

IRM PROCEDURAL UPDATE

DATE: 01/30/2023

NUMBER: sbse-05-0123-0189

SUBJECT: A Collection Information Statement (CIS) is Required for Certain NSIAs; Revised Paragraphs to Include DUT as an Option to Receive Documents

AFFECTED IRM(s)/SUBSECTION(s): 5.19.13

IRM 5.19.13.2.2 Authority Levels - Field Assistance, FA Employees Added Exception to paragraph 2 to require a CIS or an NSIA under certain circumstances.

2. NSIA:

Balance	Financial Analysis needed?
AAB (CC SUMRY) # [REDACTED] # or less	No

EXCEPTION: A financial statement is required when the IA request is made in conjunction with a request for levy release or the taxpayer's account is identified as having a seriously delinquent tax debt (presence of an unreversed TC 971 AC 641). See IRM 5.19.4.4.10, Levy Release: General Information, and IRM 5.19.25.7, Identification of Certified Seriously Delinquent Tax Debt.

IRM 5.19.13.2.3 Authority Levels - CSCO Employees Added Exception to paragraph 2 to require a CIS or an NSIA under certain circumstances.

2. NSIA:

Balance	Financial Analysis needed?
AAB (CC SUMRY) is # [REDACTED] # or less	No

EXCEPTION: A financial statement is required when the IA request is made in conjunction with a request for levy release or the taxpayer's account is identified as having a seriously delinquent tax debt (presence of an unreversed TC 971 AC 641). See IRM 5.19.4.4.10, Levy Release: General Information, and IRM 5.19.25.7, Identification of Certified Seriously Delinquent Tax Debt.

IRM 5.19.13.2.4 Authority Levels - ACS and ACSS Employees Added Exception to paragraph 2 to require a CIS or an NSIA under certain circumstances.

2. NSIA:

Balance	Financial Analysis needed?	Verification and Substantiation Needed?
AAB (CC SUMRY) is # [REDACTED] # or less	No CAUTION: See Exception below	Not Applicable
AAB (CC) SUMRY is more than # [REDACTED] # but less than # [REDACTED] #	Yes	Yes, 1. Use internal sources to verify assets, income and expenses. Any discrepancies between the assets, income or expenses reported on the CIS and the internal sources used for verification, must be addressed with the taxpayer and documented on the AMS case history. 2. Paper substantiation is required: <ul style="list-style-type: none"> If the amount claimed for income or any expenses appears to be unreasonable (per employee judgment) or the expense amounts claimed exceed the ALE standards and allowing these other expenses will result in a PPIA or CNC hardship. REMINDER: Paper substantiation should also be secured in cases where the taxpayer's explanation does not correspond to the internal sources verified.

EXCEPTION: A financial statement is required when the IA request is made in conjunction with a request for levy release or the taxpayer's account is identified as having a seriously delinquent tax debt (presence of an unreversed TC 971 AC 641). See IRM 5.19.4.4.10, Levy Release: General

Information, and IRM 5.19.25.7, Identification of Certified Seriously Delinquent Tax Debt.

NOTE: See IRM 5.19.1.6.4(11), Installment Agreements, for specific guidance.

IRM 5.19.13.3 Securing Financial Information Deleted the AM reference in table under paragraph 2. Made clarification in paragraph 8 and 10. Revised first bullet and If and Then chart under paragraph 5 to include DUT as an option to receive documents.

1. The goal of securing financial information is to determine the taxpayer's maximum ability to pay their delinquent tax debt based upon their current financial situation. Obtaining financial information verbally (phone call or face to face) or from a Collection Information Statement (Form 433 A, F, or H) is ONLY required when a taxpayer indicates one of the following:

REMINDER: When following the guidance for securing financial information throughout this IRM, please refer to IRM 5.19.1.2.2, Disclosure Overview - Verifying Identity of Contact Party, to ensure disclosure guidelines are followed when interacting with taxpayers and/or their authorized representatives.

REMINDER: Conduct a full compliance check (FCC) - see IRM 5.19.1.4.4.1, Full Compliance Check. Do not input a financial where the taxpayer is not within filing compliance.

EXCEPTION: If the taxpayer is experiencing a financial hardship, see IRM 5.19.17.2.4, CNC Unable to Pay - Hardship.

- a. Taxpayer indicates cannot pay, currently not collectible (CNC) is being considered

REMINDER: If during the course of the contact with taxpayer, they advise you they are experiencing an economic hardship situation or if they ask for assistance in resolving their tax problems, see IRM 5.19.1.3.2.3, Taxpayer Advocate Service (TAS), for guidance about referring taxpayers to TAS.

REMINDER: If the taxpayer states they are experiencing an economic hardship due to a levy, secure enough financial information to confirm the levy is causing the taxpayer to be unable to meet necessary living expenses, see IRM 5.19.4.4.10 (5)(j), Levy Release: General Information, for levy release determinations even in situations where the taxpayer has unfiled returns.

- b. Taxpayer indicates they cannot pay, and a partial pay installment agreement (PPIA) is being considered.
- c. Taxpayer qualifies for Non-Streamlined Installment Agreement (NSIA)

EXCEPTION: Financial analysis is no longer required for certain NSIAs, refer to IRM 5.19.1.6.4 (11) (a), Installment Agreements (IAs).

- d. Taxpayer payment amount requested is insufficient based on the following installment agreement criteria:
 - o Guaranteed IA. See IRM 5.19.1.6.4(8), Guaranteed Installment Agreement,
 - o Streamlined IA. See IRM 5.19.1.6.4 (9), Streamlined Installment Agreement \$25,000 and under, or IRM 5.19.1.6.4(10), Streamlined Installment Agreement over \$25,000.

REMINDER: Any Installment Agreement (IA) established based upon the results of a financial statement must be input as an Non-Streamlined Installment Agreement (NSIA) or PPIA, as applicable. See IRM 5.19.1.6.4, IAs, or IRM 5.19.1.6.5, PPIA.

- 2. If the taxpayer or financial statement indicates they cannot full pay within 180 days, qualify for a Guaranteed IA, or SIA, do the following based upon your assigned operation:

If ...	Then ...
CSCO and ACSS,	Request a Form Form 433-F, Collection Information Statement. Advise the taxpayer to forward the completed form, to the appropriate CSCO site (notice status only) per state mapping SERP - Service Center Addresses for Collection Operations - Who/Where (irs.gov) or to the appropriate ACSS site (status 22, 24 only) per state mapping. SERP - SB/SE Consolidated State Mapping for ACS Support and Collection Due Process - CPLG (irs.gov).
ACS call site/Field Assistance,	Secure financial information and input the financial statement on AMS financial screens.

- 3. Input the financial information, clearly document all actions taken on the account and relevant financial information on AMS, **save and create history**. All applicable financial screen(s) on AMS **must** be completed prior to making a determination of the taxpayer's ability to pay.

NOTE: Taxpayers are **not required to prove** they are paying their housing, utilities, car payments etc. **Do not** request bank statements, pay stubs, copies of bills or contracts be sent in to complete the financial input for this reason. However, if the taxpayer claims payments on a student loan, court

order (i.e. child support), or delinquent state or local tax debt, verification is required.

4. When toll free contact is made on a financial case with an **open IDRS control in ACSS or CSCO**, advise the taxpayer to:
 - a. **Contact the tax examiner whose name and number was provided on the notice.**
 - b. **Do not** allow additional time without contacting the person with the open control.
 - c. If you can resolve the case **based upon the controlling person's history and the taxpayer providing the required information**, fax a Form 4442, Inquiry Referral, to the controlling tax examiner advising them of the closing action. USE the fax number per SERP Who/Where, Form 4442, Referral Fax Numbers.
 - d. **DO NOT** request the taxpayer provide additional information that has **not** been requested by the person with the control base, such as bank statements, pay stubs, etc.
5. If conducting a telephone call or face-to-face contact, you must attempt to secure as much financial information as possible during the contact. Most taxpayers should be able to provide income and expense information during the initial contact.
 - If the taxpayer requested an IA that does not meet SIA criteria and you cannot secure any financial information immediately (verbally or by the Document Upload Tool (DUT) or eFax during the phone contact), follow instructions provided in (6) below.
 - If the taxpayer requested an IA that does not meet SIA criteria and you can secure **some but not all** of the financial information immediately (verbally or by fax during the phone contact), follow the instructions in the table below.
 - If financial information is needed for any other reason (possible CNC or hardship determination), follow the instructions in the table below.

REMINDER: If income can be verified through internal sources or the only source of income is from Social Security or Unemployment, there is normally no need to request substantiation. Similarly, if taxpayers expenses are within local and national standards there should be no need to request substantiation. If substantiation is required, verbal substantiation of the item is normally sufficient. If the verbal explanation from the taxpayer is acceptable, thoroughly document the taxpayer's explanation in detail. **Only request paper substantiation if the taxpayer is unable to explain the discrepancy.**

CAUTION: DO NOT correspond with the taxpayer/POA via e-mail. Use of e-mail to contact the taxpayer is prohibited due to disclosure issues. Contact the taxpayer/POA by phone or correspondence. See IRM 1.10.3.2.1, Secure

Messaging & Encryption.

If ...	Then ...
ACS,	<p>If additional information/substantiation is needed, request it via fax or DUT while on the phone to resolve the case.</p> <ul style="list-style-type: none"> a. Provide the taxpayer with an appropriate deadline to submit the information being requested. If the taxpayer states they will fax or upload the information and is unable to do so while on the call – allow five days from date of telephone call. b. If the taxpayer cannot fax or upload the information, advise the taxpayer to send ONLY the information that is missing or needed (i.e., substantiation) to resolve/complete the case to the appropriate ACSS site (or fax, if appropriate) and include their name and TIN with the information. Add 15 calendar days to the due date given the taxpayer. <ul style="list-style-type: none"> ▪ If the taxpayer indicates they will call back, allow 5 days. ▪ If the taxpayer indicates they will mail the required information - provide the appropriate ACSS address per state mapping. SERP - SB/SE Consolidated State Mapping for ACS Support and Collection Due Process - CPLG (irs.gov) . Add 15 calendar days to the due date given the taxpayer. <p>NOTE: If the taxpayer does not respond, proceed with the next action.</p> <p>EXAMPLE: Levy, NFTL, Independent Review, LT11, Final Notice -- Notice of intent to levy and your notice of a right to a hearing (sent certified, return receipt requested), etc.</p>
Field Assistance,	<p>Direct the taxpayer to bring documents back to the TAC.</p> <ul style="list-style-type: none"> ○ If they are unable to, advise them to call ACS toll-free number depending on the case status, or to send ONLY the information that is missing or needed (i.e., substantiation) to resolve/complete the case to the CSCO SERP - Service Center Addresses for Collection Operations - Who/Where (irs.gov) or ACSS site SERP - SB/SE

	<p>Consolidated State Mapping for ACS Support and Collection Due Process - CPLG (irs.gov) and include their name and TIN with the information.</p> <ul style="list-style-type: none"> ○ Provide the taxpayer with an appropriate deadline to submit the information being requested, 15 days for information being mailed.
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6. If the taxpayer cannot provide **any** information while on a call, they may either:
- Call back with the information - allow five days; or
 - Complete and mail a paper Form 433-F, Collection/Information Statement, to appropriate CSCO site (notice status only) based on state mapping SERP - Service Center Addresses for Collection Operations - Who/Where (irs.gov) or appropriate ACSS site (status 22, 24 only) based on state mapping SERP - SB/SE Consolidated State Mapping for ACS Support and Collection Due Process - CPLG (irs.gov) - add 15 calendar days to the due date given the taxpayer.

EXCEPTION: If the call is related to a hardship levy release: **SB/SE** is required to address the issue over the phone, for W&I follow IRM 5.19.4.4.10(4), Levy Release: General Information.

7. Once financial information is provided, CSCO and ACSS employees are required to control and work all cases to completion. This includes attempts to obtain verification or required substantiation. See IRM 21.3.3.4.1, Case Control and Inventory Management.
8. For paper case processing, immediately associate taxpayer responses with the suspended case and resolve. If unable to resolve, do the following:

If ...	Then ...
ACSS,	<p>a. Attempt to contact the taxpayer by phone or issue the appropriate correspondex letter to request additional information; if making a phone attempt and contact is not made with the taxpayer, you must follow-up with a letter requesting additional information. Allow 30 days from the date of the letter issuance for the taxpayer to respond.</p> <p>b. Update current AMS control to S status with a follow-up for 45 days then suspend case. Suspend the case on ACS for the appropriate number of cycles; Input "TOS5, XX,IAPND or TOS4, XX, SUBRQST" (XX = the number of days the case will be in suspense (45)).</p>

	<p>c. If the taxpayer does not respond by the end of the suspense period of 45 days, follow instructions in paragraph (10) below.</p>
CSCO,	<p>a. Attempt to contact the taxpayer by phone or issue the appropriate Correspondex letter to request additional information; if making phone attempt and contact is not made with the taxpayer, you must follow-up with a letter requesting additional information. Allow 30 days from the date of the letter issuance for the taxpayer to respond.</p> <p>b. Update current AMS control to "S" status with follow-up for 45 days then suspend case.</p> <p>NOTE: A manual CC STAUP is not normally required; AMS is programmed to take the appropriate action(s).</p> <p>c. If the taxpayer does not respond by the end of the suspense period, follow instructions in paragraph (10) below.</p>

9. When corresponding with the taxpayer, provide a contact name, hours of operation, return address, and a telephone number for contact. Leave AMS history regarding the information/substantiation requested and why the information has been requested, IRM 5.19.1.6.4.7, Pending IA Criteria. ACSS employees should provide your contact information when available or your team's contact information.

NOTE: CSCO and ACSS employees receiving information requested during phone contact should complete the financial analysis. Do not forward the information to an ACS employee who previously worked with the taxpayer. **Only** CSCO and ACSS employees control and work financial cases to resolution.

10. If attempts at contact are unsuccessful, telephone and correspondence is issued with no response from the taxpayer and suspense time has passed, proceed with the next appropriate action.

EXAMPLE: Levy, NFTL, Independent Review, LT11, Final Notice -- Notice of intent to levy and your notice of a right to a hearing (sent certified, return receipt requested), etc.

IRM 5.19.13.3.3 Asset/Income/Expense Verification and Substantiation Revised paragraphs 5 & 10 to include DUT as an option to receive documents.

5. Paper substantiation from the taxpayer, faxed, uploaded or mailed, is required:
- If the amount claimed for income or any expenses appears to be unreasonable (per employee judgment) or the expense amounts claimed exceed the ALE standards.



REMINDER: Paper substantiation should **also** be secured in cases where the taxpayer's explanation does not correspond to the internal sources verified.

EXCEPTION: Paper substantiation is **not** required if allowing these other expenses will result in a NSIA. However, employees should use sound judgment to determine if the taxpayer's verbal or written justifications for income/expense discrepancies provide adequate substantiation.

REMINDER: DO NOT direct the taxpayer to send all or part of the following information in general, or when being asked to complete the Form 433's. Items should only be requested if during the process of financial input on the AMS screens the items being substantiated will be allowed.

6. Examples of items which may be requested for substantiation of expenses over the standard or to verify other necessary expenses that do not appear on the taxpayer's wage and earning statement include, but are not limited to, copies of items such as:
- Bank statements or canceled checks, to prove child support payments are being made if they are not on the taxpayer's wage and earning statement.
 - Credit card statements, to confirm payment of necessary expenses by credit card.

- Rent/lease receipts and lease agreements, only if the amount they claim is substantially over the standard and is going to be allowed if substantiated.
- Court orders and proof of payments, for child support or other court ordered payments that do not appear on the taxpayer's wage and earning statement.
- Future expenses.

EXAMPLE: The birth of a child or the necessary replacement of a car increases expenses.

- Payroll check stubs, if income or court ordered payments require verification.

EXAMPLE: Current year-to-date figures, Form 1099s, Form 1040, U.S. Individual Income Tax Return, Form W-2, etc., Wage and Tax Statement.

7. Substantiation of other necessary expenses may be required if the expense cannot be verified through internal sources.

NOTE: Substantiation should ONLY be requested for expenses which will be allowed if substantiation is provided.

REMINDER: DO NOT require the taxpayer to prove they are paying living expenses such as rent, utilities, car payments, etc.

8. Any verbal/internal verification or paper substantiation received from the taxpayer must be clearly documented on the AMS financial screens. Substantiation of income and/or expenses can include, but is not limited to:
 - Verbal information received during telephone contact with the taxpayer,
 - Bank statements or canceled checks providing proof of payments being made,
 - Credit card vouchers,
 - Rent/Lease receipts and lease agreements,
 - Payment coupons,
 - Court order; must provide proof of payments,
 - Contracts,
 - Future expenses, or

EXAMPLE: The birth of a child or the necessary replacement of a car.

- Payroll check stubs with current year-to-date figures, Form 1099s, Form 1040, U.S. Individual Income Tax Return, Form W-2, Wage and Tax Statement, etc.
9. Send cases awaiting substantiation from the taxpayer:
 - To the appropriate ACS inventory if an ACS case, or
 - CC STAUP if in Notice Status.

- Field Assistance makes an appointment for the taxpayer to return to the TAC or advises the taxpayer to return to the TAC by a specific date.
10. When obtaining documents for substantiation, ask the taxpayer for copies, not original documents. Telephone numbers of creditors and person to contact may be secured if verification is necessary.
- a. If the taxpayer has the supporting documents available, encourage the taxpayer to fax or upload the information while on the call. If faxing or uploading while on the call is not possible, give the taxpayer the appropriate ACSS address to mail the documents. Field Assistance must request the taxpayer return to the TAC with the documentation.

EXCEPTION: Call site employees are to accept faxes or uploads during a call if a levy is in place.

NOTE: If the taxpayer does not have the supporting documents available during the call, ask the taxpayer if they would agree to establish the IA at the higher monthly payment amount shown on AMS. Inform them when their substantiation is received we will make a determination if the documentation submitted supports allowing the additional expenses. If the documents support the lower IA amount, we will allow the lower monthly payment without incurring a re-structuring fee.

- b. If the taxpayer claims immediate economic hardship from a levy, interview taxpayer to obtain financial information. Input to AMS Financial screens. Ask the taxpayer to provide all necessary supporting documentation while on the phone.

EXAMPLE: The taxpayer provides a financial statement, which shows they have no ability to pay. If the taxpayer claims any conditional expenses or expenses that exceed the ALEs, ask the taxpayer to provide the necessary supporting documentation. Once it is received and you verify that it supports the taxpayer's financial statement, then release the levy. See IRM 5.19.4.4.10, Levy Release: General Information. See IRM 5.19.17.2.4, CNC Unable to Pay – Hardship, to report the account CNC due to hardship.

EXAMPLE: The taxpayer provides a financial statement, which shows they have an ability to pay of \$100 per month, and they didn't claim conditional expenses or expenses that exceeded the ALEs. However, the taxpayer is experiencing an immediate economic hardship (they received a cut-off notice from their electric company.) Ask the taxpayer to submit the disconnect notice. Once it is received and you verify it supports the taxpayer's claim of economic hardship, then release the levy in full or in part to relieve the immediate economic hardship. See IRM 5.19.4.4.10, Levy Release: General Information. See

IRM 5.19.1.6.4, IAs, or IRM 5.19.1.6.5, PPIA, to establish an IA or PPIA.

- c. If substantiation is mailed, provide the taxpayer with the appropriate deadline to return information and the appropriate ACSS address. Generally, the taxpayer should be allowed no more than 30 days to provide requested substantiation. However, actual deadlines may vary, based upon the taxpayer's circumstances and the information requested. Some appropriate deadlines are:

EXAMPLE: Ten days to get substantiation for documents that may be readily available, such as, court-ordered, student loan, state tax or medical payments. (You may need to allow additional time if the taxpayer states the documents are not readily available.)

EXAMPLE: 30 days if the taxpayer is attempting to borrow.

NOTE: Add 15 calendar days to the due date given the taxpayer.

EXAMPLE: The number of follow-up days is the number of days given as the due date, 30 days if the taxpayer is attempting to borrow, plus 15 additional days ensuring we receive the correspondence; the correct follow up date is 45 days from today.