IRM PROCEDURAL UPDATE

DATE: 12/19/2023

NUMBER: sbse-04-1223-1194

SUBJECT: IMF Automated Underreporter Program

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

CHANGE(s):

IRM 4.19.3.8.5.1(3) - added clarifying instructions to not pursue state relief payments

(3) For TY 2022, taxpayers from certain states are not required to report their payments received for the promotion of the general welfare or as a disaster relief payment. For example, payments received related to the outgoing pandemic, may be excludable from income for federal tax purposes under the General Welfare Doctrine or as a Qualified Disaster Relief Payment. # ▬▬
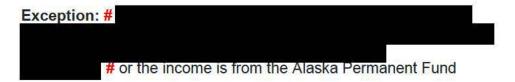▬▬▬▬▬▬ #

IRM 4.19.3.8.18.1(5) - added new (f) to not pursue state relief payments

(5) Accept OTINC as reported if:

a. The taxpayer is **incorporated** (payer name must include CORP, INC, LC, LLC, PA, SC or PC) and pays wages to themselves (the name and/or address of the payer is similar to or matches the name and/or address of the taxpayer).

> **Exception:** Do not consider OTINC reported if Form W-2 and 99MIS IR are from the same payer, the income is from the Alaska Permanent Fund Dividend, or is identified as National Mortgage Settlement (NMS) and/or Independent Foreclosure Review (IFR).

b. The taxpayer appears to be a partner or shareholder as shown on Schedule E, Part II.

> **Exception:** # ▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬
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> ▬▬▬▬▬▬▬ # or the income is from the Alaska Permanent Fund

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Dividend, or identified as National Mortgage Settlement (NMS) and/or Independent Foreclosure Review (IFR).

c. The taxpayer has identified the payments as disaster or FEMA mitigation, made under any of the following: the Hazard Mitigation Grant Program (HMGP), the pre-Disaster Mitigation Program (PDM) or the Flood Mitigation Assistance Program (FMA).

d. The taxpayer **nets the amount** for reimbursed expenses reported on Form 1099-MISC and # ▮▮▮▮▮▮▮▮▮▮▮▮ #

e. For TY 2022 and TY 2023, payments for affected taxpayers from the Red Hill Fuel Spill are excludable from gross income to the extent of the cost reimbursement compensated by insurance or otherwise. # ▮▮▮▮▮ ▮▮▮▮▮ # .

f. # ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ ▮▮▮▮▮ #

IRM 4.19.3.22.4.14(3) - added new (e) to not pursue state relief payments

(3) Accept the response/explanation if:

a. # ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ ▮▮▮▮▮▮▮ #

b. # ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ ▮▮▮▮ #

c. The taxpayer states the OTINC is # ▮▮▮▮▮▮▮ ▮▮▮▮▮ #

d. # ▮▮▮▮▮▮▮▮▮▮ ▮▮▮▮ #

e. # ▮▮▮▮▮▮▮▮▮ ▮▮▮ #