

IRM PROCEDURAL UPDATE

DATE: 01/05/2018

NUMBER: wi-21-0118-0068

SUBJECT: BMF International Accounts Management

AFFECTED IRM(s)/SUBSECTION(s): 21.8.2

CHANGE(s):

IRM 21.8.2.19 Updated procedures per LB&I.

1. The Small Business Job Protection Act of '96 (SBJPA) expanded information reporting under IRC 6048 for:
 - o U.S. persons who make transfers to foreign trusts, and
 - o U.S. owners of foreign trusts
2. The SBJPA also added:
 - o Reporting requirements for the U.S. beneficiaries receiving direct or indirect distributions from foreign trusts (IRC 6048(c)), and
 - o Revised civil penalty procedures
3. U.S. persons treated as owners of a foreign trust under IRC 671 through IRC 679 ("U.S. owner(s)") are responsible for ensuring that the foreign trust annually furnishes the IRS prescribed information to:
 - o The U.S. owner(s), and
 - o U.S. beneficiaries
4. U.S. owners also are responsible for ensuring that the foreign trust files an annual return on Form 3520-A, *Annual Information Return of Foreign Trust with a U.S. Owner (Under § 6048(b))* containing a full and complete accounting of all:
 - o Trust activities
 - o Trust operations, and
 - o Other relevant information
5. The Hiring Incentives to Restore Employment (HIRE) Act of 2010 confirmed that U.S. owners of foreign trusts must file Form 3520 and complete Part II of Form 3520 even if there were no transactions with the foreign trust in that particular year, and even if they are not required to complete Part I or Part III with respect to the foreign trust.
6. The SBJPA also created reporting requirements under Section 6039F for US persons that receive large gifts (including bequests) from foreign persons.

IRM 21.8.2.19.1 Updated procedures per LB&I.

1. Accounts Management has been approved to work Form 3520, *Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts*, & Form 3520-A, *Annual Information Return of Foreign Trust with a U.S. Owner (Under § 6048(b))*, related to civil penalty adjustments (CP 15 & CP 215) and duplicate filing conditions (TRNS 193).
2. Initial penalties are assessed under § 6677 of the Internal Revenue Code when a TRNS 223 generates. A penalty may be assessed for each tax year in which the Form 3520 and/or 3520-A was not timely filed with the required information.

NOTE: For more information on penalties assessed under § 6677 refer to IRM 20.1.9, *International Penalties*.

3. **For notices and returns required to be filed before January 1, 2010**, see previous versions of this IRM.
4. **For notices and returns required to be filed after December 31, 2009**, the initial penalty for failure to complete and file Part I and/or Part III of Form 3520 generally is the **greater** of \$10,000 or 35% of the gross reportable amount, which is either the amount that was transferred to the foreign trust (Form 3520 page 2, total line 13) or the amount received from the foreign trust (Form 3520 Page 4, line 27). The initial penalty for failure to file Form 3520-A and/or Form 3520 Part II generally is the **greater** of \$10,000 or 5% of the gross value of the portion of the foreign trust's assets at the close of the year treated as owned by the U.S. owner (Form 3520 Page 4, line 23, and/or line 9 of the Foreign grantor Trust Owner Statement received from the foreign trust).
5. The penalty under Section 6039F for failure to complete and timely file Part IV of Form 3520 to report foreign gifts is equal to 5% of the amount of such foreign gifts for each month or part of a month the return is late (not to exceed 25%).
6. Per Period of Limitations IRC 6501(c)(8): The time for assessment of any tax with respect to a period to which the information relates does not expire before 3 years after the date on which the information is furnished. This applies to Part I, Part II, and Part III of Form 3520 and Form 3520-A.

IRM 21.8.2.19.2 Updated procedures per LB&I.

1. A U.S. person must file Form 3520 to report certain trust activities and transactions with foreign trusts such as:
 - The creation of a foreign trust by a U.S. person
 - A direct or indirect transfer of any money or property to a foreign trust by a U.S. person
 - The death of a U.S. person, if such person was treated as an owner of a foreign trust, and reporting any portion of a foreign trust that was included in the decedent's estate

- A direct or indirect distribution from a foreign trust received by a U.S. person
- A U.S. person, regardless of whether such a person has an interest in a foreign trust, must use the Form 3520 to report the receipt of certain large gifts or bequests from foreign persons
- A U.S. person treated as an owner of a foreign trust, without regard to when the trust was created, or whether there were any transactions involving the foreign trust in the current year

EXCEPTION: Internal Revenue Bulletin: 2013-26 provides that Fideicomiso or Mexican Land Trust arrangements, as described in this ruling, are not trusts within the meaning of § 301.7701-4(a). Meaning, a Mexican land trust arrangement that allows a U.S. citizen or entity to hold residential real property in some restricted areas of Mexico through an agreement with a Mexican bank isn't a trust under Treas. Reg. Section 301.7701-4(a) because the bank's only duties are to hold and transfer the property's legal title.

2. This form is required of any U.S. person who, directly or indirectly transfers property to a foreign trust, whether or not the trust has one or more U.S. beneficiaries. An Individual, Partnership, Corporation, Trust or Estate may be required to file this return.

NOTE: Form 3520 has four parts that relate to different requirements for filing Form 3520. See IRM 20.1.9, *International Penalties*, for more information. A separate Form 3520 must be filed for transactions with each foreign trust.

3. This form is also required of any U.S. person who received gifts from a non-resident alien or foreign estate greater than \$100,000 or from foreign corporations or partnerships greater than \$10,000 (adjusted for inflation) during the calendar year.
4. **Processing:** The Form 3520 is processed at the Ogden Submission Processing Campus (OSPC) under MFT 68, to the Business Master File (BMF):
 - If the filer is an entity, the return is processed using the entity's EIN.
 - If the filer is an individual, the return is processed using the individual's SSN followed by a "V" (if valid) or "W" (if invalid), the same way Forms 706 are processed.
5. **Report Plan Number (RPN):** This is a three-digit number shown on the tax module of Form 3520, MFT 68, on the second line of CC TXMOD. This number generates from Line 2b (Employer Identification Number) and consists of the last three digits of that number. If line 2b is blank or contains a number other than an EIN, a default report plan number of "520" is shown. This field was created to capture multiple Forms 3520 filed by the same US person who may have transactions and/or ownership of multiple foreign trusts.

EXAMPLE: TXMODA98-XXXXXXX

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6. **Due Date For Tax Years Ending Before 01-01-2017:** In general, for tax year ending before 2017, the due date for a U.S. person to file a Form 3520 is the same as the due date for income tax returns (1040 Series, 1041 Series, 1065 & 1120 Series), including extensions. Most taxpayers are required to file some type of income tax return and the Form 3520 is generally due on the date that the income tax return is due, including extensions. In the case of a Form 3520 filed with respect to a U.S. decedent, Form 3520 is due on the date that Form 706, "United States Estate (and Generation-Skipping Transfer) Tax Return," is due (including extensions), or would be due if the estate were required to file a return even if the executor of a decedent's estate made the special election under section 301(c) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation act of 2010. Thus, the due date may vary. All required attachments must be submitted with Form 3520 for it to be considered a complete return.

NOTE: Form 7004, *Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns*, cannot be used to request an extension on Form 3520. However, if the income tax return has an extended due date, the Form 3520 is due on the same extended due date.

7. **Due Date For Tax Years Ending After 12-31-2016:** In general, for tax years beginning after 2016, the due date for a U.S. person to file a Form 3520 is the 15th day of the 4th month following the end of the U.S. person's tax year. If a U.S. person is granted an extension of time to file an income tax return (1040 Series, 1041 Series, 1065 & 1120 Series), the due date for filing Form 3520 is the 15th day of the 10th month following the end of the U.S. person's tax year. In the case of a Form 3520 filed with respect to a U.S. decedent, for tax years beginning after 2016 Form 3520 is due the 15th day of the 4th month following the end of the decedent's last tax year. If the U.S. person's estate is also required to file a Form 3520, the estate will have to file by the 15th day of the 4th month following the end of the estate's tax year, just like any other U.S. person. All required attachments must be submitted with Form 3520 for it to be considered a complete return.
8. **Civil Penalties:** When a TRNS 223 generates, the Form 3520 is reviewed for potential civil penalties. If an assessment is made, penalties will be made under MFT 13 (BMF account numbers) or MFT 55 (IMF account numbers), with the appropriate civil penalty reference number (PRN), TC 240 and Blocking Series 52. When a penalty is assessed for Part I and/or Part III PRN 659 is used, for Part II PRN 677 is used. A CP 215 or CP 15 is generated to the taxpayer upon assessment of the civil penalty. If a penalty is assessed for Part I and Part III separate adjustments are input using the same PRN.
9. **Assessment of Penalties:** When the taxpayer fails to report or timely file the required information on Form 3520 # [REDACTED] # after the

due date, including extensions, a campus notice TRNS 223 is generated to pull the Form 3520 from Files. The TRNS 223 notice is scanned to CIS and assigned. A scanned copy of Form 3520 (if located) is associated with the TRNS 223. AM will process TRNS 223 notices by reviewing the Form 3520 for potential civil penalties using procedures in the "IF AND THEN" table in Paragraph (10) below. If it is determined a penalty should be assessed use procedures in Paragraph (11) below.

NOTE: If Form 3520 is not available in CIS, research IDRS to determine if Form 3520 was filed timely and follow procedures below:

IF	AND	THEN
Form 3520 was received timely (i.e., TC 460 is found on MFT 68)	Form 3520 was received by the extended due date	Close the TRNS 223 "No Action"
Form 3520 was received late (i.e., TC 460 is not found on MFT 68)"OR" Form 3520 was not received by the extended due date	The information in Paragraph (10) below is available on IDRS	Assess the penalty(ies) according to the instructions in Paragraph (11) below
Form 3520 was received late (i.e., TC 460 is not found on MFT 68)"OR" Form 3520 was not received by the extended due date	The information in Paragraph (10) below is not available on IDRS	Request the return from Files using CC ESTABD (notate in the remarks field "second request"). If the return is charged out to another area attempt to contact the area to secure the return. If the return cannot be secured input another request as "Special Search" using Form 2275, <i>Records Request, Charge and Recharge</i> . If Files is unable to secure the return after the "Special Search" request, close the TRNS 223 "No Action". NOTE: If the return is secured follow the procedures in Paragraph (10) below.

10. Follow the table below to determine if a civil penalty should be assessed:

IF	AND	THEN
A Correspondence Action Sheet is attached to Form 3520	Form 3520 was received timely (i.e., TC 460 is found on MFT 68)"AND" the Form 3520 was received by the extended due date	Close the TRNS 223 "No Action"
A Correspondence Action Sheet is attached to Form 3520	Form 3520 was filed late (i.e., TC 460 is not found on MFT 68)"OR" the Form 3520 was not received by the extended due date	Assess a penalty according to the instructions in Paragraph (11) below
A Correspondence Action Sheet is not attached to Form 3520		Assess a penalty according to the instructions in Paragraph (11) below

NOTE: The manager of the employee processing a TRNS 223 must review any manual assessment of a penalty on a Form 3520 account resulting from the processing of a TRNS 223. Authorization for the assessment will be notated in CIS.

11. Use the information below to assess the initial penalty/penalties for late filed Form 3520. The penalty is based on the applicable box(es) the taxpayer checks on Form 3520, Page 1, "AND/OR" the information completed in Part I, Part II, and/or Part III.
 - o If the first box is checked "AND/OR" Part I (Lines 5a through Line 18) has any completed information, assess a penalty (TC 240 PRN 659) equal to the "greater" of \$10,000 or 35% of the total amount reported on Page 2, Line 11b, the total of column (iv), and Line 13, the total of Column (i). If there is no amount on Lines 11b(iv) and 13(i), assess \$10,000. #

NOTE: The initial penalty for failure to file Form 3520 Part I generally is the "greater" of \$10,000 or 35% of the gross reportable amount. The gross reportable amount for Form 3520, Part I is the gross value of property involved in the creation of a foreign trust or the transfer of property to a foreign trust (including a transfer by reason of death) (Form 3520 Page 2, Lines 11b(iv) and 13(i)). The aggregate penalty assessed with respect to Form 3520 Part I cannot exceed the gross reportable amount (Form 3520, Page 2, Lines 11b(iv) and 13(i)).

CAUTION: If there is no amount listed on Lines 11b(iv) and 13(i) of the Form 3520, then assess the \$10,000 penalty. If the taxpayer later provides the information for Lines 11b(iv) and 13(i) abate the penalty,

if it should have been limited, using the procedures in Paragraph (12) below.

- For tax years ending after 12/31/2015 (do not assess a penalty on tax years ending earlier) if the second box is checked "AND/OR" Part II (Lines 20 through Line 23) has any completed information, assess a penalty (TC 240 PRN 677) equal to the "greater" of \$10,000 or 5% of the amount reported on Page 4, Line 23. If there is no amount on Line 23, assess \$10,000. # [REDACTED] #

NOTE: The initial penalty for failure to file Form 3520 Part II generally is the "greater" of \$10,000 or 5% of the gross reportable amount. The gross reportable amount for Form 3520, Part II is the gross value of the portion of the foreign trust's assets at the close of the year treated as owned by the U.S. owner (Form 3520 Page 4, line 23). The aggregate penalty assessed with respect to Form 3520 Part II cannot exceed the gross reportable amount (Form 3520, Page 4, Line 23).

CAUTION: If there is no amount listed on Line 23 of the Form 3520 and if a Foreign Grantor Trust Owner's Statement is attached to the Form 3520 and no amount on Line 9 of the Foreign Grantor Trust Owner's Statement, then assess the \$10,000 penalty. If the taxpayer later provides the information for Line 23 abate the penalty, if it should have been limited, using the procedures in Paragraph (12) below.

- If the third box is checked "AND/OR" Part III (Lines 24 through Line 27 and Lines 29 through Lines 53) has any completed information, assess a penalty (TC 240 PRN 659) equal to the "greater" of \$10,000 or 35% of the amount reported on Page 4, Line 27. If there is no amount on Line 27, assess \$10,000. # [REDACTED] #

NOTE: The initial penalty for failure to file Form 3520 Part III generally is the "greater" of \$10,000 or 35% of the gross reportable amount. The gross reportable amount for Form 3520, Part III is the gross amount of distributions received from a foreign trust (Form 3520 Page 4, line 27). The aggregate penalty assessed with respect to Form 3520 Part III cannot exceed the gross reportable amount (Form 3520, Page 4, Line 27).

CAUTION: If there is no amount listed on Line 27 of the Form 3520, then assess the \$10,000 penalty. If the taxpayer later provides the information for Line 27 abate the penalty, if it should have been limited, using the procedures in Paragraph (12) below.

- If the fourth box is checked "AND/OR" Part IV (Lines 54 through Line 56) has any completed information, assess a penalty (TC 240 PRN

668) of 5% for each month or part of a month the return is late (not to exceed 25%), of the amount of such foreign gift(s) (the total of Line 54 plus the total of Line 55 (g)). # [REDACTED] #

12. Abatement Procedures - Reasonable cause criteria must be met and all Form 3520 penalty abatements must be reviewed and approved by a manager prior to removing the penalty. After review, the workleader/manager will add a CIS case note documenting approval.
- If the taxpayer can demonstrate that the failure to comply was due to reasonable cause and not willful neglect.
 - Proof of an approved extension of time to file an income tax return can be considered if the Form 3520 was filed within the approved extension period (Form 4868 or Form 7004).
 - Check MFT 68 and/or the income tax module as applicable for timely filing or the presence of a posted or unposted TC 460. Abate penalty if extended due date shown is equal to or greater than the filing date.
 - To abate, adjust the MFT 13 (BMF account numbers) or 55 (IMF account numbers) module with a 290 .00, Blocking Series 52, and the appropriate PRN with minus (–) after the abatement amount. As a result, transaction TC 241 generates on the Master File. Abatement requests for both BMF and IMF modules are worked by the BMF International units.

NOTE: Forward all requests for abatement of Examination assessed penalties, including Form 843 claims, to the area that assessed the penalty.

13. Non-Abatement Procedures:
- Advise taxpayer if research shows Form 3520 was filed late and give the specifics. Make sure the income tax return due date is checked to determine timely filing of the Form 3520.
 - Allow the taxpayer to submit additional information for consideration of penalty abatement (i.e., copy of approved income tax return extension, certified mail receipt, reasonable cause statement).
 - If additional information is not accepted, deny the request. Input 290 .00, with the appropriate PRN for .00, Blocking Series 98/99, and Reason Code 062. Advise the taxpayer of their penalty appeals rights using an IDRS Letter 854C.
 - If a Form 843 claim is received and is being denied, follow normal penalty denial procedures.

IRM 21.8.2.19.3 Updated procedures per LB&I.

1. A foreign trust must annually file a Form 3520-A, *Information Return of a Foreign Trust*, when a U.S. person is treated as an owner of any portion of the foreign trust. Form 3520-A includes a Foreign Grantor Trust Owner

- Statement and a Foreign Grantor Trust Beneficiary Statement on pages 3 and 4.
2. Form 3520-A is required for the foreign trust to satisfy the U.S. owner's annual obligation under IRC 6048(b). If there are multiple Foreign Grantor Trust Owners or U.S. Beneficiaries, there may be several Foreign Grantor Trust Owner Statements/ or Foreign Grantor Trust Beneficiary Statements that must be provided.
 3. **Processing:** The Form 3520-A is processed at the Ogden Submission Processing Campus (OSPC) on the Business Master File (BMF) under MFT 42. Filing is done using the trust's EIN.
 4. **Due Date:** This form is due the 15th day of the 3rd month (e.g., calendar year 2017 is due 3/15/18) following the end of the Trust's tax year or extended due date if the trust files for an extension (Form 7004).
 5. **Civil Penalties:** When a Form 3520-A is filed after the return due date (postmarked after the 15th day of the 3rd month from the end of the trust's tax year), or when the taxpayer fails to report or timely file the required information, a campus notice TRNS 223 is generated to pull the return from Files. The TRNS 223 notice is sent to Accounts Management for penalty determination with the return attached if it is located in Files. A TRNS 223 requires the tax examiner to determine if a penalty must be manually calculated and assessed for the failure to file (FTF) Civil Penalty Reference Number (PRN) 660 using the **U.S. owner's** TIN listed on Line 6b, Page 3 of Form 3520-A under either MFT 13 (BMF, if EIN), or MFT 55 (IMF, if SSN) with TC 290 .00, Blocking Series 52, and PRN 660. The penalty assessment will post as a TC 240. The manager of an employee processing a TRNS 223 must review any manual assessment of a Form 3520-A penalty resulting from the processing of a TRNS 223 per § 6751(b)(1). Authorization for the assessment will be notated in CIS.
 6. **Assessment of Penalties:** When the taxpayer fails to report or timely file the required information on Form 3520-A # [REDACTED] # after the due date, including extensions, a campus notice TRNS 223 is generated to pull the Form 3520-A from Files. The TRNS 223 notice is scanned to CIS and assigned. A scanned copy of Form 3520-A (if located) is associated with the TRNS 223. AM will process TRNS 223 notices by reviewing the Form 3520-A for potential civil penalties using procedures in the "IF AND THEN" table in Paragraph (7) below.

NOTE: If Form 3520-A is not available in CIS, research IDRS to determine if Form 3520-A was filed timely and follow procedures below:

IF	AND	THEN
Form 3520-A was received timely (i.e., TC 460 is found on MFT 42)	Form 3520-A was received by the extended due date	Close the TRNS 223 "No Action"
Form 3520-A was received late (i.e., TC 460 is not	The information is available on	Assess the penalty according to the instructions in Paragraph (7) below

found on MFT 42)"OR" Form 3520-A was not received by the extended due date	IDRS	
Form 3520-A was received late (i.e., TC 460 is not found on MFT 42)"OR" Form 3520-A was not received by the extended due date	The information is not available on IDRS	Request the return from Files using CC ESTABD (notate in the remarks field "second request"). If the return is charged out to another area attempt to contact the area to secure the return. If the return cannot be secured input another request as "Special Search" using Form 2275, <i>Records Request, Charge and Recharge</i> . If Files is unable to secure the return after the "Special Search" request, close the TRNS 223 "No Action". NOTE: If the return is secured follow the procedures in Paragraph (7) below.

7. AM will follow the table below to determine if a civil penalty should be assessed. If it is determined a penalty should be assessed manually calculate and assess a penalty. The initial penalty for failure to file Form 3520-A generally is the "greater "of \$10,000 or 5% of the gross reportable amount. The gross reportable amount for Form 3520-A is the gross value of the portion of the foreign trust's assets at the close of the year treated as owned by each U.S. owner (Form 3520-A, Page 3 – Foreign Grantor Trust Owner Statement, line 9). The aggregate penalty assessed with respect to Form 3520-A cannot exceed the gross reportable amount (Form 3520-A, Page 3 – Foreign Grantor Trust Owner Statement, line 9).

NOTE: If Form 3520-A has more than one Page 3 assess a penalty accordingly for each U.S. owner.

CAUTION: If Line 9 of the Form 3520-A - *Foreign Grantor Trust Owner Statement*, is blank then assess the \$10,000 penalty. If the taxpayer later provides the information for Line 9 abate the penalty, if it should have been limited, using the procedures in Paragraph (8) below. # [REDACTED]

IF	AND	THEN
A Correspondence Action Sheet is attached to Form	Form 3520-A was received timely (i.e., TC 460 is found on	Close the TRNS 223 "No Action"

3520-A	MFT 42)"AND" the Form 3520-A was received by the extended due date	
A Correspondence Action Sheet is attached to Form 3520-A	Form 3520-A was filed late (i.e., TC 460 is not found on MFT 42)"OR" the Form 3520-A was not received by the extended due date	Assess a penalty NOTE: Do not assess a penalty if a substitute Form 3520-A was filed and there is proof the Form 3520 was filed timely (i.e., TC 460 is found on MFT 68)
A Correspondence Action Sheet is not attached to Form 3520-A		Assess a penalty NOTE: Do not assess a penalty if a substitute Form 3520-A was filed and there is proof the Form 3520 was filed timely (i.e., TC 460 is found on MFT 68)

EXCEPTION: If the foreign trust does not file Form 3520-A, but the U.S. owner completes and attaches a substitute Form 3520-A for the foreign trust to the U.S. owner's timely filed Form 3520 in accordance with the instructions for Form 3520, the U.S. owner will not be subject to the penalty for failure to file Form 3520-A.

8. Abatement Procedures - Reasonable Cause Criteria must be met and all Form 3520-A penalty abatements must be reviewed and approved by a manager prior to removing the penalty. After review, the workleader/manager will add a CIS case note documenting approval.
- o Abate penalty if the taxpayer can demonstrate the failure to comply was due to reasonable cause and not willful neglect.

NOTE: A taxpayer does not have reasonable cause merely because a foreign country imposes a civil or criminal penalty on the trustee (or other person) for disclosing the required information (§ 6677(d)). Also, refusal on the part of a foreign trustee to provide information for any other reason, including difficulty in producing the required information or provisions in the trust instrument that prevent the disclosure of required information, is not considered reasonable cause.

- o Proof of an approved extension of time to file Form 3520-A can be considered, if the Form 3520-A was filed within the approved extension period (Form 7004).

REMINDER: If it is a substitute Form 3520-A, proof of an approved extension (Form 4868 or 7004) of time to file the Form 3520 (which the substitute Form 3520-A was attached) can be considered if the Form 3520 was filed within the approved extension period.

- Check MFT 42 for the presence of a posted or unpostable TC 460. Abate penalty if extended due date shown is equal to or greater than the filing date.
- To abate, adjust the MFT 13 (BMF account numbers) or 55 (IMF account numbers) module with a 290 .00 Blocking Series 52, and PRN 660 with a minus (–) after the abatement amount. As a result, transaction TC 241 generates on the Master File. Abatement requests for both BMF and IMF modules are worked by the BMF International units.

NOTE: Forward all requests for abatement of Examination assessed penalties, including Form 843 claims, to the area that assessed the penalty.

9. Non-Abatement Procedures:

- Advise taxpayer if research shows Form 3520-A was filed late and give the specifics.
- Allow the taxpayer to submit additional information for consideration of penalty abatement (i.e., copy of approved extension, certified mail receipt, reasonable cause statement).
- If additional information is not accepted, deny the request. Input 290 .00, PRN 660 for .00, Blocking Series 98/99, and Reason Code 062. Advise the taxpayer of their penalty appeals rights using IDRS Letter 854C.
- If a Form 843 claim is received and is being denied, follow normal penalty denial procedures.

IRM 21.8.2.19.4 Updated procedures per LB&I.

1. If a duplicate filing condition exists, a TRNS 193 generates. Although these returns are for information only and tax is not assessed on them, research is necessary to determine if a manual computation of the civil penalty is necessary. A civil penalty is assessed against the U.S. owner's TIN data located on Form 3520/3520-A. Check all MFTs, EINs, SSNs, and SSNs with **V** or **W** for the U.S. person or trust to see if a penalty has already been assessed, or if an extension (TC 460) was processed.
2. If the original Form 3520/3520-A was filed timely, release the "A" freeze with a TC 290 .00 under MFT 68 or 42 as applicable.
3. If the original Form 3520/3520-A was filed late, compare the original and TRNS 193 return to determine if a manual computation of the civil penalty is necessary.

- If a manual computation of the civil penalty is necessary, adjust or assess the civil penalty. See IRM 21.8.2.19.2 or IRM 21.8.2.19.3 for computation procedures.
- If a manual computation of the civil penalty is not necessary, release the "A" freeze with TC 290 .00 under MFT 68 or 42 as applicable.