

IRM PROCEDURAL UPDATE

DATE: 05/26/2016

NUMBER: SBSE-04-0516-0983

SUBJECT: Post Publication Revision to 4.19.3, IMF Automated Underreporter (AUR) Program

AFFECTED IRM(s)/SUBSECTION(s): 4.19.3

CHANGE(s):

IRM 4.19.3.20.1.8.1.1(1) - new Caution, that procedures in the subsection are for paper case responses only; also provided guidance when it is determined during a phone call that action is needed on a case in BT 89004/89005/89006

1. Married Filing Joint (MFJ) docketed cases require research to determine if:

CAUTION: These procedures are for paper case responses ONLY. If during a telephone call it is determined that an action is needed (i.e., letter, revised notice, assessment, No Change closure) on a case in BT 89004/89005/89006, check the action required box and leave a DETAILED case note explaining the action(s) needed (if the case is controlled at your campus follow local procedures to route detailed instructions for the required action(s) to the appropriate individual/unit). If the TP indicates agreement with the notice, instruct the TP to sign, date, and return the consent to tax increase, or, refer the TP to the consent page of the notice which provides complete information.

- both taxpayers' names are reflected on the petition, or
- both taxpayers filed their own petition, or
- only one taxpayer filed a petition.

Perform the research as follows:

1. Access the U.S. Tax Court Website at ustaxcourt.gov.
2. Click on the tab titled "Docket Inquiry".
3. Select either Docket Number or Individual Party Name.
4. Enter the required information to access the case.
5. Once accessed, view the petition and/or party's names. If only one taxpayer name is reflected on the petition, refer to (2) – (11) below. If both taxpayer names are reflected or both taxpayers filed a separate petition, continue normal processing; see IRM 4.19.3.20.1.8.1, *Docketed Cases*, for additional information.

NOTE: If after clicking on the docket number the petition is not available to view, click on "Go to", which appears right above where the docket number was clicked, then select "Parties".

IRM 4.19.3.20.1.8.1.1(5) step 1 - added Hold Code (HC) 2 to assessment instructions

5. If W/H, excess SSTAX, Additional Medicare Tax withheld, is the issue:
 1. Input the assessment, using the IAT "REQ54" tool, for the credit adjustment, NOT the tax and use HC 2.
 2. Send the TP a Letter 2626C, explaining the partial assessment and advise them that the remaining issues will be addressed as part of the docketed case process and/or once the timeframe to file a petition with the United States Tax Court expires, if it is decided to do so. Include a copy of the letter in the case file.

NOTE: No other AUR correspondence will be issued to the PS.

IRM 4.19.3.20.1.18 - subsection was rewritten to provide instructions for divorced/separated TP cases when there is no consent to the tax received from either TP; instructions for cases where only one spouse signs the consent to tax or both TPs sign consent forms on different dates were moved to/in new subsection

1. If a TP files a joint return and later becomes separated or divorced, both TPs remain responsible for the full amount of tax due on the jointly filed return. For this reason, mail a copy of the CP 2000 or Statutory Notice to each TP at their separate residences. Use caution to ensure that the address of one spouse is not disclosed to the other.

CAUTION: Do not make any changes to the first name line when updating spousal addresses. Use the address input with Address Type "S" on any subsequent correspondence.

2. The signatures of **BOTH** TPs are required on consent to tax increase for a jointly filed tax return that is not fully paid.

EXCEPTION: A signature (both for jointly filed returns) is required if full payment was received after the Stat Notice was issued. If only one TP has signed the consent to tax increase or each TP signed separate consent forms that are dated differently (different IRS received. dates), refer to IRM 4.19.3.20.1.18.1, *Divorced/Separated Taxpayers – Single Signature on Consent*, for additional information.

3. If the response indicates the TP is not liable for the tax **and there is no signed consent received for either taxpayer**, determine if the non-responding spouse was issued a copy of the notice by researching the address portion of the CP 2000 History.

If	And	Then
Both TPs received a notice,	the address of the spouse is known	<p>Issue a Letter 2626C to both TPs to obtain the missing signature.</p> <p>EXCEPTION: If the suspense time frame on a Stat Notice has expired, input PC 90 to default the case.</p>
The non-responding TP did NOT receive a copy of the notice	The responding spouse provides the address	<ol style="list-style-type: none"> 1. Input the non-responding spouse's address on the Update Address window using Address Type "T", using a date that is 60 days from the current date. 2. Issue a recomputed notice. 3. Send PARAGRAPH 182, see Exhibit 4.19.3-7, <i>CP PARAGRAPHS</i>, and include a Special Paragraph using the following verbiage as an example: "Since you filed a joint return we require the signature of both you and your spouse on the Response Form." 4. Issue Letter 2626C to the responding spouse to inform him/her that both TPs are jointly and separately liable for the tax and that a signed consent to tax is required. <p>CAUTION: Ensure the correct address is selected for the appropriate spouse. Refer to IRM 4.19.7.10.1, <i>Create Letter Window</i>, for additional information.</p>
The non-responding TP did NOT receive a	The address is obtained from IDRS CC INOLES	<ol style="list-style-type: none"> 1. Input the non-responding spouse's address on the Update Address window using Address Type "S". (Do not

copy of the notice	or ENMOD	<p>make any changes to the first name line.) See IRM 4.19.3.20.1.6, <i>Address Updates</i>.</p> <p>2. Issue a recomputed notice (which is sent to both spouses).</p> <p>3. Send PARAGRAPH 182, see Exhibit 4.19.3-7, <i>CP PARAGRAPHS</i>, and include a Special Paragraph using the following verbiage as an example: "Since you filed a joint return we require the signature of both you and your spouse on the Response Form."</p>
--------------------	----------	---

4. If the address for the non-responding spouse is not known **and there is no signed consent received for either TP**, research IDRS using CC INOLE with a Definer of "S" or CC ENMOD.

If	Then
The spouse's address cannot be obtained	Issue a Letter 2626C to the responding TP to obtain the spouse's address.
The spouse's address is obtained with an address change cycle of 201X52 or later,	Follow instructions in (3) above.

5. The TP who filed a joint return may respond to a Statutory Notice that he/she is now divorced and/or separated and not fully liable for tax. Use the following procedures to process the case.

CAUTION: If only one TP has signed the consent to tax refer to IRM 4.19.3.20.1.18.1, *Divorced/Separated Taxpayers – Single Signature on Consent*.

- a. If the TP is providing their address, input the address on the Update Address window using either Address Type "I" or "S", as appropriate. The address input is used on any subsequent correspondence.
- b. Obtain a copy of the Statutory Notice, delete the divorced/separated spouse's address. Do not change the date on the Statutory Notice.
- c. Edit the attached CP 2000 to show any payments made by the first spouse contacted. Delete the address shown on the CP 2000 and write in the address of the spouse it is being sent to.
- d. Attach a copy of the notice to a Letter 2626C. Use paragraph G.

NOTE: Use extra caution to ensure that the divorced/separated spouse is the person who is listed on the return. If the Statutory Notice is sent to anyone else, it constitutes an unauthorized disclosure. See IRM 11.3.1.6, *Unauthorized Access and Disclosure of Returns or Return Information*, for additional information on unauthorized disclosure.

NOTE: If speaking to the TP on the phone advise the TP to see Pub 504, *Divorced or Separated Individuals*, for additional information.

6. If the ex-spouse does not respond to the Statutory Notice, assess (default at the end of the Statutory period) the joint account for the full amount of the deficiency.
7. If either spouse disagrees with the notice, (no signed consent to tax received from either spouse) contact the disagreeing spouse for resolution. If unresolved, refile the case for default.

IRM 4.19.3.20.1.18.1 - new subsection to provide instructions for divorced/separated TP cases where only one TP signed consent to the tax or each TP signed separate consents, which are dated differently

Divorced/Separated Taxpayers - Single Signature on Consent

1. If only one TP has signed the consent to tax or each TP signed separate consent forms that are dated differently (different IRS received dates), establish a MFT 31 module for each taxpayer following steps 1 – 6.

EXCEPTION: Do not establish MFT 31 when the IRS received date is the same on both consent forms. See IRM 4.19.3.20.10.1(8), *The Assessment Window*, for additional information. Process following normal agreed procedures.

CAUTION: These procedures are for paper case responses ONLY. If during a telephone call it is determined that an action is needed (i.e., letter, revised notice, assessment, No Change closure) on a case in BT 89004/89005/89006, check the action required box and leave a DETAILED case note explaining the action(s) needed (if the case is controlled at your campus follow local procedures to route detailed instructions for the required action(s) to the appropriate individual/unit). If the TP indicates agreement with the notice, instruct the TP to sign, date, and return the consent to tax increase, or, refer the TP to the consent page of the notice which provides complete information.

1. Access IDRS CC TXMODA from the MFT 30 primary account. Use the IAT "REQ 77" tool to establish the MFT 31 accounts for both primary and secondary SSN as follows:

NOTE: The SSN, MFT, tax period, and name control will populate from CC TXMODA.

2. **TC:** Input "971".
3. **TRANS-DT:** Date of TC 971 input.
4. **TC971/151-CD:** Input "103".
5. **XREF-TIN:** Input SSN of the spouse (create a module for both SSNs).
6. **Leave remarks:** Split/Spousal MFT 31 established.

REMINDER: Complete the above actions for both the primary and secondary SSN using the **XREF-TIN** field to establish a MFT 31 module for each taxpayer.

NOTE: The TC971 AC 103 generally posts within 2 weeks after input.

2. Monitor the case to ensure the MFT 31 was created for both accounts. Once created, a TC971 AC 110 must be input on each MFT 31 account. Take the following actions:

NOTE: Use the batch listing for BT 89004 or 89005 or Agree/Non-Agree and Docketed Appeals (NPS) Suspense Inventory Report to monitor the case and input the TC971 AC110.

1. **TC:** Input "971".
2. **TRANS-DT:** Date of TC 971 input.
3. **TC971/151-CD:** Input "110".
4. **XREF-TIN:** Input SSN (create for both SSNs).
5. **Leave remarks:** e.g., "TC971 AC110".
3. If the address of both taxpayer(s) is known, or the responding spouse provides the non-agreeing spouse's address, or the non-agreeing spouse's address is obtained from IDRS CC INOLES or ENMOD, access the Address Update window and update the taxpayer addresses as follows:
 - Input the address of the primary spouse using Address Type "T", and an end date one year (365 days) from the current date. Edit the first name line to reflect only the primary spouse's name.
 - Input the address of the secondary spouse on the Address Update window using Address Type "S". Edit the first name line to reflect only the secondary spouse's name.

CAUTION: Use caution to ensure that the address of one spouse is not disclosed to the other.

4. Attempt to secure the non-agreeing taxpayer's consent to tax. Determine if the non-agreeing spouse was issued a copy of the notice by researching the address portion of the CP 2000 History.

If	Then
Both TPs received a notice	<ol style="list-style-type: none"> 1. Issue Letter 2626C to both taxpayers to obtain the missing signature and use the following verbiage as an example: "We sent a copy of our proposed changes to the other taxpayer on your joint return for the tax year listed above. When you file a joint return, both taxpayers are jointly and separately responsible for the full amount of tax owed on the return, even if you separate or divorce after you file. We are unable to continue processing your signed agreement until we have received both signatures." 2. Input IPC S6 (CP2000) or S3 (Stat) and release case; the case is moved to BT 89005 or 89004 respectively.
The non-agreeing TP did NOT receive a copy of the notice	<ol style="list-style-type: none"> 1. Issue a recomputed notice (which is sent to both taxpayers). 2. Include a Special Paragraph using the following verbiage as an example: "We sent a copy of our proposed changes to the other taxpayer on your joint return for the tax year listed above. When you file a joint return, both taxpayers are jointly and separately responsible for the full amount of tax owed on the return, even if you separate or divorce after you file. We are unable to continue processing your signed agreement until we have received both signatures." 3. Monitor for the recomputed notice to post. 4. Once the notice has posted request the case back from clerical. 5. Input IPC S6 (CP2000) or S3 (Stat) and release case; the case is moved to BT 89005 or 89004 respectively.

5. If the address for the non-agreeing taxpayer cannot be obtained or is not known, issue a Letter 2626C to the responding TP to obtain the address using paragraph F and explain that we are unable to process the signed consent until both signatures are received using the following verbiage as an example: "We are unable to continue processing your signed agreement until we have received both signatures."
6. Leave a detailed case note to indicate the taxpayers are divorced/separated and notate which taxpayer agreed; i.e., taxpayers are divorced and only secondary TP agreed, and input IPC S6 (CP2000) or S3 (Stat) and release case to move the case to BT 89005 or BT 89004; respectively.

7. Use the batch listing for the 89004 or 89005 batch or Agree/Non-Agree and Docketed Appeals (NPS) Suspense Inventory Report, to monitor the case to await expiration of the notice suspense timeframe. Once expired, request the case.
8. TPs who filed a joint return may respond to a Stat Notice with a signature on the consent to tax increase and indicate that he/she is now divorced and/or separated and not fully liable for tax. Use the following procedures to process the case:
 1. If the TP is providing their address, input/verify the address on the Update Address window using "T" for the primary taxpayer and "S" for the secondary taxpayer.
 2. Obtain a copy of the Stat and delete the divorced/separated spouse's address. Do not change the date on the Stat.
 3. Edit the attached CP 2000 to show any payments made by the agreeing spouse contacted.
 4. Delete the address shown on the CP 2000 and write in the address of the non-responding/non-agreeing spouse it is being sent to.
 5. Issue ONLY the non-agreeing taxpayer Letter 2626C to attempt to secure a signed agreement and send paragraph G. Attach a copy of the edited notice to the letter.

NOTE: Use extra caution to ensure that the divorced/separated spouse is the person who is listed on the return. If the Statutory Notice is sent to anyone else, it constitutes an unauthorized disclosure. See IRM 11.3.1.6, *Unauthorized Access and Disclosure of Returns or Return Information*, for additional information on unauthorized disclosure.

6. Leave a detailed case note to indicate the taxpayers are divorced/separated and notate which taxpayer agreed; i.e., taxpayers are divorced and only secondary TP agreed, and input IPC S3 (Stat).

NOTE: If speaking to the TP on the phone advise the TP to see Pub 504, *Divorced or Separated Individuals*, for additional information.

7. Use the batch listing for BT 89005 batch or Agree/Non-Agree and Docketed Appeals (NPS) Suspense Inventory Report, to monitor the case to await expiration of the notice suspense timeframe (default). Once expired, request the case.
9. If the non- agreeing spouse disagrees with the notice, contact him/her for resolution (i.e., issue Letter 2626C and input IPC S6 (CP2000) or S3 (Stat).
10. If both taxpayers signed separate consents that are dated differently and/or the case requires an assessment, do not input agreed or default assessment PCs until further notice; i.e., PC 67, 68, 87, 88, 90, RN, or SR. Continue to hold.
11. If Stat issuance is necessary, issue a manual Stat to the non-agreeing taxpayer ONLY.

IRM 4.19.3.20.1.25.3.1(5) table, Then column for AC 524 - corrected instructions for cases with IDT AC 524

5. If the taxpayer indicates the U/R income was the result of identity theft or their SSN being used illegally and the AUR systems shows a current (within the last three (3) years) unreversed TC 971, AC 501, 504, 506, 522, 523, 524 or 525 see the table below to determine appropriate action to take:

EXCEPTION: AC 504 with literals SPCL1, SPCL2 or EAFAIL does not indicate IDT documentation has been submitted. However, AC 504 with the literal RPM indicates the taxpayer is a victim of verified Return Preparer Misconduct.

CAUTION: Verify the TC 971, AC 501, 504, or 522 is for the SSN that corresponds to the U/R. If the secondary taxpayer (spouse) is the victim and the indicator was placed on the primary, see IRM 4.19.3.20.1.25.3.1 (12), *IDT Claims - Responses*, to reverse the indicator for the primary TP and IRM 4.19.3.20.1.25.3.1 (11), to update the secondary TP.

If	Then
AC 501, 504, 506, or 522 with the literals INCOME, MULTFL, NOFR, INCMUL or OTHER	<ol style="list-style-type: none"> 1. Transfer to the designated UID. 2. Leave a case note. 3. Place the case in the designated area for the AUR IDT liaison.
AC 522 with the literal PNDCLM and there is a Form 14039 or police report present	<ol style="list-style-type: none"> 1. Transfer to the designated UID. 2. Leave a case note. 3. Place the case in the designated area for the AUR IDT liaison.
AC 505, 525, or 504 with the literal RPM	Close the case following normal AUR procedures.
AC 522 with the literal PNDCLM and there is no Form 14039 or police report present	<ol style="list-style-type: none"> 1. Issue a Letter 2626C. 2. Acknowledge receipt of their correspondence. 3. Include a paragraph to request IDT documentation. 4. Include a paragraph to request a statement identifying the issues related to IDT. 5. If the income issue(s) is affiliated with the secondary SSN which does not have the IDRS IDT indicator, include a paragraph to request both the IDT documentation and identification of the issues related to IDT. 6. Inform the TP they should contact the

	<p>Federal Trade Commission at (877)438-4338 or http://www.ftc.gov/ and that they should make a report to their local police and the three major credit bureaus. For additional information, visit http://www.irs.gov/ keyword <i>Identity Theft</i> or see Pub 4535, <i>Identity Theft Prevention and Victim Assistance</i>.</p> <p>7. Input IPC 3L, 6L or 8L as appropriate.</p>
AC 523	<ol style="list-style-type: none"> 1. Issue a Letter 2626C. 2. Acknowledge receipt of their correspondence. 3. Include a paragraph to request IDT documentation. 4. Include a paragraph to request a statement identifying the issues related to IDT. 5. If the income issue(s) is affiliated with the secondary SSN which does not have the IDRS IDT indicator, include a paragraph to request both the IDT documentation and identification of the issues related to IDT. 6. Inform the TP they should contact the Federal Trade Commission at (877)438-4338 or http://www.ftc.gov/ and that they should make a report to their local police and the three major credit bureaus. For additional information, visit http://www.irs.gov/ keyword <i>Identity Theft</i> or see Pub 4535, <i>Identity Theft Prevention and Victim Assistance</i>. 7. Input IPC 3L, 6L or 8L as appropriate.
AC 524	<ol style="list-style-type: none"> 1. If filing status (FS) 2, research IDRS CC INOLES to determine which TP is deceased. 2. Continue AUR processing following procedures in IRM 4.19.3.4.5, <i>Deceased Taxpayers</i>, and IRM 4.19.3.20.1.14, <i>Decedents</i>. 3. Leave a case note acknowledging the TC 971 AC 524. 4. DO NOT TRANSFER TO AUR IDT liaison.