IRM PROCEDURAL UPDATE

DATE: 02/28/2019

NUMBER: sbse-04-0219-0236

SUBJECT: New UA Codes 56 and 83; New Subsection with Specific Instructions for UA 83

AFFECTED IRM(s)/SUBSECTION(s): 4.19.15

CHANGE(s):

IRM 4.19.15.15.1 - Unallowable Code Assignment and AIMS Opening, Added two UA codes to table in paragraph (3)

1. Submission Processing (SP) Headquarters (HQ) analysts are the primary owners of any work request that activates and establishes the programming for an Unallowable Code.
2. Examination HQ analysts contact SP with any changes that need to be made in the Unallowable Program.
3. SP employees in Code & Edit and Error Resolution System (ERS)/Rejects identify unallowable issues during return processing. Unallowable Code tolerances are as follows:

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NOTE: For additional information regarding SP processing, refer to the following IRMs:

- IRM 3.11.3.3.7.6, *Unallowable Code (UAC)*.
- IRM 3.11.3.15.1, *Schedule A, General Editing Procedures*.
- IRM 3.12.2.5.8, *Unallowables*.
- IRM Exhibit 3.12.2-5, *Audit Codes*.
- IRM Exhibit 3.12.2-6, *Unallowable Codes*.

4. During return processing a TC 576 will generate for a TC 150 with a credit balance and unallowable tax hold, holding the unallowable tax to the extent of the credit balance in suspense. The TC 576 will set a -Q Freeze, which prevents the amount of the TC 576 from refund or offset.

5. The cases will be systemically opened on AIMS to the campuses under Project Code (PC) 0000, Source Code (SC) 03, and Employee Group Code (EGC) 5000. The Primary Business Code (PBC) will be based on back-end mapping.

**IRM 4.19.15.15.11 - Unallowable Program and a Personal Casualty or Theft Loss, Added new subsection for procedures relating to UA 83**

1. 

2. For tax years 2018 through 2025, uninsured losses arising from personal casualties, such as primary residence or vacation property destroyed by fire not due to a federally declared disaster are no longer deductible. Theft losses must also be attributable to a federally declared disaster in order to be deductible.
3. These cases open in Source Code 03 and PC 0000. The examination should focus only on determining if the taxpayer had property located in a federally declared disaster area. Form 14814, Verification of Personal Casualty or Theft Loss, provides some of the most common documents a taxpayer can submit to verify their claim and should be sent to the taxpayer with Letter 566-S, Initial Contact Letter (ICL).

4. When classifying these cases for possible selection, TCOs should use IDRS and other third-party resources (i.e. Accurint or fema.gov) to research property locations and/or for valid FEMA numbers.

5. Process case as follows:

<table>
<thead>
<tr>
<th>If</th>
<th>Then</th>
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<tr>
<td>There is an indication that the taxpayer’s property was in a federally declared disaster area</td>
<td>Survey the case with Disposal Code (DC) 20.</td>
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<tr>
<td>If you are unable to determine if the taxpayer’s property was in a federally declared disaster area</td>
<td>Follow IRM 4.19.15.15.3, Reviewing and Classifying Unallowable Inventory.</td>
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