



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

July 1, 2016

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MEMORANDUM FOR DIRECTOR, SPECIALTY - OFFERS, LIENS AND ADVISORY
DIRECTOR, FIELD COLLECTION

FROM: Kristen E. Bailey /s/ *Kristen E. Bailey*
DIRECTOR, COLLECTION POLICY

SUBJECT: Trust Fund Recovery Penalty (TFRP) Case Processing

This memorandum provides interim guidance for Collection employees on the processing of Trust Fund Recovery Penalty (TFRP) cases. Please ensure this information is distributed to all affected employees within your organization. This guidance is effective July 11, 2016 and will be incorporated as numbered below into the next revision of these IRMs.

Control Point Monitoring IRM 5.7.10

Control Point Monitoring (CPM) will continue to receive TFRP cases for processing to the campus or Appeals. CPM will no longer review cases for completeness of the file or the timeliness of protests. Integrated Collection System (ICS) Code 171 Non Field Other Investigations (NF OI) will not be created but CPM will continue to charge TFRP case processing time to Code 171 on Form 4872-B, *Collection Daily Time Utilization Report* (Advisory version). The following guidance will be incorporated into IRM 5.7.10.

IRM 5.7.10.1.2, CPM Employee Control Structure

(1) CPM must maintain an accurate Automated Trust Fund Recovery (ATFR) employee control structure. The employee control structure should contain all of the groups/territories serviced by a CPM so cases appear correctly on ATFR inventory screens and reports. CPM users should use ATFR "Resync" on a regular basis to account for any changes to the TSGNs within their assigned range.

(2) Cases received from revenue officers (ROs) within a CPM's assigned work structure should be processed by CPM regardless of the address of the business entity.

IRM 5.7.10.2, Case Processing

(1) Cases are systemically added to the CPM inventory after the revenue officer (RO) selects "2749 to CPM" to submit the responsible person's TFRP file.

(2) ROs will mail the TFRP case file to CPM after updating ATFR "2749 to CPM."

Follow guidance in IRM 5.7.10.2.1 if the case file is not received.

(3) If there are less than 30 calendar days remaining on the ASER, the RO must prepare a quick assessment prior to submitting the case to CPM. Follow guidance in IRM 5.7.10.2.3 to prepare Form 5942 and return to RO if the RO has not completed the quick assessment or has failed to include the assessment documents.

IRM 5.7.10.2.1, ATFR Case in Pending Inventory - No Case File Received

(1) Review the "Pending" inventory to identify cases assigned for more than 10 business days. If you identify cases in "Pending" inventory for greater than 10 business days without receipt of the physical file, contact the RO by phone or E-mail requesting the file and document the contact attempt in the ATFR history. Allow the RO 10 business days after the RO contact for receipt of the file. If the file is not received within this time frame:

- Select the "Return to RO" option on ATFR and select "TFRP Case File not Received after RO Notification" on the ATFR systemic Form 5942, *Reviewer's Report – Technical Services Advisory*.
- Issue the ATFR Form 5942 to the RO and group manager (GM).

IRM 5.7.10.2.2, ATFR Case Not in Pending Inventory - Case File Received

(1) If physical case file is received but case is not in the ATFR "Pending" Inventory, CPM will:

- Determine if "2749 to CPM" date was entered on ATFR using the "Find" option from the ATFR-AO menu to locate the case. If date is not present, input the current date in the "2749 to CPM" field on ATFR.
- If responsible party is still not on "Pending" Inventory, determine if the RO TSIGN is within your assigned TSIGN range.
- If RO is within your assigned TSIGN range, follow IRM 5.7.10.1.2 to update your control structure.
- If RO TSIGN is not within your assigned TSIGN range, contact the CPM responsible for the TSIGN range to ensure the RO is reflected in their "Employee Control Structure." Immediately forward the file to the CPM location working that TSIGN range on a Form 3210-A, *Document Transmittal for Trust Fund Recovery Penalty Case Files*. See IRM 10.2.13.4.4.1, Shipping Personally Identifiable Information (PII). Potential ASER cases should be forwarded electronically (email or fax).

IRM 5.7.10.2.3, ATFR Case in Pending Inventory - Case File Received

(1) Within five business days of receipt of the physical TFRP file, CPM will:

- Acknowledge Form 3210-A
- Review the ATFR CPM "Pending" inventory and accept the case into the CPM "Accepted" inventory.

(2) CPM will receive TFRP files in three categories:

- TFRP assessment made by RO via the quick (Q), prompt (P), or jeopardy (J) assessment process
- Regular TFRP assessment to be processed to the campus
- TFRP protests to be processed to Appeals

(3) TFRP assessments made by the RO must contain:

- Form(s) 2859, Request for Quick or Prompt Assessment
- Form 3210, *Document Transmittal*, from the campus reflecting the assessment date and Document Locator
- Number (DLN)
- Form(s) 3552 with proof of mailing attached

Follow guidance in IRM 5.7.10.2.3(6) to return TFRP case files to RO if any of these items are missing. These cases will require CPM ATFR inputs outlined in IRM 5.7.10.3.

(4) Regular TFRP assessments will be released to the campus upon acceptance into the "Accepted" inventory. This action automatically moves the case on ATFR from the "Accepted" inventory to the "2749 to SC" inventory. Follow guidance in IRM 5.7.10.4 to monitor the "2749 to SC" inventory.

(5) TFRP protest cases will be transmitted to Appeals upon acceptance into the "Accepted" inventory. Follow guidance in IRM 5.7.10.5 to process the case to Appeals.

(6) CPM will issue an ATFR Form 5942 to RO/GM and return TFRP case files on Form 3210-A for the following reasons:

- Case full paid prior to assessment
- TFRP Case File not Received after RO Notification
- RO/GM requested return of case file
- ASER within 30 calendar days - RO must complete Q, P or J
- Calculation Failure – see ATFR history
- SC unable to assess - see ATFR history
- Missing Q, P, or J documents and/or proof of Form 3552 certified mailing

IRM 5.7.10.3, Processing Quick, Prompt and Jeopardy Assessments Received from the Field

(1) Upon receipt of a Q, P or J assessment processed by a RO and moving the ATFR case to "Accepted" inventory, CPM will update ATFR with the following information:

- Verify assessment type is correct (Q, P, or J). It is critical the correct type of assessment is posted to eliminate any duplicate assessments when the Form 2749 is released to SC.
- Assessed amount
- DLN
- Date of Assessment

(2) If the necessary assessment documents are not in the TFRP case file, follow guidance in IRM 5.7.10.2.3 above to return to RO.

(3) After inputs are complete, select “Release to SC.” This will move the case to the “2749 to SC” inventory on ATFR.

IRM 5.7.10.5, Appeals Case Processing

(1) Upon receipt of a TFRP file containing a protest, CPM will take the following actions to process to Appeals:

- Within 5 business days of receipt of case file, open an Integrated Collection System (ICS) Code 176 Non Field Other Investigation (NF OI) module. ICS can be used to establish systemic follow up dates for Appeals cases.
- Annotate Form 2749 in red “ASED extended by TBOR-2.”
- Prepare Form 3210-A using ATFR (under the Responsible Party Forms and Letters Menu) indicating ASED protected by TBOR-2 in the remarks section.
- Form 3210-A must provide the fax number for the sending CPM office.
- Enter the date sent to Appeals in ATFR. This action automatically moves the case from the “Accepted” inventory to the “Appeals” inventory.

(2) Follow guidance in IRM 10.2.13.4.4.1, *Shipping Personally Identifiable Information (PII)*, to ensure receipt of acknowledged Form 3210-A from Appeals.

IRM 5.7.10.7, ATFR Inventory Management and Reports

(1) The accuracy of the ATFR inventory is dependent upon maintaining an accurate employee control structure. Advisory CPM management should establish an employee control structure mirroring the control structure of all their CPM employees. The most effective inventory assignment method is to assign specific TSIGN ranges to a specific CPM employee. This will allow CPM users to view their own assigned inventory using the “My Inventory” option on ATFR.

(2) ATFR provides the following inventory screens and reports:

a) Pending

- Displays responsible parties updated to Form “2749 to CPM” by RO.
- Cases in this inventory longer than 30 days may require managerial intervention.

b) Accepted

- Displays responsible parties for which a physical file was received.
- Displays responsible parties rejected by campus with an “R” indicator.
- Cases should not remain in this inventory. If not transmitted to campus or Appeals upon receipt, cases should be rejected to RO.

c) Appeals

- Displays responsible parties updated from Accepted inventory to Appeals.
- Displays responsible parties rejected by campus with an “R” indicator.

d) 2749 to SC

- Displays responsible parties updated to the campus for assessment.

ATFR inventory screens can be sorted by each column on the screen. Sorting inventory screens by “2749 to CPM”, “To Appeals” or “2749 to SC” dates will allow for immediate identification of older cases requiring attention. Sorting inventory screens by ASED date allows for immediate identification of potential ASED issues.

(3) Quarterly reconciliations will be conducted to reconcile the “Appeals” inventory with the Appeals Centralized Database System (ACDS) to ensure cases are still open in Appeals.

(4) Advisory CPM management should review ATFR inventories/reports monthly to identify any aging cases requiring attention.

Field Collection IRM 5.7.4 and 5.7.6

Field Collection (FC) must ensure TFRP case files contain the necessary documents for appropriate and successful assessment. The new IRM sections below will supplement existing guidance for TFRP case files and processing.

IRM 5.7.4.5, Form 4183 Penalty Assessment Recommendation

(11) TFRP case files are assembled using either Document 9600-C, *Key File Trust Fund Recovery Penalty Case File Tabs (Other than Appeals Cases)*, or Document 9526, *Supplemental File on Other Responsible Officers - Trust Fund Recovery Penalty Case File Tabs (Other than Appeal Cases)*. Single responsible party investigations only require use of Document 9600-C (Key File). Use Document 9526 (Supplemental) for additional responsible parties. Document 9526 (Supplemental) is not a substitute for the Key Case file when there was a prior TFRP assessment against the responsible party.

(12) It is FC’s responsibility to ensure all required documentation is in the TFRP case file. CPM will not review case files to address missing documentation. See IRM Exhibit 5.7.6-1, *TFRP Case File Check Sheet*, (Attachment) to assist in case accuracy and completeness.

IRM 5.7.4.6, Manager’s Review of Trust Fund Recommendations

(1) The group manager must complete a thorough review of the TFRP recommendation to determine the adequacy of the TFRP recommendation prior to the revenue officer issuing Letter 1153(DO). Due to ex parte related restrictions on supplemental documentation to support TFRP assertions after receipt of a taxpayer protest, the group manager must ensure prior to Form 4183 approval that the assertion is fully supported and documented. **CPM will not review case files to address missing documentation.**

IRM 5.7.6.1.6, Receipt of Protest

(4) Ensure the correct Protest Postmark Date has been entered on ATFR. CPM will not review protest files to verify the timeliness of protests or the Protest Postmark Dates input by the RO.

IRM 5.7.6.1.9, Transmittal of Case to Appeals

(1) It is FC’s responsibility to ensure all necessary documents, including the ATFR and ICS case histories are contained in the TFRP case file and the protest was received timely. CPM will not review TFRP protest files for timeliness or completeness. **TFRP**

protest case files must be assembled with Document 9708, *Trust Fund Recovery Penalty Case File Tabs (Appeals Cases)*. This will ensure CPM can easily identify all protest cases. Each protesting responsible party file must contain all required documentation to support assessment. If a responsible party file was a “Supplemental” case file ensure all pertinent documents from the “Key” case file are copied to the protest file. See IRM Exhibit 5.7.6-1, *TFRP Case File Check Sheet*, to assist in case accuracy and completeness.

(2) Group managers must complete and sign the *TFRP Case File Check Sheet*.

IRM 5.7.6.2, Revenue Officer Assessment Actions

(5) It is FC’s responsibility to ensure all necessary documents, including ATFR and ICS case histories, are contained in the TFRP case file. CPM will not review TFRP files for completeness. See IRM Exhibit 5.7.6-1, *TFRP Case File Check Sheet*, to assist in case accuracy and completeness.

IRM 5.7.6.3, Quick and Prompt Assessment Actions

(1) Quick assessment procedures are required when the assessment statute will expire within 30 calendar days. TFRP case files must be **received** by CPM prior to day 30 for regular processing.

(8) TFRP assessments made by the RO must contain the following in the TFRP case file:

- Form(s) 2859, Request for Quick or Prompt Assessment
- Form 3210, *Document Transmittal*, from the campus reflect assessment date and Document Locator Number (DLN)
- Form(s) 3552 with proof of mailing attached

CPM will return case files missing any of the above assessment documents on Form 5942.

You or a member of your staff may direct any questions to Brian Best, Employment Tax Program Manager, or Jeanne Dunford, Senior Program Analyst.

Attachment (1)

cc: Director, Headquarters Collection

www.irs.gov

**Attachment 1
TFRP CASE FILE CHECK SHEET**

Responsible Party	SSN
Business	EIN
Earliest ASED	
FORM 4183 APPROVAL REQUEST – Core Documents – IRM 5.7.4.2.4 <ul style="list-style-type: none"> • Form 4180 • Articles of Incorporation • Bank Signature Cards/PIN Assignment • Checks or Bank Statements • If bank records are electronic media, ensure labeled and stapled to inside left of folder 	
FORM 9327 – IRM 5.7.5 <ul style="list-style-type: none"> • Ensure dates in Section II match dates actions taken and documented in ICS history. 	
QUICK ASSESSMENT – IRM 5.7.6.3 <ul style="list-style-type: none"> • Required when ASED is within 30 days • Case file must contain the following documents: <ul style="list-style-type: none"> ○ Form(s) 2859, Request for Quick or Prompt Assessment ○ Form 3210 from the campus reflecting the assessment date and Document Locator Number (DLN) ○ Form(s) 3552 with proof of mailing attached Place documents behind the labeled tab in TFRP case file	
PROTEST CASES – IRM 5.7.6 GM Reviewed File _____ <ul style="list-style-type: none"> • Must use Document 9708 (Appeals Tabs)(green) • All necessary core documents are contained in case file tabs. If case was supplemental, copy documents from key file case. • Protest timely – Determined by Postmark Date if mailed. • Staple envelope to protest if received by mail • Dated copy of Letter 1154/L1154-M if applicable • Completed Form 3210-A to clearly identify case as PROTEST • No ex parte communications in file or case histories 	
ALL TFRP CASE FILES <ul style="list-style-type: none"> • All items above as applicable • Printed Form 2749, Form 4183 • Dated copy of Letter 1153 with proof of mailing and receipt stapled to letter. If returned as unclaimed, include unclaimed letter and envelope in TFRP case file. If hand delivered, document ICS/ATFR history with date handed to taxpayer. Do not leave at last known residence. • Copies of both ICS and ATFR case histories • Form 6639 Summons and all related documents (quash, proof of mailings, etc.) • Any other documents gathered during investigation (i.e. CIS, 2751, 2750, Letters) • All TFRP case files must have TFRP Case File Tabs 	