 150 return, provide a tax return transcript using TDS.
  - b. If the taxpayer is not the filer of the TC 150 return, do not provide a tax return transcript using TDS even if the account has been corrected for the identity theft.
3. If the taxpayer's return is the subsequent return (TC 976), then provide a CC TRDBV print using the IAT QCC Tool to access, grab, sanitize, and print. The first TRDPG response screen lists all the access codes that correspond to the forms and/or schedules filed and should NOT be provided. This screen also lists other access codes such as STAT-HIST and SSN-VALDN, which are not necessary to provide. The taxpayer should only receive information which the tax return transcript via TDS provides - a complete tax return. Input the

correct access code(s) in the applicable field for each form/schedule filed and associated with that return. For more information on CC TRDBV, see IRM 2.3.73.1.1, *Command Code (CC) TRDBV General*.

**NOTE:** Advise the taxpayer that this is an alternative transcript and displays information differently than the typical tax return transcript due to programming limitations. Entity information, such as name, address, and dependents, may not show on the TRDBV transcript. Verify the taxpayer's address to ensure the transcript is sent to the correct address.

**NOTE:** The IAT QCC Tool is recommended over other methods because of the efficiency to generate the print and appearance of the final product.

4. If IAT is not available, provide the CC TRDBV print using AMS or IDRS Command Code, ensuring all forms and schedules submitted by the taxpayer are provided. Other access codes, such as STAT-HIST and SSN-VALDN, are not necessary to provide.
5. Provide the CC TRDBV print via postal mail.

**CAUTION:** Verify the taxpayer's address to ensure the transcript is sent to the correct address.

**NOTE: Do not** offer to deliver the document using EEFax or manual faxing unless you determine the taxpayer has an immediate need and cannot wait for postal mail delivery. Each request must be considered based on the information provided by the taxpayer regarding the nature of the request. Manual faxing is only permissible when EEFax is not available.

6. Complete the contact by following IRM 21.2.3.7, *Call Closure Requirements*.

**IRM 21.2.3.5.8.4.3 Removed sentence about preparing envelope as it is addressed in the prior sentence. Clarified "immediate need."**

1. Taxpayers affected by employment or income-related identity theft may request a wage and income transcript. Wage and income-related identity theft occurs when the identity thief uses the victim's SSN to obtain employment, resulting in what may appear as unreported income under the victim's account.
2. Identifiers of wage and income-related identity theft include any of the following on CC ENMOD:
  - TC 971 AC 522/501/506 with a tax source administration code of INCOME or INCMUL
  - TC 971 AC 525
3. The owner of the SSN can only receive the wage and income information that belongs to him/her. The borrower of the SSN can only receive the wage and income information that belongs to him/her if certain conditions are met. Refer to IRM 11.3.2.4.1.1, *Identity Theft and Access to Information Returns*, to

determine if a wage and income transcript can be provided to the owner and/or borrower of the SSN.

4. If it is determined a wage and income transcript can be provided, and the form requested ONLY contains the taxpayer's information, for example, the taxpayer is requesting W-2 information and all the information is the taxpayer's, TDS can be used. If any of the information is not the taxpayer's, use IAT to generate a CC IRPTRW print since TDS cannot sanitize or filter which pages to print. Remove all information that is not the taxpayer's. Do not print any wage and income information that does not belong to the taxpayer.
5. If IAT is not available, provide CC IRPTRW print using AMS or IDRS.
6. Provide the CC IRPTR print via postal mail.

**CAUTION:** Verify the taxpayer's address to ensure the information is sent to the correct address.

**NOTE:** Do not offer to deliver the document using EEFax or manual faxing unless you determine the taxpayer has an immediate need and cannot wait for postal mail delivery. Each request must be considered based on the information provided by the taxpayer regarding the nature of the request. Manual faxing is only permissible when EEFax is not available.

7. Complete the contact by following IRM 21.2.3.7, *Call Closure Requirements*.

**IRM 21.2.3.5.8.4.5 Removed sentence about preparing envelope as it is addressed in the prior sentence. Clarified "immediate need."**

1. There may be instances where a fraudulent return was filed and the identity theft victim calls requesting a verification of non-filing letter. This letter cannot be generated using TDS Request Transcript if there is a tax return filed on the account. TDS Letter 3538 is an alternative and can be generated through the TDS Letter feature.
2. Generate TDS Letter 3538 by following the steps below:
  1. Select Transcript Letters from the TDS home page.
  2. On the Select Letter screen, select 3538 (the one with no title next to the letter number). Complete the Required fields (name, address).

**NOTE:** The program will capitalize all entries.

3. On the Select Paragraphs screen, select and complete paragraphs A, B, G, and Y:
  - For Paragraph A - capitalize accordingly
  - For Paragraph B - in addition to entering the tax year/period(s) in the Tax Period field, input "1040" in the Form Number field
  - For Paragraphs G and Y - the program defaults and no different entry is required
3. Provide TDS Letter 3538 to the taxpayer via postal mail.

**CAUTION:** Verify the taxpayer's address to ensure the information is sent to the correct address.

**NOTE:** Do not offer to deliver the letter using EEFax or manual faxing unless you determine the taxpayer has an immediate need and cannot wait for postal mail delivery. Each request must be considered based on the information provided by the taxpayer regarding the nature of the request. Manual faxing is only permissible when EEFax is not available.

4. Complete the contact by following IRM 21.2.3.7, *Call Closure Requirements*.

#### **IRM 21.2.3.5.9.5 Added the use of the IAT QCC Tool.**

1. Taxpayers may ask for specific information not contained on a TDS transcript, such as assessment dates or when entity changes posted. Taxpayers may also ask for specific, internal IDRS prints, not one of the TDS transcript types, such as MFTRAX, CC TXMOD, CC RTVUE, and IMFOLI.
2. Requests for these products should not be honored if the information is available using TDS. Encourage the taxpayer to accept a TDS transcript instead. If the information is not available on TDS, or the taxpayer insists on an IDRS print, then the print can be provided using the IAT Quick Command Code Tool. IDRS references include CFOL Express, and the IDRS Command Codes Job Aid.
3. Prior to providing internal transcripts to the taxpayer, sanitization is necessary to ensure that no inappropriate disclosures are made. Follow IRM 21.2.3.6, *Sanitizing IDRS Transcripts*.
4. Determine the delivery method based on the taxpayer's requested timeframe. Manual faxing is only permissible when EEFax is not available.

**CAUTION:** See IRM 21.1.3.9, *Mailing and Faxing Tax Account Information*, for transcript mailing and faxing restrictions. If the taxpayer states that he/she is using a third party e-fax service provider as defined in (3) of IRM 21.2.3.5.5, *Using Electronic Fax Services*, then a valid, written consent from the taxpayer designating the e-fax service provider as a recipient of tax information is required.

5. Complete the contact by following IRM 21.2.3.7, *Call Closure Requirements*.