

## **IRM PROCEDURAL UPDATE**

**DATE: 09/20/2016**

**NUMBER: wi-03-0916-1407**

**SUBJECT: Classified Waste; AM Response to CP 565; Tax Returns and DOE**

**AFFECTED IRM(s)/SUBSECTION(s): 3.21.263**

**CHANGE(s):**

**IRM 3.21.263.4(6) added new paragraph for managerial oversight of classified waste.**

4. All employees that address ITIN inquiries or work ITIN related cases must follow all guidance in this IRM within their scope. For specific guidance by functional area see the following sections:
  - o Austin Submission Processing ITIN Operation - See IRM 3.21.263.5.
  - o Field Assistance - see IRM 3.21.263.6.
  - o Accounts Management -See IRM 3.21.263.7.

All employees must review the "Remarks Screen" and "Comments" field before taking any action on an ITIN inquiry/ITIN related case. See Exhibit 3.21.263-11 for a listing of document codes and see Exhibit 3.21.263-49 for a listing of common RTS acronyms.

5. Each Austin SP ITIN employee is responsible for creating a correct product including correcting errors identified in a subsequent handling if incorrect on initial input. See IRM 3.21.263.5.10.4 and see IRM 3.21.263.5.10.5. For example, an ITIN tax examiner (TE) working correspondence inventory has a CP 566 response for a missing signature (S-14). When reviewing the applicant's birth certificate to determine the name of the parents, the CP TE determines the birth certificate is questionable. The CP TE must go into RTS and make the birth certificate invalid. This will generate R 44 status together with S 02, S 14 and S 29.  
Ensure that the identification documents (ID) in the envelopes belong to the application. If unable to locate an application for the ID in question, refer them to your lead.
6. Austin ITIN Operations must oversee documents that are discarded as "classified"/"classified waste" to ensure no unlawful destruction of records.

**IRM 3.21.263.4.1(1) deleted "green card" from description of resident aliens.**

1. ITIN applicants are generally resident (substantial presence test) or nonresident (not a U.S. citizen) aliens.

**IRM 3.21.263.7.2.1(1) revised instructions for name change/correction and DOB change.**

1. **CP 565, Assignment Notice**, advises the applicant of their assigned ITIN. The application status on the ITIN RTS is "Assigned" when a CP 565 has been issued. Notice CP 565 is not designed to include a tear-off card since the number is issued for tax purposes only. The notice is in letter format and is printed on security paper. The chart below advises how to update RTS and is for both written and oral inquiries. Review all remarks on the W-7 Application View Screen as well as comments on the W-7 History Screen before working the case.

If...	Then...
<p>The applicant never received the ITIN Assignment Notice or they received the letter but lost it and now need another copy,</p>	<p>Verify the correct address of record with the applicant and reissue the notice; see IRM 3.21.263.8.4.3. RTS cannot reissue Notice CP 565 for some ITINs assigned before 2006. If you are unable to reissue a CP 565 for this situation, send an IDRS letter stating the taxpayer's assigned ITIN. Note that ITIN Operations cannot send IDRS letters. Use oral authority to update the RTS address if:</p> <ul style="list-style-type: none"> <li>○ typographical error</li> <li>○ misplaced entry</li> <li>○ address change is not the only reason for the inquiry. For example, an applicant calls because they did not receive a notice and you learn the address is changed.</li> </ul> <p>When inputting a new address, record the old address in the "Comments Field" with entries such as <i>old address 1234 Main St Apt C Mytown CA 94301</i>. See IRM 3.21.263.8.4.3.</p> <p>Any RTS updates to the address will automatically generate a notice to the applicant. Applicant should allow a minimum of 14 business days from the RTS notice date for receipt if the address is correct.</p> <p>If an address change is the only issue the applicant is calling about,</p>

	advise them to complete Form 8822 and mail with the CP 565 to the Entity Function.
The discrepancy is due to a name change/correction, or the DOB is incorrect,	<ul style="list-style-type: none"> <li>○ Name correction: advise applicant to mail the CP 565 with two forms of acceptable ID substantiating the correction to SP ITIN Operations.</li> <li>○ Name change: advise applicant to mail the CP 565 with a copy of a legal document substantiating the name change such as a marriage certificate, divorce decree, or court order to the SP ITIN Operations.</li> <li>○ DOB change: advise applicant to mail the CP 565 with a copy of a birth certificate or copies of two other acceptable forms of ID (one if a passport) substantiating the change to SP ITIN Operations.</li> </ul> <p>See IRM 3.21.263.4.6 for acceptable forms of ID.</p> <p>If the employee has the required documentation, prepare Form 4442 or 1725 as appropriate to route the documentation to ITIN Operations and request the RTS update.</p>

No Form 4442 to SPC is required if all required actions have been taken.

**IRM 3.21.263.8.3.1(3) "Tax Return Attached?" revised instructions when a DOE is after the tax return year.**

3. The content of the *Preliminary W-7 Application Data Screen* includes the following:

<b>Preliminary W-7 Application Data Screen Content</b>	<b>Description</b>	<b>Comment</b>
Batch Number	Enter the batch number. This is a 14 digit number (11 digits prior to 4-25-16) that is	If the batch number is not entered, or is entered incorrectly, the system displays an

	<p>located on the Batch Cover Sheet. The elements of the batch number include the following:</p> <ul style="list-style-type: none"> <li>○ Julian Date = Batch Creation Date</li> <li>○ Campus Location (NN 20 = Austin Submissions Processing Center)</li> <li>○ Cart Number (NNN)</li> <li>○ Slot Number (NN)</li> <li>○ List Year (YYYY; Y only prior to 4-25-16)</li> </ul>	<p>error message.</p>
<p>IRS Received Date</p>	<p>Enter the received date as stamped on Form W-7 in MMDDYYYY format.</p> <p>MM values = 1 to 12</p> <p>DD values = 1 to 31</p> <p>Once the application is submitted, this field can not be changed.</p> <p>If an incorrect received date was entered, record the correct date in the <b>Remarks Screen</b>. See IRM 3.21.263.8.3.2.2</p>	<ul style="list-style-type: none"> <li>○ If the IRS received date is missing from the Form W-7, use the received date stamped on the tax return or other associated application(s). If no IRS received date stamp is found, choose the earliest of these 3 dates and enter as the received date: <ul style="list-style-type: none"> <li>- Postmark date on envelope</li> <li>- Signature Date</li> <li>- Today's date minus 10 days</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ If multiple IRS received dates are present, choose the earliest IRS received date.</li> </ul>
W-7 Year	<p>Refers to the Form W-7 revision year. Select the year of the Form W-7 from the drop-down box. If the Form W-7 year is before 2002, select "Other Year".</p> <p>If more than one revision year is present on Form W-7, select the latest year.</p>	<p>The <i>W-7 Application Input (Other Year) Screen</i> generates if "Other Year" is selected from this drop down box and all of the other required information for the <i>Preliminary W-7 Application Data Screen</i> is entered and passes system validations. This screen has limited fields for entry which include the following:</p> <ul style="list-style-type: none"> <li>○ Remarks</li> <li>○ Applicant Legal Name</li> <li>○ Applicant Name at Birth</li> <li>○ Applicant Mailing Address</li> <li>○ Applicant Foreign Address</li> </ul> <p>Once these fields are entered, the application will be rejected (R 25).</p>
Single or Family Pack?	<p>Refers to the input of either a single Form W-7 application or a group of related applications that are associated with a tax return and determined to be a Family Pack. Select one of the following from the</p>	<p>See IRM 3.21.263.5.3.3 for more information on Family Packs.</p>

	<p>drop down box:</p> <ul style="list-style-type: none"> <li>○ Single</li> <li>○ Family Pack</li> </ul> <p><b>NOTE: Do NOT</b> treat as a "Family Pack" when a combination of boxes <b>b</b> and <b>g</b> are checked on the application.</p>	
Is this the first W-7 in Family Pack?	Select the appropriate radio button <b>Yes</b> or <b>No</b> in response to the question.	Selection is based on the application that is being entered.
DLN of First W-7 in Family Pack	<p>The DLN is a 14 digit number that is assigned to each application once it has been processed through the RTS. The elements of the DLN are as follows:</p> <ul style="list-style-type: none"> <li>○ FLC: 20 (Austin)</li> <li>○ Tax Class: 2</li> <li>○ Doc Code: 94 = W-7 (English)</li> <li>○ Doc Code: 92 = W-7 (Spanish)</li> <li>○ Julian Date: XXX-Batch Creation Date</li> <li>○ Block Series: 000-299 without return and 300-999 with return</li> <li>○ Serial#: XX (00-49)</li> <li>○ List Year: X</li> </ul>	<p>This field is available only if the response to the preceding question is "No".</p> <p>The system will auto-populate the DLN of the next Form W-7 in the family pack after the first Form W-7 application has been submitted.</p>
Notice/Correspondence Language	Select one of the following from the drop down box based on the type of Form W-7 in	This field determines the language of any ITIN notices issued to the applicant.

	<p>hand:</p> <ul style="list-style-type: none"> <li>o English</li> <li>o Spanish</li> </ul>	
Dependent Mailing and Foreign Addresses Same As Primary	<p>This field is enabled for Family Pack applications. Select the appropriate radio button <b>Yes</b> or <b>No</b> based on the information on Form W-7.</p>	<p>If the address information for the dependent is the same as the primary (or first application in the Family Pack), selecting "yes" will allow the dependent address fields to auto-populate.</p>
Submission Source	<p>This field identifies the originator of Form W-7. Even when the applicant signed the Form W-7, if an AA, CAA, or IRS office submitted the Form W-7, you <b>MUST</b> enter the applicable submission source. See IRM 3.21.263.5.3.1. Select one of the following from the drop down box:</p> <ul style="list-style-type: none"> <li>o Applicant Direct</li> <li>o Acceptance Agent</li> <li>o Certified Acceptance Agent</li> <li>o IRS Office</li> </ul> <p><b>NOTE:</b> Choose IRS office when:</p> <p>FA-DAS is attached, <b>OR</b></p> <p>Form W-7 "FOR IRS USE ONLY BOX" shows IRS employee</p>	<p>The Submission Source determines who receives ITIN related correspondence/ notices:</p> <ul style="list-style-type: none"> <li>o If "Applicant Direct" is selected, the system generates correspondence to the applicant using the mailing address for Form W-7.</li> </ul> <p>If the application is submitted by a "Delegate", the submission source is treated as "Applicant Direct".</p> <ul style="list-style-type: none"> <li>o If "Acceptance Agent" is selected, you <b>MUST</b> enter the</li> </ul>

	<p>number, <b>AND</b></p> <p>TAC received date stamp is present or Form 3870 is attached with Substitute for Return (SFR) tax return prepared by a Revenue Officer. See IRM 3.21.263.5.3.2 and IRM 3.21.263.5.3.5.1.</p>	<p>EIN in the AA EIN field. If the EIN is invalid, follow the RTS response: <i>"The AA EIN is not found. Please input a valid AA EIN or change the submission source to Applicant Direct."</i> If RTS determines the AA is a CAA, change the submission source to "Certified Acceptance Agent".</p> <p>The field "AA/CAA Office Code" is required when an AA/CAA EIN is present. Follow the RTS response <i>"The AA/CAA Office Code found in the manual input box is not valid. Please enter a valid code or select 'Not Found' from the AA/CAA Office Code drop down"</i>.</p> <p><b>NOTE:</b> Refer to Form W-7(COA) to determine if the application is a</p>
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		<p>CAA submission. If no Form W-7(COA) is attached, review the bottom of the Form W-7 to determine if submitter is a CAA or AA.</p>
<p>Tax Return Attached?</p>	<p>Select one of the following from the drop down box:</p> <ul style="list-style-type: none"> <li>○ Yes, but attached to the Single</li> <li>○ Yes, but attached to the Family Pack</li> <li>○ No</li> </ul> <p><b>CAUTION:</b> Form 1040NR with entries on any line (for example only line 22 is completed) should be considered a valid return. Do not reject.</p>	<p>Select "<b>Yes</b>" if:</p> <ul style="list-style-type: none"> <li>○ Multiple returns are attached for the applicant and the date of entry matches at least one of the tax return periods.</li> <li>○ Tax return is attached but DOE is after the tax return year. Enter the tax return year and the DOE for R 12 to generate. Enter in Remarks "DOE after year of tax return."</li> </ul> <p>Select "<b>No</b>" when any of the following conditions apply:</p> <ul style="list-style-type: none"> <li>○ A tax return is not present, or</li> <li>○ Form 1040-PR or 1040-SS is attached as these applicants qualify for a</li> </ul>

		<p>SSN. Enter "Form 1040-PR or 1040-SS" in the Remarks Screen. Flag the case for the lead to override and change the R 17 to R 07</p> <p><b>EXCEPTION:</b> If the non-resident alien is:</p> <ul style="list-style-type: none"> <li>- Claiming self-employment income</li> <li>- Not filing Form 1040</li> <li>- A resident (current mailing address) of: <ul style="list-style-type: none"> <li>* American Samoa</li> <li>* Commonwealth of Northern Marianna Islands</li> <li>* Guam</li> <li>* Puerto Rico (residents can file 1040-SS or 1040-PR in Spanish)</li> <li>* U.S. Virgin Islands</li> </ul> </li> <li>- COB and COC is <b>NOT</b> the country of the current mailing address</li> <li>- SSA denial letter is attached, select <b>yes</b> as these</li> </ul>
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		applicants qualify for an ITIN.
Does Applicant Name Match Tax Return?	Radio button selections are <b>Yes</b> or <b>No</b> .	<p>Select "Yes" to confirm that the applicant is listed on the tax return or at least one tax return if multiple returns are present.</p> <p>Select "No":</p> <ul style="list-style-type: none"> <li>○ When the applicant is not listed on at least one attached tax return</li> <li>○ You can not confirm that the person on an attached tax return is the same person on the Form W-7.</li> </ul>
W-2 Attached?	Radio button selections are <b>Yes</b> or <b>No</b> .	<p>Select "Yes" or "No:" as appropriate.</p> <p>Select "yes" if any of the following proof of income is present on an attached return:</p> <ul style="list-style-type: none"> <li>○ Form W-2</li> <li>○ Form W-2C</li> <li>○ Form 4852</li> <li>○ ATS-IDRS W-2 print</li> <li>○ Pay stub ( a single pay period with year-to-date totals is acceptable)</li> <li>○ Bank statement</li> </ul>

		<p>showing income is being deposited into taxpayer's account</p> <p>Select "no" if the income documents listed above are not present.</p>
<p>Is the Name on the W-2 the Same on the Tax Return?</p>	<p>Radio button selections are <b>Yes</b> or <b>No</b>.</p>	<p>Select "Yes" if:</p> <ul style="list-style-type: none"> <li>○ The income document name (on the Form W-2, W-2C, Form 4852, pay stub, or bank statements as described above) matches the name of the primary or secondary filer on an attached tax return, or</li> <li>○ Valid ID in the name that matches the income document is attached, or</li> <li>○ Primary has a TIN and secondary has no income.</li> </ul> <p>Select "No" if:</p> <ul style="list-style-type: none"> <li>○ The name on the income document described above differs, is altered, or has</li> </ul>

		been whited-out.
Tax Return Type	<p>Select one of the following from the drop down box for the earliest tax return year on which the applicant is claimed:</p> <ul style="list-style-type: none"> <li>○ 1040</li> <li>○ 1040A</li> <li>○ 1040EZ</li> <li>○ 1040NR</li> <li>○ 1040NR-EZ</li> <li>○ 1040X</li> </ul> <p><b>NOTE:</b> If both Form 1040 series and 1040X for the same tax year are received, select "1040X." Attach the Form 1040X to the top of the Form 1040 series.</p>	<p>If Form 1040-PR or 1040-SS is attached and is a valid return for the applicant (see the <b>Exception in Tax Return Attached?</b> above), select 1040.</p>
Tax Return Year	<p>Enter the tax return year. If multiple tax returns are attached enter the earliest tax year for the applicant. If unable to determine the tax return year from return information or attachments, see IRM 3.21.263.5.3.2. For example, a single Form W-7 applicant has returns attached for 2014 and 2015. Enter 2014.</p> <p>The tax year for individual members of a Family Pack may be different.</p> <p>For example, tax</p>	<p>Enter any year from the previous 10 years up to the present year. If tax return is earlier than 10 years, input the earliest year RTS will accept.</p>

	returns are attached for 2013, 2014, and 2015. Primary applicant is listed on all returns. Enter 2013 for the primary. A dependent is listed only on the 2014 and 2015 returns. Enter 2014 for the dependent.	
Is the Tax Return Valid?	Select the appropriate radio button <b>Yes</b> or <b>No</b> .	<ul style="list-style-type: none"> <li>○ Select <b>No</b> if the return does not have any information to establish a tax reporting or filing requirement (no tax liability).</li> <li>○ Select "Yes" even when you have a family pack and multiple returns are attached (at least one must be valid) but the dependent W-7 applicant is only listed on an invalid return. See IRM 3.21.263.5.3.2 for more information on valid tax returns.</li> </ul>
Invalid Tax Return Reason	<p>If the answer to the preceding question is <b>No</b>, the system will enable the drop down box below. Select one of the following:</p> <ul style="list-style-type: none"> <li>○ Cannot Calculate Tax Liability (HR 1), The return</li> </ul>	Be careful when reviewing Form 1040NR. If any entries are present (i.e., Line 22), the return is valid.

	<p>(including schedules and attachments) has no numbers present or has all zeroes on all lines.</p> <ul style="list-style-type: none"> <li>○ Tax Return Not Signed (HR 2).</li> </ul> <p><b>NOTE:</b> An unsigned tax return is not an invalid return. Do <b>NOT</b> use this selection for unsigned returns but send the unsigned returns to processing.</p>	
Number of Additional Tax Returns Attached	<p>Select one of the following from the drop down box:</p> <ul style="list-style-type: none"> <li>○ 0</li> <li>○ 1</li> <li>○ 2</li> <li>○ 3</li> <li>○ 4</li> <li>○ 5</li> <li>○ 6</li> <li>○ 7</li> <li>○ 8</li> <li>○ 9</li> <li>○ 10</li> </ul>	Pertains to additional tax returns that list the applicant.
Number of W-7 Associated to the Tax Return(s)	<p>Select one of the following from the drop down box based on the number of Form W-7 in hand that are associated to the tax return(s):</p> <ul style="list-style-type: none"> <li>○ 1</li> <li>○ 2</li> <li>○ 3</li> </ul>	Select the number of Forms W-7 in hand associated to the tax return.

	<ul style="list-style-type: none"> <li>○ 4</li> <li>○ 5</li> <li>○ 6</li> <li>○ 7</li> <li>○ 8</li> <li>○ 9</li> <li>○ 10</li> </ul>	
<p>IRS Office Employee Badge Number</p>	<p>This field will be enabled when the submission source of the application is "IRS Office".</p>	<p>Enter the IRS employee badge number from Line 2 of the <i>For IRS Use Only Box</i> on Form W-7. The badge number represents the IRS employee (TAC or revenue officer) who received the application and reviewed the documentation.</p> <p>Format consists of two boxes with seven spaces:</p> <p>two in the first box and five in the second box with a dash in between.</p> <ul style="list-style-type: none"> <li>○ If the ID number from the TAC employee or revenue officer is <b>MORE</b> than seven digits, enter the last seven digits.</li> <li>○ If the ID number from the TAC employee or revenue officer is <b>LESS</b> than seven digits, add zeros to</li> </ul>

		<p>the end of the numbers shown to equal a total of seven digits.</p> <ul style="list-style-type: none"> <li>o If the TAC employee or revenue officer omitted their badge number but additional information on the application, such as a TAC stamp or district office stamp and information in the "For IRS Use Only" box clearly indicates that the application was received from a TAC or district office, enter the number as all zeros.</li> </ul>
Next	Click on this button to process the information on the W-7 Preliminary Application Data Screen.	<p>If the information on this screen was entered correctly, the system will direct you to the W-7 Application Data Screen to continue entering the application.</p> <p>If the information on this screen was not entered correctly the system will prompt you to reenter the required information.</p>
Cancel	Click the Cancel button and the following warning message will appear: "You will lose	Click the Okay button and the system will direct you back to the ITIN Home Screen or,

	data on the current screen, would you like to continue?"	Click the Cancel button and the system will return you back to the current screen.
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