

IRM PROCEDURAL UPDATE

DATE: 03/01/2017

NUMBER: wi-21-0317-0408

SUBJECT: Processing Requests for Deferment of Federal Taxes; Amended Returns or Adjustment Requests With No Open TC 420 (-L freeze) or Record on Aims

AFFECTED IRM(s)/SUBSECTION(s): 21.7.5

CHANGE(s):

IRM 21.7.5.3.7 Added subsection to migrate guidance from the obsoleted IRM 21.2.5.4.12.1, Processing Requests for Deferment of Federal Taxes (Form 1127 Application for Extension of Time for Payment of Tax Due to Undue Hardship Only).

1. Forward requests for deferment of payment of federal taxes to the appropriate Collection Advisory group for the geographic area in which the taxpayer is located. See Pub 4235, Collection Advisory Group Addresses, for the current address listing. However, if the tax due is a gift tax reportable on Form 709, send Form 1127 to:
Department of the Treasury Internal Revenue Center
Cincinnati, OH 45999

NOTE: See IRM 4.25.2, Campus Procedures for Estate Tax for Form 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes.
2. Process Form 1127, Application for Extension of Time for Extension of Time for Payment of Tax Due to Undue Hardship, as follows:

If...	Then...
An unprocessed Form 1127 is received in field office	Forward to the appropriate Collection Advisory group for the geographic area in which the taxpayer is located. EXCEPTION: If Form 709 is shown in Part I, route to: Compliance Services, Estate and Gift Tax Campus Operation. See IRM 3.11.106.1.9, Correspondence Imaging System (CIS) Returns, and IRM 21.1.7-17, Forms - Routing Guide.
A copy of an	Process it in field office to delay enforced

approved Form 1127 is received in field office	collection action.
Form 1127 refers to a MF tax form	Immediately input a TC 470 as instructed on Form 4844, Request for Terminal Action.
Form 1127 refers to a NMF tax form	Process as outlined in IRM 3.21.25, Miscellaneous Tax Returns.

IRM 21.7.5.4.1.8 Updated language in (4)(d) and (5)(b) to state "if requested".

3. Form 706 require the following Item Reference Numbers (IRNs) when adjusting tax:
- o 074 - Generation-skipping transfer taxes, Line 17
 - o 075 - IRC 4980A tax, formerly Line 23

NOTE: In 1997, P.L. 105-34, Section 1073(a) repealed IRC 4980A.

- o 076 - Net estate tax, Line 16
4. # [REDACTED] # The Estate and Gift Tax Examiner must:
- a. Secure the original return and route the amended returns to Estate and Gift Classifier (Transfer Tax Technician) as Category A. # [REDACTED]
[REDACTED] # The classifier either approves the decrease or selects the case for Area Office (AO) examination.
 - b. If the classifier sends the return back for adjustment, input TC 291 for the correct amount of decrease using the appropriate IRNs listed above, and input No Source Document (NSD), using blocking series (BS 15).

NOTE: Attach/Associate the amended return to the TC 150 (controlling DLN (Document Locator Number)) in order to preserve the 75-year retention period.

- c. Adjust interest and/or penalties, as necessary.
- d. **If requested, send Estate Tax closing document (Letter 627).**

NOTE: Per IRC 2058, interest is **not** permitted on any portion of a refund of estate taxes due to a state death tax credit/deduction. The portion of the refund that is attributable to the state death tax deduction should be refunded without interest for decedents dying after December 31, 2004.

5. # [REDACTED] # The Estate and Gift Tax Examiner must:

- a. **Adjust tax, interest, and/or penalties as necessary, using BS 15.**
- b. **If requested, send Estate Tax closing document (Letter 627).**

NOTE: It is not necessary to monitor these adjustments. Close your control base and notate the action taken on the case.