

IRM PROCEDURAL UPDATE

DATE: 09/22/2023

NUMBER: wi-03-0923-0973

SUBJECT: Estimated Tax Payments

AFFECTED IRM(s)/SUBSECTION(s): 3.11.6.14.4.2.1

CHANGE(s):

IRM 3.11.6.14.4.2.1, Estimated Tax Penalty (ETP) - The title has been updated and the subsection revised to specify ETP changes can be processed on superseding returns.

Estimated Tax Penalty (ETP)

(1) Estimated tax penalty (ETP) is computed based on the tax shown on the taxpayer's original filed return. However, if the taxpayer files a superseding return, the penalty is computed on the tax shown on that superseding return.

(2) The ETP is posted as a TC 170 or TC 176.

- A TC 170 is a manual assessment of an ETP by the IRS, or a self-assessment via Form 2210, Underpayment of Estimated Tax by Individuals, Estates and Trusts.
- A TC 176 is a computer-generated assessment of an ETP.

(3) Route to AM if the taxpayer is requesting a change to the ETP for the following:

- A filing status change to married filing jointly (FS 2)
- A change in withholding
- A checked box A, B, or E in Part II, Form 2210

Note: If routing a return to EXAM or CAT-A, do not correspond for a Form 2210.

(4) When the taxpayer is changing their ETP # [REDACTED] # and a Form 2210 is not attached **or** none of the boxes in Part II are checked:

- Do not adjust the penalty
- Adjust the return for all other allowable issues
- Send Letter 369C per IRM 3.11.6.10.7, Correspondence for Estimated Tax Penalty (Letter 369C).

(5) Math verify the ETP using the AMS worksheets when Form 2210 is attached and at least one of the boxes in Part II is checked. If the difference between the AMS penalty amount and the taxpayer's amount is:

- a. # [REDACTED] # – adjust the account using the recomputed amount.
See IRM 3.11.6.14.1, Inputting a Corrected Adjustment.
- b. # [REDACTED] # – adjust the account using the taxpayer's amount.

(6) If you're unable to math verify the ETP, correspond per IRM 3.11.6.6, Master File Verification and Math Verification.

(7) To adjust the ETP use:

- TC 170 to increase the penalty
- TC 171 to decrease the penalty
- RC 065 is required when a TC 17X is input

If the ETP is reducing, include a Penalty Reason Code (PRC) in the fourth position, see below:

| If ... | And ... | Then use ... |
|--|--|--|
| A TC 170 is posted on the account | <ol style="list-style-type: none"> 1. The taxpayer is filing a superseding return 2. The ETP is being adjusted because the taxpayer or IRS is providing a corrected computation. For example, if the IRS is adjusting withholding or estimated payments, and IRS is manually correcting the ETP. | <ol style="list-style-type: none"> 1. PRC 010 2. PRC 016 |
| A TC 176 is posted on the account | <p>The ETP is being adjusted due to either of the following:</p> <ul style="list-style-type: none"> • The taxpayer is filing a superseding return or • The taxpayer is providing their own penalty computation on Form 2210 | PRC 013 |
| A TC 170 or 176 is posted on the account | Correcting an IRS computational error in the ETP computation | PRC 045 |