IRM PROCEDURAL UPDATE

DATE: 08/03/2015

NUMBER: WI-21-0815-1258

SUBJECT: Shared Responsibility Payment, Coverage Exemption and Coverage Checkbox

AFFECTED IRM(s)/SUBSECTION(s): 21.6.3

CHANGE(s):

IRM 21.6.3.4.2.16.8.1 - Addressed oral statement authority in (2) and updated the note in (4) to show when adjusting both MFT 30 and MFT 35, the system will post all transactions in the same cycle.

1. **#** ███
███
███████████████████████████████████████ **#**
2. If a taxpayer corresponds or files an amended return requesting adjustment (oral statement authority does not apply to SRP unless there is a decimal point error when posting SRP), review the MFT 35 module to determine if a Compliance function assessed / adjusted the SRP (which can be identified by a TC 240, PRN 692, RC 154 on MFT 35), or is in the process of reviewing the taxpayer's account (which can be identified with a -L freeze on MFT 30).
3. If no Compliance involvement, **#** ██████████████████ **#** and input a PRN 692 on MFT 35, for the appropriate amount, RC 153.

   NOTE: If an MFT 35 module has not been established, create a dummy MFT 35 module using CC MFREQD, and then input the assessment. **Do not use a hold code 3 or 4 on MFT 35.** A hold code interferes with subsequent notice routine.

   NOTE: When adjusting both MFT 30 and MFT 35, the system will post all transactions, including any offsets in the same cycle.

4. If Compliance adjusted the account, route to the assessing function. If a -L freeze or TC 922 is on MFT 30, follow normal procedures.
5. Take the following action if a payment was made with the 1040X:

If	And	Then
TC 670 payment posted to MFT 30	The amount matches the change to the SRP	Transfer the payment to MFT 35 using the IAT credit transfer tool

TC 670 payment posted to MFT 30 does NOT match the change to SRP	The payment amount matches the total adjustment to MFT 30 and MFT 35	Transfer the amount attributable to SRP using the IAT credit transfer tool
TC 670 payment posted to MFT 30 does NOT match the change to SRP	The payment amount is more than the total adjustment to MFT 30 and MFT 35	Transfer the amount attributable to SRP using the IAT credit transfer tool
TC 670 payment posted to MFT 30 does NOT match the change to SRP	The payment amount is less than the total adjustment to MFT 30 and MFT 35	Do not transfer the payment unless there is an indication the taxpayer wanted the SRP paid / partially paid

NOTE: If both an adjustment and a credit transfer are needed for the same MFT 35 module, input a posting delay code 1 on the adjustment.

IRM 21.6.3.4.2.16.8.2 - Addressed oral statement authority in (5).

5. No supporting documentation is required for Form 8965 nor is an amended return. If the form is incomplete or contains an exemption type other than one listed above, return the request. Oral statement authority does not apply, the Form 8965 must be provided.

    NOTE: Taxpayers can report an exemption for an individual not claimed on the return. In addition, when reporting an exemption, taxpayer's are not required to provide a TIN. If a TIN is not provided, do not record the exemption on IDRS and do not correspond for the missing TIN.

IRM 21.6.3.4.2.16.8.3 - Added information pertaining to accepting oral statement for coverage checkbox and SRP abatement.

1. At filing, a taxpayer can indicate he/she and everyone in the tax household had minimum essential coverage for the entire year by checking the coverage checkbox. The checkbox is found on Form 1040 line 61 (Form 1040EZ line 11, Form 1040A line 38) and is recorded on MFT 30, on CC TXMOD as "Coverage". The values are:
    o   blank - no coverage or coverage does not comprise the entire year
    o   1 - coverage for the entire year

    CC IMFOLR will display "Coverage" if the checkbox is present, nothing in the indicator field if not present.
    CC TXMOD will display "Coverage-IND>1" if the checkbox is present, nothing if not present.

2. If a taxpayer later updates the checkbox, input item reference number (IRN) 869 with a .00 to turn it off, .01 to turn it on. No supporting documentation is required.
3. A reason code is not required to be used with IRN 869.
4. Oral statement can be accepted to update the coverage checkbox. If a taxpayer had previously reported an SRP and requests abatement, advise the taxpayer to file an amended return, check the coverage checkbox, and address SRP. The account will be updated when the amended return is processed. Follow normal procedures if there is Compliance involvement.
5. If a taxpayer requests to update the checkbox prior to the return posting, advise the taxpayer no action is required at this time. Submission Processing will not correspond for it or issue a math error notice.
6. Control correspondence using category code ACA9.