## IRM PROCEDURAL UPDATE

**DATE: 10/05/2015**

**NUMBER: WI-25-1015-1465**

**SUBJECT: Self Employment Contributions Act (SECA) Procedures**

**AFFECTED IRM(s)/SUBSECTION(s): 25.6.1.9.11.2**

**CHANGE(s):**

**IRM 25.6.1.9.11.2, SECA Procedures, Revised the information for increasing Social Security Income after the ASED expires.**

1. When making adjustments to the Primary Self Employment Income (PSEI) or the Secondary Self Employment Income (SSEI), TC 878 and 879 must correspond with the information previously provided. Do not adjust the PSEI or SSEI below zero. If Self Employment Income (SEI) is reduced to less than $400 for either taxpayer, you must reduce PSEI and/or SSEI to zero and assess no tax. Notify the taxpayer of any changes.
2. If you receive a SECA Tax case and the assessment statute expiration date (ASED) has expired:
   a. Check for conditions which might extend the ASED beyond the 3 year statute expiration date. If the ASED cannot be extended, do not assess additional tax. Stamp the amended return "Statute Expired" and input TC 290 for zero amount.
   b. If a credit balance module reflects a payment received on or before the ASED that is attributable to an adjustment for which the ASED has passed, transfer the barred assessment credit to the Excess Collection File (XSF) or Unidentified Remittance File (URF) as applicable. You must input a Transaction Code (TC) 971 with Action Code (AC) 296. No other research action is required. The payment may be retained even though the liability it pays can no longer be assessed. Do not use the credit to pay other debit conditions.
   c. When a payment is made for Income Tax (IT) and/or SECA Tax and the payment was received after the Assessment Statute Expiration Date (ASED), do not assess the additional tax. You must input a TC 290 for zero amount to allow the payment to refund back to the taxpayer. "Do not send the payment to Excess Collection File". You must send the taxpayer Letter 2765C, Assessment Statute Expiration Date (ASED), stating that we cannot legally assess the tax because the statute for assessment of tax has expired and the payment is being refunded to the taxpayer.
3. Do not assess amended returns reporting SECA tax received after the ASED, which runs from the filing of the original return. If the IRS fails to make

assessment on the original return or amended return before the ASED passes, do not assess any amount on either return. Instead, input TC 290 for zero amount, use Blocking Series 18 and reference numbers as appropriate. Transfer any remittance received to XSF or URF, as stated above in 2(b). Report the amount of the unassessed tax from the original return as a barred assessment.

4. Do not assess Form SSA 7000 information without a statutory notice of deficiency being sent prior to the statute date. Do not make an assessment of tax if Examination did not issue a Statutory Notice Of Deficiency, and stamped the Form SSA 7000 "Survey" or "Accepted As Filed." Instead, use TC 290 for zero amount and blocking series 18 to associate the case with the original return.
5. Do not make adjustments reported on Form SSA-7000 after the ASED unless accompanied by a taxpayer's claim that was filed before the ASED.
6. If the taxpayer files an amended return after the ASED expires to increase SECA Tax, do not assess the tax as stated above. In addition, do not increase the Self-employment income reported on the amended tax return. The Social Security Administration will not use this information when computing the taxpayer's Social Security payment amount unless the ASED is still open for the assessment of social security tax on the increase in self-employment income.