



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.15.1

JULY 26, 2021

EFFECTIVE DATE

(07-26-2021)

PURPOSE

- (1) This transmits revised IRM 4.15.1, Jeopardy/Termination Assessments, Jeopardy and Terminations.

MATERIAL CHANGES

- (1) IRM 4.15.2 is incorporated into IRM 4.15.1. Significant changes to this IRM are listed below.

| IRM Reference | Description of Change |
|---------------|---|
| 4.15.1.1.1 | Added background information from obsoleted IRM 4.15.2.1.1. |
| 4.15.1.1.5 | <ul style="list-style-type: none">Added acronyms from obsoleted IRM 4.15.2.1.5 to Acronyms Table.Added acronyms Employee User Portal (EUP), Enterprise e-Fax system (EEFax) and Special Agent in Charge (SAC) to Acronyms Table. |
| 4.15.1.1.6 | Added terms “Examination Jeopardy/Termination Coordinator” and “Enterprise e-Fax system” and corresponding definitions to Terms Table. |
| 4.15.1.1.7 | <ul style="list-style-type: none">Added related resource content from obsoleted IRM 4.15.2.1.6 to Related Resources Table.Added IRM 25.27, Third Party Contacts, to Related Resources Table. |
| 4.15.1.5 | Added note regarding taxpayer’s financial solvency. |
| 4.15.1.6(2) | Moved from obsoleted IRM 4.15.2.2.5. |
| 4.15.1.6.1(2) | Added caution that Exam Coordinator must contact the CI Field Offices in their Area to confirm there is no potential criminal investigation prior to proceeding with a jeopardy/termination. |
| 4.15.1.7 | Added new subsection and moved content in from obsoleted IRM 4.15.2.2, IRM 4.15.2.4.1.4.1 and IRM 4.15.2.4.1.4.2. |
| 4.15.1.7.4 | Added note regarding jeopardy assessments that are not on Master File. Added IRM citation for IRM 4.15.3.2.2. |
| 4.15.1.7.5(1) | Changed timeframe for assessment to be made from 24 hours to 48 hours from Area Director approval based on update to IRM 4.15.3.2. Added IRM citation for IRM 4.15.3.2. |
| 4.15.1.7.5(3) | Added note under Special Agent in Charge (SAC) regarding grand jury taint issue preventing signature on Form 2644, Recommendation for Jeopardy/Termination Assessment, and requirement of acting designation if acting SAC signs Form 2644. |
| 4.15.1.7.5(6) | Added note under Area Director regarding requirements for signatures on behalf of the Area Director. |

| IRM Reference | Description of Change |
|----------------------|---|
| 4.15.1.7.6 | Added comment regarding Exam Coordinator actions for Form 6388, Semi-Annual Report of Jeopardy and Termination Assessments. |
| 4.15.1.7.6(1)(a) | Added note regarding jeopardy assessments for cases not on Master File. |
| 4.15.1.7.6(1)(b) | Added note that assessments will be made early in the week so the Revenue Officer can meet the five-day timeframe to deliver notices. |
| 4.15.1.8 | Added new subsection and moved content in from obsolete IRM 4.15.2.3. |
| 4.15.1.9 | Added new subsection and moved content in from obsolete IRM 4.15.2.4. |
| 4.15.1.9.1(1)(e) | Added citation to IRM 25.27, Third Party Contacts. |
| 4.15.1.9.3(1)(a) | Changed terminology from “pattern letter” to “appropriate jeopardy or termination letter” in IRM 4.15.1.9.3.1, as letters are now published in the Catalog and are no longer considered pattern letters. Removed “-P” from letter titles in table. |
| 4.15.1.9.3.1 | Changed title from “Pattern Letter” to “Jeopardy/Termination Letters,” as letters are now published in the Catalog and are no longer considered pattern letters. Removed “-P” from letter titles in table. Added note regarding notice of jeopardy levy and Letter 2439 issued by Collection. |
| 4.15.1.9.3.2 | Added link to “Examples of Income Computation” spreadsheet taken from prior IRM Exhibit 4.15.2-5 which is now located on the Fraud Development Knowledge Base. |
| 4.15.1.9.3.3 | Added example of narrative with content from prior IRM Exhibit 4.15.2-6. |
| 4.15.1.9.4(3) | Moved Exhibit 4.15.2-7 with information regarding distribution of approval package and contents of files from obsolete IRM 4.15.2. |
| 4.15.1.9.4(2)(a) | Added note with requirement for Form 2644 to be signed by the Exam Coordinator for the Area. |
| 4.15.1.9.4(2)(a) | Added comment that Form 2644 is signed by the Exam Coordinator for the Area. |
| 4.15.1.10 | Added new subsection and moved content in from obsolete IRM 4.15.2.5. |
| 4.15.1.10.6.1 | Added subsection to cover what is included under IRC 6867 as cash equivalents and how to determine the value of a cash equivalent. |
| Throughout | Removed references to pattern letters throughout, as letters are now published letters with numbers and are no longer considered pattern letters. |

- (2) Minor editorial changes have been made throughout this IRM. Website addresses, legal references, and IRM references were reviewed and updated as necessary. Formatting and content was updated to comply with current standards.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.15.1, dated June 11, 2018.

AUDIENCE

Appeals, Large Business and International (LB&I), Small Business and Self-Employed (SB/SE), Tax Exempt and Government Entities (TE/GE) employees.

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Director, Examination - Field and Campus Policy
SE:S:DCE:E:HQ:EFCP
Small Business/Self Employed

4.15.1

Jeopardy and Terminations

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4.15.1.1
(06-11-2018)
Program Scope and Objectives

- (1) *Purpose.* This IRM provides examiners with information and guidance on the Jeopardy/Termination Assessments Program.
- (2) *Audience.* These procedures apply to Appeals, Large Business and International (LB&I), Small Business and Self-Employed (SB/SE), Tax Exempt and Government Entities (TE/GE) employees.
- (3) *Policy Owner.* The Director, Examination - Field and Campus Policy, which is under the Director, Headquarters Examination.
- (4) *IRM Owner.* Field Examination Special Processes (FESP), which is under the Director, Examination - Field and Campus Policy.
- (5) *Primary Stakeholders.* Stakeholders include SB/SE Technical Services, SB/SE Collection, Appeals and Criminal Investigation.
- (6) *Contact Information.* To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.6, Providing Feedback About an IRM Section - Outside of Clearance.
- (7) *Program Goals.* The goal of this section is to provide an overview of jeopardy and termination provisions of the Internal Revenue Code (IRC). Jeopardy assessments give the Commissioner specific authority to take immediate assessment and collection action in situations where it is determined that collection of tax will be endangered if regular assessment and collection procedures are followed.

4.15.1.1.1
(07-26-2021)
Background

- (1) This IRM provides examiners with information and guidance on the Jeopardy/Termination Assessments Program. This text provides guidelines on the use, approval, definition, and conditions of a jeopardy or termination (jeopardy/termination) assessment, who is responsible for recommending a jeopardy/termination, and balancing the criminal and civil aspects when there is a potential criminal case. This text also provides examiners with guidelines for the identification, assignment, development, and referral of jeopardy/termination assessments, administrative and judicial review procedures, and post-assessment procedures.

4.15.1.1.2
(06-11-2018)
Authority

- (1) By law, the Internal Revenue Service has the authority to conduct examinations under Title 26, Internal Revenue Code, Subtitle F - Procedures and Administration, Chapter 78, Discovery of Liability and Enforcement of Title, Subchapter A, Examination and Inspection, which includes, but is not limited to, the following IRC sections:
 - IRC 6201, Assessment Authority.
 - IRC 6851, Termination Assessments of Income Tax.
 - IRC 6852, Termination Assessments in Case of Flagrant Political Expenditures of IRC 501(c)(3) Organizations.
 - IRC 6861, Jeopardy Assessments of Income, Estate, Gift and Certain Excise Taxes.
 - IRC 6862, Jeopardy Assessments of Taxes Other Than Income, Estate, Gift, and Certain Excise Taxes.
 - IRC 6867, Presumptions Where Owner of Large Amount of Cash is Not Identified.
 - IRC 7602, Examination of Books and Witnesses.

Note: Additional authority for conducting examinations is contained in Treas. Reg. 601.105, Examination of Returns and Claims for Refund, Credit or Abatement; Determination of Correct Tax Liability. See 26 CFR 601.105.

4.15.1.1.3
(07-26-2021)
**Roles and
Responsibilities**

- (1) The Director, Headquarters Examination, is the executive responsible for providing policy and guidance for Field employees and ensuring consistent application of policy, procedures and tax law to effect tax administration while protecting taxpayers' rights. See IRM 1.1.16.3.5, Headquarters Examination, for additional information.
- (2) The Director, Examination - Field and Campus Policy, reports to the Director, Headquarters Examination, and is responsible for the delivery of policy and guidance that impacts the Field Examination process. See IRM 1.1.16.3.5.1, Field and Campus Policy, for additional information.
- (3) Field Examination Special Processes (FESP), which is under the Director, Examination - Field and Campus Policy, is the group responsible for providing oversight and policy and procedural guidance on specialized examination processes to SB/SE Field examiners and managers. See IRM 1.1.16.3.5.1.2, Field Exam Special Processes.

4.15.1.1.4
(06-11-2018)
**Program Management
and Review**

- (1) Periodic program reviews are conducted by FESP to:
 - Assess the effectiveness of specific programs within Examination or across the organization,
 - Determine if procedures are followed,
 - Validate policies and procedures, and
 - Identify and share best/proven practices.

4.15.1.1.5
(07-26-2021)
Acronyms

- (1) The following table lists commonly used acronyms:

| Acronym | Definition |
|---------|---|
| AMDIS | Audit Management Display Information System |
| BMFOL | Business Master File On Line |
| BOD | Business Operating Division |
| BRTVUE | Business Return Review |
| CCDM | Chief Counsel Directives Manual |
| CCP | Centralized Case Processing |
| CI | Criminal Investigation |
| COGS | Cost of Goods Sold |
| DLN | Document Locator Number |
| DOJ | Department of Justice |
| EEFax | Enterprise e-Fax system |

| Acronym | Definition |
|---------|--------------------------------------|
| EIN | Employer Identification Number |
| ERCS | Examination Returns Control System |
| EUP | Employee User Portal |
| FESP | Field Exam Special Processes |
| IDRS | Integrated Data Retrieval System |
| IMF | Individual Master File |
| IMFOL | Individual Master File On-Line |
| IRC | Internal Revenue Code |
| IRM | Internal Revenue Manual |
| ITG | Indian Tribal Governments |
| LB&I | Large Business and International |
| MF | Master File |
| NMF | Non-Master File |
| RO | Revenue Officer |
| RTVUE | Return Review (IMF only) |
| SAC | Special Agent in Charge |
| SEP | Special Enforcement Program |
| SFR | Substitute for Return |
| SME | Subject Matter Expert |
| SNOD | Statutory Notice of Deficiency |
| SSN | Social Security Number |
| TC | Transaction Code |
| TE/GE | Tax Exempt and Governmental Entities |
| TFRP | Trust Fund Recovery Penalty |
| TIN | Taxpayer Identification Number |

4.15.1.1.6
(07-26-2021)

(1) The following table lists commonly used terms and associated definitions:

Terms

| Term | Definition |
|---------------------------------|--|
| Enterprise e-Fax system (EEFax) | A tool that enables IRS employees to receive and send electronic fax documents directly from their workstations. |

| Term | Definition |
|---|---|
| Examination Jeopardy/Termination Coordinator (Exam Coordinator) | An individual, generally a Special Enforcement Program (SEP) Fraud Specialist/SME, who is appointed by the Area Director (or comparable role in other BOD) for each respective Area. This individual will control active jeopardy/termination assessments in the Field and assist Field Examination with the processing and completion of all jeopardy/termination assessments. |
| Jeopardy Assessment | <p>If the assessment or collection of a deficiency will be jeopardized by delay, the deficiency is immediately assessed. The deficiency includes additional amounts, additions to tax, and interest. The assessment is made for a PRIOR YEAR where the filing date, including extensions, has passed. The legal authorities for jeopardy assessments are as follows:</p> <ul style="list-style-type: none"> a. IRC 6861, Jeopardy Assessments of Income, Estate, Gift, and Certain Excise Taxes. b. IRC 6862, Jeopardy Assessment of Taxes Other Than Income, Estate, Gift, and Certain Excise Taxes. |
| Possessor of Cash Assessment | <p>If an individual, in physical possession of cash or its equivalent in excess of \$10,000, does not claim the cash as theirs or as belonging to another person who can be easily identified and who acknowledges ownership of the cash, for the purposes of IRC 6851, Termination Assessments of Income Tax, and IRC 6861, Jeopardy Assessments of Income, Estate, Gift, and Certain Excise Taxes, it is presumed:</p> <ul style="list-style-type: none"> a. The cash represents gross income of a single individual for the taxable year in which the possession occurs, and b. The collection of tax is presumed to be jeopardized by delay. See IRM 5.17.15.3, Presumption Regarding \$10,000 in Unclaimed Cash. |
| Termination Assessment | <p>If the assessment or collection of a deficiency will be jeopardized by delay, the deficiency is immediately assessed. The deficiency may include additional amounts, additions to tax, and interest. The deficiency may be computed for a short period or the entire year. The assessment is made for the CURRENT YEAR or the preceding year, if the filing date, including extensions, has not passed. The legal authorities for termination assessments are as follows:</p> <ul style="list-style-type: none"> a. IRC 6851, Termination Assessments of Income Tax. b. IRC 6867, Presumptions Where Owner of Large Amount of Cash is Not Identified. |

4.15.1.1.7

(07-26-2021)

(1) The following table contains related resources referenced in this IRM:

Related Resources

| Resources | Title |
|------------------|--|
| IRC 6091 | Place for Filing Returns or Other Documents |
| IRC 6851 | Termination Assessments of Income Tax |
| IRC 6861 | Jeopardy Assessments of Income, Estate, Gift, and Certain Excise Taxes |
| IRC 6862 | Jeopardy Assessment of Taxes Other Than Income, Estate, Gift, and Certain Excise Taxes |
| IRC 6867 | Presumptions Where Owner of Large Amount of Cash is Not Identified |
| IRC 7429 | Review of Jeopardy Levy or Assessment Procedures |
| IRM 1.2.1.5.11 | Policy Statement 4-26, (Formerly P-4-84), Criminal and Civil Aspects in Enforcement |
| IRM 1.2.1.5.27 | Policy Statement 4-88, Jeopardy Assessments to be Used Sparingly and Assessment to be Reasonable in Amount |
| IRM 1.2.1.5.28 | Policy Statement 4-89, Termination Assessment of Income Tax to be Used Sparingly and Assessment to be Reasonable in Amount |
| IRM 1.2.2.5.18 | Delegation Order 4-21 (Rev. 2) (formerly DO-219, Rev. 4), Jeopardy and Termination Assessments |
| IRM 3.17.244 | Manual Assessments |
| IRM 4.4.3.4 | Transferring NMF Credits to MF Deficiency |
| IRM 4.8.2.3.1 | Mandatory Review Cases |
| IRM 4.8.8.7 | Jeopardy and Terminations |
| IRM 4.8.9.17.3 | Jeopardy and Termination Assessments |
| IRM 4.12.1 | Nonfiled Returns |
| IRM 5.17.15.2.1 | Grounds for Jeopardy Assessments |
| IRM 5.17.15.3 | Presumption Regarding \$10,000 in Unclaimed Cash |
| IRM 8.7.1.6.3 | Jeopardy Assessments On Cases Pending in Appeals |
| IRM 25.6.1.9.9.1 | Procedures for Expeditious Assessments |
| IRM 25.1.6.5 | Collateral Estoppel |
| IRM 25.27 | Third Party Contacts |
| IRM 30.3.2.4.3.1 | Subject Matter Responsibility and Functions |
| IRM 33.3.8.4 | Identifying Taint |

4.15.1.2
(08-16-2011)

**Use of
Jeopardy/Termination
Assessments**

- (1) Jeopardy/termination assessments of tax are to be used sparingly. They are to be reasonable, appropriate, and limited to amounts which can be expected to protect the government.
- (2) All jeopardy/termination assessments have a common characteristic: Prior to assessment, a determination is made that collection will be endangered if regular assessment and collection procedures are followed.
- (3) The mere fact a taxpayer is the subject of a special fraud investigation is not sufficient grounds for a jeopardy/termination assessment. Jeopardy/termination assessments will generally not be pursued when it is determined a taxpayer has little or no assets to offset the assessment.

4.15.1.3
(08-16-2011)

Approval

- (1) Each jeopardy/termination assessment must receive the personal approval of the Area Director. In addition, written approval by Chief Counsel (or such delegate) is required. See the below references for additional information.
 - IRM 1.2.1.5.27, Policy Statement 4-88, Jeopardy Assessments to be Used Sparingly and Assessment to be Reasonable in Amount.
 - IRM 1.2.1.5.28, Policy Statement 4-89, Termination Assessment of Income Tax to be Used Sparingly and Assessment to be Reasonable in Amount.
 - IRM 1.2.2.5.18, Delegation Order 4-21 (Rev. 2) (formerly DO-219, Rev. 4), Jeopardy and Termination Assessments.

4.15.1.3.1
(08-16-2011)

**Prior Headquarters
Office Notification**

- (1) In any case which might cause serious inconvenience to the general public, the Director, Examination must be notified. If necessary, the Director, Examination will notify the Commissioner of the respective Business Operating Division (BOD). Examples of such cases include those involving banks, newspapers, insurance companies, hospitals, and public utility companies.
- (2) The Area Director may request advice in any jeopardy/termination assessment situation from the Field, Counsel, or another function.

4.15.1.3.2
(06-11-2018)

Exclusions

- (1) The Area Director must exclude themselves from personal involvement in cases in the following situations:
 - a. They had access to grand jury information or are listed on the Rule 6(e), Grand Jury List.
 - b. They have reasonable cause.
 - c. They would be restricted by the rules of conduct applicable to government, executive branch and Treasury employees.
 - d. They have a conflict of interest.

4.15.1.3.3
(06-11-2018)

Order of Approval

- (1) If the Area Director has excluded themselves, the following officials are delegated the authority to personally approve a jeopardy/termination assessment in the order prescribed below:
 - a. Director, Field Examination, (SB/SE)
 - b. Director of Field Operations, Criminal Investigation (CI)
 - c. Director, Employee Plans (EP)
 - d. Director, Exempt Organizations (EO)

- (2) The authority of the Chief Counsel to approve a jeopardy/termination has been delegated to Associate Area Counsel. Contact Counsel for assistance in obtaining written approval. See IRM 30.3.2.4.3.1, Subject Matter Responsibility and Functions.
- 4.15.1.4
(08-16-2011)
Responsibility
- (1) All Business Operating Divisions (BOD) will be alert for conditions where a jeopardy/termination assessment may be necessary to protect the government's interests.
- 4.15.1.4.1
(06-11-2018)
Examination
- (1) Examination is responsible for recommending jeopardy/termination assessments in cases under their active consideration and referrals from outside agencies.
- (2) Appeals may forward a report to Examination on a case pending before Appeals, for Examination to determine, if a jeopardy/termination situation exists. Examination will limit its investigation to a determination that collection of the current proposed deficiency will be endangered if regular assessment and collection procedures are followed. Appeals is responsible for making the final determination of the tax liability.
- 4.15.1.4.2
(08-16-2011)
Collection
- (1) Collection is responsible for recommending jeopardy/termination assessments in any case in which collection of the tax would be jeopardized by delay, except those cases under active consideration by Examination, Criminal Investigation (CI) or Tax Exempt and Government Entities (TE/GE).
- (2) If Collection receives information on cases under active consideration by another BOD or territory function, the Director of Examination or the Field Territory Manager must report such information by memorandum to the affected BOD or territory function.
- 4.15.1.4.3
(08-16-2011)
Criminal Investigation
- (1) CI is responsible for recommending jeopardy/termination assessments in cases under active consideration or joint active consideration by CI and Examination, CI and Collection, or CI and TE/GE.
- (2) If CI receives information on cases under active consideration by another BOD or territory function, the CI Special Agent in Charge (SAC) will report such information by memorandum to the affected BOD or territory function.
- 4.15.1.4.4
(08-16-2011)
TE/GE
- (1) TE/GE is responsible for recommending jeopardy/termination assessments in cases under active consideration by TE/GE.
- (2) If TE/GE receives information on cases under active consideration by another BOD, the Director, Employee Plans, Director, Exempt Organizations; or Director, Government Entities, will report such information by memorandum to the affected BOD or Field Territory Manager.
- 4.15.1.4.5
(06-11-2018)
Appeals
- (1) Appeals will forward a report to Examination or TE/GE, as applicable, if during an Appeals consideration of a case, it is determined a jeopardy/termination may be advisable. Examination or TE/GE is responsible for recommending the jeopardy/termination assessment.

- (2) Appeals is responsible for determining the final tax liability if the liability case is under Appeals' jurisdiction at the time of the jeopardy/termination recommendation. See IRM 8.7.1.6.3, Jeopardy Assessments on Cases Pending in Appeals.

4.15.1.4.6
(08-16-2011)
Other

- (1) Any other function discovering or receiving information indicating the possible existence of a situation requiring a jeopardy/termination assessment will report such information by memorandum to the affected territory function.

4.15.1.5
(07-26-2021)
Conditions

- (1) A jeopardy/termination assessment will be made if collection is determined to be in jeopardy because one or more of the following conditions exists:
- a. The taxpayer is, or appears to be, designing quickly to depart from the United States or to conceal themselves.
 - b. The taxpayer is, or appears to be, designing quickly to place their property (including retirement plan assets) beyond the reach of the government by removing it from the United States, concealing it, dissipating it, and/or transferring it to other persons.
 - c. The taxpayer's financial solvency is, or appears to be, imperiled. See IRM 4.15.1.9.1.3.
- Note:** This does not include investigations where the taxpayer becomes insolvent by virtue of the accrual of the proposed assessment of tax, penalty, and interest.
- d. The taxpayer has in their possession more than \$10,000 in cash or its equivalent, denies the ownership of such cash, and refuses to identify the owner of such cash.
 - e. For additional information see IRM 5.17.15.2.1, Grounds for Jeopardy Assessments.

4.15.1.6
(07-26-2021)
Potential Criminal Case

- (1) After the referral of a case to CI or during a joint investigation, it shall be the continued responsibility of Examination and CI to make periodic reviews of the facts and circumstances involved in the case to assure the government's interests are adequately protected. See IRM 1.2.1.5.11, Policy Statement 4-26 (Formerly P-4-84), Criminal and Civil Aspects in Enforcement.
- (2) A TC 914 is placed on the account when CI conducts an investigation. A TC 914 temporarily suspends civil enforcement action. The Exam Coordinator may review outstanding TC 914 accounts on a quarterly basis to determine if they are still needed, and will coordinate findings with CI. The Exam Coordinator may terminate controls if abatement is required by a decision of the Tax Court, or, if no petition is filed with the court, when the period for filing such petition expires. The Exam Coordinator will contact CI and request removal of the TC 914 to terminate the control.

4.15.1.6.1
(07-26-2021)
Criminal Enforcement

- (1) Jeopardy/termination assessments will be withheld in potential criminal tax investigations to the extent necessary to avoid imperiling successful investigation or prosecution of such criminal investigations. Civil enforcement actions with respect to the same taxable periods and same types of taxes for those periods included in the criminal investigation may imperil subsequent prosecution. On the other hand, when such action is warranted in those investigations, it must be taken whenever it is feasible to do so.

- (2) Contact CI if a jeopardy/termination assessment is considered on a case that has potential for a criminal tax investigation or may affect pending prosecution investigations.

Caution: The Exam Coordinator must contact the CI Field Office(s) in their respective Area to determine if the taxpayer is under any type of criminal investigation before proceeding with a jeopardy/termination assessment.

4.15.1.6.2
(06-11-2018)
Civil Enforcement

- (1) Criminal Investigation (CI) Opinion—If the taxpayer is under criminal investigation, contact CI to determine whether to proceed with the civil aspect.
- (2) If CI agrees, civil enforcement actions can proceed without impeding the criminal aspect of the case. The responsible civil function will coordinate meetings with CI to be held periodically.
- (3) Counsel Opinion—CI and Examination will obtain the opinion of their respective Counsel, if there is doubt as to whether a proposed civil action would imperil prosecution.
- (4) If CI, Examination, and their respective Counsel cannot reach agreement, resolution will be elevated to the next level of management as described in IRM 1.2.1.5.11, Policy Statement 4-26 (Formerly P-4-84), Criminal and Civil Aspects in Enforcement.
- (5) Generally, there will be no suspension of collection action on assessed amounts of tax liabilities reported on filed returns.

4.15.1.7
(07-26-2021)
**Examination
Jeopardy/Termination
Coordinator**

- (1) Each Area Director in SB/SE (comparable role in other business units) will appoint an Examination Jeopardy and Termination Coordinator (hereinafter referenced as the Exam Coordinator) to control jeopardy/termination assessments. The Exam Coordinator is generally a SEP Fraud Specialist/SME. The listing of Exam Coordinators by Area can be found on the *Fraud Development Knowledge Base*.

Note: Technical Services has its own Jeopardy and Termination Reviewer who will assist Field Examination as outlined in IRM 4.8.8.7.1, Reviewer Responsibilities.

- (2) The Exam Coordinator will be responsible for the following:
 - a. Review possible jeopardy/termination assessment cases to determine if a case meets jeopardy/termination criteria,
 - b. Contact and coordinate with other functions regarding the possible jeopardy/termination,
 - c. Request management in Examination to assign an examiner to prepare a jeopardy/termination case,
 - d. Control the jeopardy/termination,
 - e. Prepare semi annual report for Territory Manager (if required by the Territory Manager),
 - f. Secure approval of the jeopardy/termination package by Counsel and the Area Director,
 - g. Process the approved jeopardy/termination, and

- h. Ensure post assessment procedures found in IRM 4.15.1.10 are completed.

4.15.1.7.1
(07-26-2021)
Review Cases

- (1) The Exam Coordinator will review all cases to determine if the case meets the criteria for a jeopardy/termination assessment is met. See IRM 4.15.1.5

4.15.1.7.2
(07-26-2021)
**Contact and
Coordination**

- (1) The Exam Coordinator will contact and coordinate with other functions regarding jeopardy/terminations under Examination responsibility.

Note: Exam Coordinator will act as a liaison between Examination, Collection, CI, TE/GE, Appeals, Technical Services and Counsel. The Exam Coordinator must keep Technical Services informed of the status of a jeopardy/termination case. The responsibility for taking necessary actions on any jeopardy/termination assessment case remains with the group that has control of the case.

- (2) The Exam Coordinator will contact other functions to determine if the taxpayer is under active consideration by another function or operating division.
- (3) The Exam Coordinator will inform other functions of a possible jeopardy/termination case and will:

- a. Contact Counsel to discuss the possible jeopardy/termination assessment.

Note: Counsel must approve in writing, their concurrence with a jeopardy/termination assessment.

- b. Notify the CCP Manager that a potential jeopardy/termination assessment case is underway. Provide CCP Manager with a tentative target date for assessment purposes and with the number of entities and tax periods involved.
- c. Inform the Examination Field Territory Manager of the possible jeopardy/termination.
- d. Contact the Field Collections Group Manager where the case resides and request an RO be assigned to the case.

4.15.1.7.3
(07-26-2021)
Assignment of Examiner

- (1) The Exam Coordinator will contact the group manager to request an examiner be assigned to the Jeopardy/Termination case. The group manager will provide the Exam Coordinator with the name of the examiner who will prepare the jeopardy/termination case. The examiners selected are generally from SEP groups. See IRM 4.16.1.3.1, General, for more information on the role of SEP examiners.

Caution: The examiner chosen must not have any taint issues. The examiner must not have access to grand jury materials or have participated in the grand jury phase of a criminal investigation. For more information, see IRM 33.3.8.4 Identifying Taint, and IRM 25.1.6.5 Collateral Estoppel.

4.15.1.7.4
(07-26-2021)
Control of the Case

- (1) The Exam Coordinator will manage the jeopardy/termination case to make sure the case is developed, prepared, and processed as quickly as possible. Due to the urgency involved in jeopardy/termination cases, the case will be given the highest priority of handling within and between the various functions.

a. Jeopardy Assessment controls must be established on Master File (MF).

Note: CCP can still process the jeopardy assessment, if a tax year is not on MF. See IRM 4.15.3.2.2, How Assessment is Made.

b. Termination Assessment controls must be established on Non-Master File Tax (NMF) 20 account.

c. Securing Temporary TINs for Jeopardy/Termination Assessment. See IRM 4.15.1.9.3.4, for more information on temporary TINs.

4.15.1.7.5
(07-26-2021)
Secure Approval of the Report

- (1) The Exam Coordinator will deliver or send electronically encrypted, the complete package relating to the proposed jeopardy/termination assessment to the officials listed below, for concurrence or comment, prior to referral to the Area Director. See IRM 4.15.1.9.4.

Note: The signatures must be secured and forwarded to CCP by 9:00 a.m. Central Standard Time (CST). The assessment must be made within 48 hours after the jeopardy/termination assessment is approved by the Area Director. See IRM 4.15.3.2, Preparing Assessments. The information for the assessment needs to be forwarded to the campus from CCP prior to 12:00 p.m. CST. If the information is not forwarded prior to 12:00 p.m. CST, the assessment generally cannot be made that day.

- (2) The assessment can be made through another campus in a different time zone in an emergency situation.

Example: A jeopardy assessment is needed on several related corporations involving three years of corporate income taxes and related payroll taxes for each of the quarters of the three years. Due to the volume, the original campus will be unable to assess all the amounts in time. A campus in a later time zone can be contacted to assess the remaining amounts, within the same day the jeopardy assessment is approved.

- (3) Function officials listed below must approve the complete package prior to securing approval from the Area Director. Approval will be in the order shown below:

1. Exam Group Manager,
2. Exam Territory (Area) Manager,
3. Collection Group Manager,
4. Collection Territory Manager,
5. Special Agent in Charge (SAC), CI,

Caution: If there is an open grand jury investigation, the SAC of the assigned special agent will *not* sign Form 2644, Recommendation for Jeopardy/Termination Assessment. The Exam Coordinator and Technical Services Jeopardy/Termination Coordinator will work together to determine which SAC will sign Form 2644. If an Acting SAC approves and signs Form 2644, the Exam Coordinator or assigned examiner will secure a copy of the acting designation to associate with the file.

6. Technical Services Group Manager,
7. Technical Services Territory Manager and
8. Area Counsel

Note: Counsel must sign last, except for the Area Director. Otherwise, review by other officials may be perfunctory or influenced by the fact Counsel has already approved. Each review must be meaningful.

- (4) The examiner will make the necessary corrections and resubmit the package for approval if any official does not approve the package.
- (5) The disagreement will be elevated through existing management channels for resolution, if any official does not approve and agreement cannot be reached between the officials.
- (6) The Exam Coordinator will deliver the completed package by mail or send it electronically encrypted to the Area Director for approval after approval is secured from the function officials.

Note: If the Technical Services Group Manager signs Form 2644 on behalf of the Area Director, the Area Director's name must be shown in the signature section and the Technical Services GM will sign their name and include "for" with the signature. Alternatively, the Area Director can sign on their on behalf, if they prefer.

| If the Area Director: | Then: |
|---|---|
| Approves the package: | The Area Director or other delegated official will sign each Form 2644 in the appropriate area and sign each of the appropriate jeopardy/termination letters in hard copy or electronic copy. |
| Instructs the package be re-submitted with corrections: | The examiner will make the necessary corrections and resubmit the package for approval through the approval chain (all officials need to approve the corrected package). |
| Does not approve the package: | The examiner will prepare a memorandum to the file documenting the reasons for disagreement. The original file, with the memorandum, will be returned to the Exam Coordinator for record keeping. |

4.15.1.7.6
(07-26-2021)

Process After Approval

- (1) The Exam Coordinator will coordinate with CCP and Collection after the Area Director has approved the jeopardy/termination. The Exam Coordinator will forward the appropriate files to the remaining business units as identified in IRM 4.15.1.9.
 - a. Delivery to CCP— The Exam Coordinator will Eefax the Form 2644, Recommendation for Jeopardy/Termination Assessment, signed by the Exam Coordinator, to CCP. The Exam Coordinator will provide their name and telephone number. After the assessment is made, CCP will return to

the Exam Coordinator an electronic copy of Form 2644 with the DLN and 23C data. The Exam Coordinator will enter the DLN and 23C data on the remaining Forms 2644.

Note: If a tax year is not on MF, CCP can still process the jeopardy assessment. The assessment will not appear right away but it will be a legal assessment as long as there is a signed 23C certificate. The assessment will post once the account is established on MF. See IRM 4.15.3.2.2, How Assessment is Made.

- b. **Delivery to Collection**—The Exam Coordinator will deliver or send by secured e-mail the collection file to the Collection Revenue Officer (RO) and Collection Group Manager of the applicable geographic area. Please see IRM 5.1.4.3.4, Assessment and Post Assessment Procedures. The Technical Services Reviewer will secure the Technical Services Group Manager signature on three copies of the jeopardy or termination letter with the current date. The Technical Services Reviewer will deliver by Eefax, secured e-mail or certified mail two originals of the Jeopardy or Termination Letter to Collection. Collection will make provisions for serving the “Written Statement” consisting of the jeopardy or termination letter, tax computation, and narrative, along with the Notice and Demand to Pay Tax within five calendar days of the 23C date. The Technical Services Reviewer will send the jeopardy or termination letter, narrative, and tax computation to the taxpayer(s) via certified mail within five calendar days of the 23C date. Technical Services will suspend and hold the case file for 35 calendar days after the 23C date to allow time for the taxpayer(s) to request an administrative review.

Note: To allow the Revenue Officer to meet the five-day requirement to serve the notices, assessments must be made early in the week. It is best to give Collection advanced notice the assessment will be made so they can schedule to serve the notices the same day as the assessments are processed, if possible.

- c. **Forward to Other Functions**—The Exam Coordinator will forward the remaining respective files to Technical Services and CI. See IRM 4.15.1.9 for contents of each file and distribution of the approval package.

4.15.1.7.7
(07-26-2021)
Area Report

- (1) The Exam Coordinator will prepare Form 6388, Semi-Annual Report of Jeopardy and Termination Assessments, for their Field Territory Manager if required, or alternate report required if Form 6388 is not used in their respective Area.

4.15.1.8
(07-26-2021)
Identify Cases

- (1) Employees must be aware of the criteria for jeopardy/termination cases and identify situations where a possible jeopardy/termination may exist.
- (2) A jeopardy or termination assessment can only be made by the IRS if collection is determined to be in jeopardy because at least one of the conditions listed in IRM 4.15.1.5 exist.
- (3) See IRM 1.2.1.5.27, Policy Statement 4-88, Jeopardy Assessments to be Used Sparingly and Assessment to be Reasonable in Amount, and IRM 1.2.1.5.28, Policy Statement 4-89, Termination Assessment of Income Tax to be Used Sparingly and Assessment to be Reasonable in Amount.

4.15.1.8.1
(07-26-2021)

Receive Information

- (1) An employee can receive information from many sources, inside and outside the U.S. Government. When an employee receives information indicating a jeopardy/termination situation may exist, the following information will be obtained, if applicable:
 - a. Name, including any aliases,
 - b. Date of birth, if available,
 - c. Address(es),
 - d. TIN (generally, a SSN or EIN),
 - e. Arrest record,
 - f. Filing history (secure AMDIS, IDRS transcripts, or similar documents such as BMFOL or IMFOL, for the last three years),
- (2) If a referral for a jeopardy/termination assessment is received from another organizational unit of the IRS, the Treasury Department, or Department of Justice (DOJ), the referral will be transmitted to the Field Territory Manager who will ascertain the status of the case. If the information shown on the referral is too general and/or vague to support a jeopardy/termination assessment, the referral will be assigned to an examiner to develop the facts necessary for approval or disapproval as expeditiously as possible. Any such oral referral received must be confirmed in writing prior to referral to the Area Director.
- (3) The employee receiving the information indicating a possible jeopardy/termination situation, with group manager approval, will contact the Exam Coordinator.

4.15.1.9
(07-26-2021)

Examiner Responsibilities

- (1) The following subsection addresses examiner responsibilities and provides instructions. The examiner must:
 - a. Document evidence concerning the conditions to make a jeopardy/termination assessment applicable,
 - b. Develop the facts to support the jeopardy/termination,
 - c. Prepare the report for assessment of the jeopardy/termination, and
 - d. Prepare the package for approval by the Area Director.

4.15.1.9.1
(07-26-2021)

Document Conditions

- (1) Evidence of meeting conditions for a jeopardy/termination assessment must be developed and documented to the maximum extent. Include indications that collection of tax will be endangered if regular assessment and collection procedures are followed. Include information regarding the taxpayer's financial condition. All evidence and information must be available for review to determine if the jeopardy/termination is reasonable under the circumstances.
- (2) The factors discussed below for flight, concealment, and insolvency, although not all inclusive, must be explored to the extent practical.

Note: At least one of the conditions listed in IRM 4.15.1.5 must be present and well-documented to proceed with jeopardy/termination assessment.

4.15.1.9.1.1
(07-26-2021)

Flight

- (1) Factors establishing flight include, but are not limited to, the following:
 - a. Evidence which would indicate if the taxpayer were free on bond, they would flee the United States or conceal themselves.

- b. The taxpayer's citizenship status: Resident alien, non-resident alien temporarily in the United States, an illegal alien. If the taxpayer is an alien legally in the United States, then their conviction on a specific offense would result in their deportation.
- c. The taxpayer has a passport and it is in the name of an alias.
- d. The taxpayer has any previous convictions for offenses that would indicate they would flee.
- e. The taxpayer is wanted by the police as a fugitive from another jurisdiction.
- f. There is any indication the taxpayer is about to leave the country, such as airline tickets seized from their possession at the time of arrest.

4.15.1.9.1.2
(07-26-2021)

Transfer/Concealment of Assets

- (1) Factors establishing concealment/transfer of assets include, but are not limited to, the following:
 - a. The taxpayer doesn't own any fixed assets and deals solely in cash.
 - b. The taxpayer drives a car with the registration in the name of an alias or a nominee.
 - c. The circumstances concerning the taxpayer's residence. The taxpayer has title, leases or rental agreements in the name of an alias or nominee.
 - d. The taxpayer was arrested with a large sum of money on their person. The taxpayer claimed it wasn't their money or claim it belonged to someone else.
 - e. The taxpayer has used an alias to conceal their identity in the past.
 - f. The taxpayer tried to destroy evidence at the time of their arrest.

4.15.1.9.1.3
(07-26-2021)

Insolvency

- (1) Financial solvency of the taxpayer must be threatened for a jeopardy/termination.

Note: Financial solvency is determined without regard to the proposed jeopardy/termination assessment of tax, penalty, and interest.

- (2) Factors establishing insolvency include the following:
 - a. There are balance due accounts open with respect to the taxpayer under their name, or any alias they may have used in the past.
 - b. A search of the local court records, or other resources, revealed outstanding judgements against the taxpayer.
 - c. The taxpayer has at some time filed for bankruptcy.

4.15.1.9.2
(07-26-2021)

Develop the Facts

- (1) The examiner will:
 - a. Establish, as thoroughly and sufficiently as circumstances permit, a reasonable belief that income has been earned, a tax is or will become due, and the tax will not be collected unless immediate action is taken.

Note: Exclude unlawful wiretap evidence entirely and other tainted (Grand Jury) or illegally obtained evidence, if possible. Consult Counsel if there are doubts as to legality.
 - b. Interview the taxpayer, the arresting officer(s), and other knowledgeable persons such as associates, employers when possible and applicable. See IRM 4.15.1.9.2.1.

Caution: Examiners must exercise caution before interviewing the taxpayer. The government's position could be impeded if the taxpayer has knowledge of a possible termination or jeopardy assessment. If the case has fraud potential, or if the taxpayer is interviewed while in custody, the examiner will not interview the taxpayer without the presence of a special agent. The special agent will advise the taxpayer of their constitutional rights.

- (2) An interview of someone other than the taxpayer is a third-party contact. If a third-party contact is necessary, see IRM 25.27, Third Party Contacts, for general third-party contact procedural guidance and IRM 4.16.1.4.5, SEP Responsibilities and Case Development, Third-Party Contacts, for information specific to SEP cases.

4.15.1.9.2.1
(07-26-2021)

Taxpayer Interview

- (1) Interview the taxpayer to afford the taxpayer an opportunity to explain their situation and to obtain as much information as possible. The interview must cover, at a minimum, the following:
 - a. Taxpayer's name, address, TIN, and telephone number,
 - b. Sources of taxable income,
 - c. Taxpayer's assets (date purchased and cost),
 - d. Extent of taxpayer's liabilities,
 - e. Sources of non-taxable income,
 - f. Gifts and/or loans made by the taxpayer,
 - g. Personal living expenses of the taxpayer (rent, food, utilities),
 - h. Amount of money or other assets seized,
 - i. Dependents,
 - j. Marital status,
 - k. Date of birth, and
 - l. Education.

4.15.1.9.2.2
(07-26-2021)

Arresting Officer Interview

- (1) Interview the arresting officer(s) to obtain the following information:
 - a. Specific charges giving rise to the arrest,
 - b. Copy of the arrest report, warrant, and all other records seized by the police,
 - c. Detailed facts with respect to the money and other assets seized and whether any other party is claiming ownership of the assets seized,
 - d. Probability of the taxpayer leaving the country, and
 - e. How long the assets will be held by the arresting agency.

Note: The examiner must ask questions to determine who has possession of the assets. The examiner must then ask for the possessor's telephone number and contact address. The examiner will leave their name and telephone number and request to be notified if anyone files a claim for the seized assets.

4.15.1.9.2.3
(07-26-2021)

Interview of Others

- (1) Interview other knowledgeable persons to develop the facts to determine if a jeopardy/termination exists. Such persons include the following:
 - a. Narcotics agents,
 - b. Business associates,
 - c. Coworkers,

- d. Employers, and
- e. Any other individuals who may have information about the taxpayer or can assist in developing the case.

4.15.1.9.2.4
(07-26-2021)
Document the Facts

- (1) Income from illegal activities, such as narcotics or gambling, must be evidenced by documents. It must also be supported by a professional opinion of a law enforcement officer or other expert with knowledge of the taxpayer's activity.
- (2) The underlying taxable income must be determined in a reasonable manner which does not produce an arbitrary, capricious, or excessive amount under the particular circumstances. The facts must be developed to support the determination the taxpayer received income and to establish the periods when the income was received.
 - a. **Income Activity**—The taxpayer must be involved in an income producing activity. The specific facts must be developed and recorded to support income was received by the taxpayer.

Example: In *Rinieri v. Scanlon*, 254 F. Supp. 469 (S.D. N.Y. 1966), a revenue agent testified the only information was that Rinieri, a French citizen, possessed said cash, it was believed it came from the sale of narcotics, and a cost of living figure of \$53,100 was used in order to produce a tax liability of about the sum of the seized cash. The court granted summary judgement for the taxpayer in the refund suit, noting the government lacked proof of earnings within the United States, even some four years later. It brushed aside any presumptive evidence of jeopardy with the observation there can be no jeopardy if no taxes are due. The court concluded the government, "acted in a fashion which can only be described as arbitrary, capricious, and unconscionable."

- b. **Period(s) Involved**—The specific facts must be developed and recorded to support income was received over the period(s) determined. There must be a rational connection between facts known or ascertained and facts presumed or inferred.

Example: In *Pizzarello v. United States*, 408 F.2d 579 (2nd Cir. 1969), the court concluded an assessment of some \$282,000 in wagering taxes was excessive, arbitrary, and without factual foundation. The amount was determined by projecting the average of wagers received during a 3-day period, over a 5 year period. The government failed to establish the taxpayer engaged in gambling during the entire 5 year period or the 3-day average represented average daily business for any other days.

Example: In the refund case of *O'Neill v. United States*, 198 F. Supp. 367 (E.D. N.Y. 1961), the wagering excise tax for a 16-month period was determined by reference to seized betting slips covering all betting activities during the last month of the period. The agents believed the last month to be the most representative. At trial the fact the taxpayer engaged in the wagering business throughout the 16-month period was established under collateral estoppel by reference to the taxpayer's conviction, and no

4.15 Jeopardy/Termination Assessments

evidence controverting the government's figures was offered.
See IRM 25.1.6.5, Collateral Estoppel.

- c. **Burden of Proof**—The government has the burden of proving that making the jeopardy/termination assessment was reasonable under the circumstances (that is, whether or not assessment or collection was in jeopardy). The taxpayer has the burden of proving the amount assessed was inappropriate under the circumstances.
- (3) The tax history of the taxpayer must be verified. Determine if returns for prior years were filed, if there are estimated tax payments or withholding for prior years or the current year, whether the taxpayer under-reported for prior years, and if the taxpayer is current or delinquent in tax obligations. Place the information and analysis in the jeopardy/termination file. Include the following:
- a. AMDISA prints for the last three years to determine if any years are under examination;
 - b. Transcripts for the last three years to reveal the filing history of the taxpayer (BMFOL and IMFOL prints can be used in place of transcripts) and
 - c. BRTVU and RTVUE prints (and/or EUP prints, if available) for the last three years to uncover types of businesses, income, expenses, deductions, types of returns filed by the taxpayer.
- (4) Case files for jeopardy/termination assessments must contain the following information:
- a. Name, address, and TIN of the taxpayer,
 - b. A complete computation of taxable income with all necessary supporting schedules and computations,
 - c. Tax and penalty to be assessed by year, quarter, or period,
 - d. The nature of the taxpayer's business or activity,
 - e. The taxpayer's present financial condition,
 - f. Information regarding the taxpayer's activity giving rise to the jeopardy/termination,
 - g. Records with respect to continuing business or personal losses,
 - h. The taxpayer's record for resisting payment of taxes in the past, if known,
 - i. The nature and location of the taxpayer's assets and the source of income,
 - j. Identity and location of any retirement plan in which the taxpayer participates and in which benefits may be immediately available,
 - k. The taxpayer's filing record, and
 - l. Any other information having a bearing on the taxpayer's financial condition, future prospects for losses, etc.

Note: Managerial approval is required (in writing) and must be documented for penalties asserted under IRC 6751, Procedural Requirements. Please see IRM 4.10.8.4.1, Individual and Corporate Cases, and IRM 20.1.5.2.3, Supervisory Approval of Penalties - IRC 6751 Procedural Requirements, for more information on the requirements needed to assess penalties.

4.15.1.9.3
(07-26-2021)

Prepare the Pre-Approval Report

- (1) A pre-approval report will be prepared by the examiner. The pre-approval report will consist of the following:
 - a. The appropriate jeopardy or termination letter in IRM 4.15.1.9.3.1,
 - b. Tax computation,
 - c. Narrative,
 - d. Copy of return, and
 - e. Other information.
 - (2) The Exam Coordinator will review the pre-approval report.
 - a. If the Exam Coordinator agrees with the report, the examiner will deliver, or send electronically encrypted, the report to the Technical Services staff for review.
 - b. If Technical Services concurs, the examiner and/or Technical Services reviewer will deliver, or send electronically, the report to Counsel for review.
 - c. If Counsel concurs, the pre-approval report will be returned to the examiner for preparation of the approval report.
 - d. If the Exam Coordinator, Technical Services, or Counsel does not agree with the pre-approval report, the examiner will make the necessary corrections, and resubmit the package for agreement.
- Note:** If the jeopardy/termination is determined not to exist, a memorandum to the file will be prepared to document the reasons for discontinuance. The file, with the memorandum to file, will be returned to the Exam Coordinator for record keeping.
- (3) The Exam Coordinator will notify CCP an assessment is coming prior to the acceptance of the pre-approval report. The Exam Coordinator will send a draft copy of Form 5344, Examination Closing Record, Form 2644, Recommendation for Jeopardy/Termination Assessment, and Form 4549, Report of Income Tax Examination Changes, to CCP after the pre-approval report is approved.
 - (4) If the pre-approval report is accepted, an approval report will be prepared. The approval report is part of the package that is submitted for the Area Director's approval of the jeopardy/termination assessment.

4.15.1.9.3.1
(07-26-2021)

Jeopardy/Termination Letters

- (1) The letters are addressed to the taxpayer at their last known address. The letters in the table below are available in the IRS Product Catalog.

| Assessment Type: | Letter to use: |
|---------------------------------|--|
| A termination | Letter 1583, Notice of Termination Assessment of Income Tax Under IRC 6851, Termination Assessments of Income Tax. |
| A jeopardy | Letter 1584, Notice of Jeopardy Assessment and Right to Appeal. |
| A termination possessor of cash | Letter 1929, Notice of Termination Assessment of Income Tax Under IRC 6867. |
| A jeopardy possessor of cash | Letter 1930, Notice of Jeopardy Assessment of Income Tax Under IRC 6867. |

Note: The above letters do not serve as notice of jeopardy levy. In jeopardy levy situations, the Revenue Officer will issue Letter 2439, Notice of Jeopardy Levy and Right of Appeal.

4.15.1.9.3.2 (07-26-2021)

Tax Computation

- (1) The basis on which the taxable income is computed will be stated. Examples are source and application of funds, net worth computation, specific identification, etc. All known assets, liabilities, income, and expenses will be considered. Assets held under IRC 401(a), Requirements for Qualification, will not be considered unless such amounts are available to the taxpayer. See *Fraud Development Knowledge Base*, for examples of income computations.
- (2) The following items must be considered in the tax computation:
 - a. Expenses—A reasonable estimate of expenses will be made if the facts support the estimate.

Example: If the taxpayer is in a business where Cost of Goods Sold (COGS) is involved, a reasonable estimate must be made for COGS.
 - b. Deductions/Credits—The standard deduction, exemptions, and credits, without proration, are allowed.
 - c. Taxes—Self-employment tax, alternative minimum tax, additions to tax for early distributions from certain retirement plans, prohibited transaction excise tax, if applicable, will be asserted.
 - d. Possessor of Cash—For assessment purposes, cash or cash equivalent, as defined in IRC 6867(d), Definitions, will be treated as taxable income and taxed at the highest rate of tax specified in IRC 1, Tax Imposed.

Note: Usually Form 4549-A, Report of Income Tax Examination Changes (Without Taxpayer Signature), or a similar report, is prepared. Attached to the Form 4549-A are computational schedules, such as the computations for self-employment tax, alternative minimum tax, penalties and interest. Include any other necessary schedules such as a net worth computation, if used.

4.15.1.9.3.3 (07-26-2021)

Narrative

- (1) Prepare a narrative explaining the facts, circumstances, and reason for the assessment.

Example: You were stopped in [CITY, STATE,] on Month DD, YYYY, for a traffic violation. A search of your person and vehicle revealed \$XX,XXX in cash. The money was seized by the XXXX Police Department. At the time of your arrest, the officer questioned you regarding the origin of the money and you stated the money was from a “pick up” from a XXXXXXX. At a later date, you told the Internal Revenue Service (IRS) you earned half of the money by working for your father’s XXXX business. The other half was given to you by your father. You have admitted in the past to taking money out of the country to relatives in XXXX. Presently, you are serving time in a federal prison for two charges: XXXX and XXXX. A search of the IRS Campus records shows you have no filing history. Based on the above stated facts, it appears you have concealed your assets. Therefore, a jeopardy assessment is recommended for the 20XX and 20XX tax years.

4.15.1.9.3.4
(07-26-2021)
Copy of Return

- (1) A copy of the return or Substitute For Return (SFR) is included in the report. If the return has not been filed, follow SFR procedures to process the original return to establish the taxpayer on MF or NMF so an assessment can be made.
- (2) For a jeopardy assessment, if a return has been filed, include a copy. If a return has not been filed, follow SFR procedures. Identify the original SFR as a jeopardy SFR. Process the original using Form 3198, Special Handling Notice for Examination Case Processing. Keep a copy of the SFR for the report.
- (3) For a termination assessment, follow SFR procedures. Identify the original SFR as a termination SFR. Process the original using Form 3198. Keep a copy of the SFR for the report.

Note: A SFR may also be necessary for the full year return if the taxpayer fails to file in termination follow-up action. See IRM 4.15.1.10.2.

- (4) For a possessor of cash (either a jeopardy or termination), create a new taxable entity (dummy file) for the individual who is in physical possession of the cash. All documents requiring entity information must use “(possessor’s name) as possessor of certain cash” as the name line. Follow SFR procedures and process the original return using Form 3198. Keep a copy of the SFR for the report.
 - a. A temporary TIN must be obtained for all assessments made under IRC 6867, Presumptions Where Owner of Large Amount of Cash is Not Identified, irrespective of information indicating the possessor’s personal TIN. The use of the temporary TIN enables separate tax liability treatment for the possessed cash and avoids any effect on the possessor’s personal individual tax liability, which remains separate from the IRC 6867 assessment. Contact Case Processing Support to inform them a possessor of cash jeopardy/termination assessment is in process and to obtain the temporary TIN.
 - b. Jeopardy—A jeopardy possessor of cash entity is established on MF.
 - c. Termination—A termination possessor of cash entity is established on NMF.

4.15.1.9.3.5
(07-26-2021)

Other Information

- (1) Include any notes, memorandums of interview, copies of taxpayer's books and records, records of filing history, copies of arrest reports, documentation of assets, financial statements, or any other records were obtained or used to develop the case.

4.15.1.9.4
(07-26-2021)

Approval Report

- (1) The examiner will prepare the approval report after the pre-approval report has been accepted. The approval report is part of the package to be submitted to the Area Director and Counsel for approval of the jeopardy/termination assessment.

- (2) The approval report will consist of the following items:

- a. Form 2644, Recommendation for Jeopardy/Termination Assessment—A separate Form 2644, in triplicate, will be prepared for each taxpayer in cases involving transferor-transferee liability or assessment of Trust Fund Recovery Penalty (TFRP) as provided in IRC 6672, Failure to Collect and Pay Over Tax, or Attempt to Evade or Defeat Tax. For possessor of cash assessments, the taxpayer's name will include the words "as Possessor of Certain Cash" following the taxpayer's name.

Note: Form 2644 must be signed by the Exam Coordinator for the respective Area.

- b. Form 2645, List of Property Belonging to Taxpayer—Must list all property of which the examiner has knowledge. It provides Examination and Collection with any information on property or distrainable assets belonging to the taxpayer.
- c. Form 3198, Special Handling Notice for Examination Case Processing—Under "Expedite Processing", on the first page, check block "Other" and insert: For a jeopardy: "Jeopardy assessment of type of tax." Include the type of tax, income or other (whichever type is applicable). For a termination: "Termination assessment of income tax." Under "Forward to Technical Services" check the boxes for "Jeopardy or Termination" and "Other" and in the section after "Other"—document the following: For a jeopardy: "Jeopardy Assessment" For a termination: "Do not make refund or post full year return." For a possessor of cash: "This is an assessment made under provisions of IRC 6867, Presumptions Where Owner of Large Amount of Cash is Not Identified. Do not merge account for (insert possessor's name)."
- d. Form 4135, Criminal Investigation Control Notice—This form places a TC 914 on MF to prevent the posting of the full year return, and is prepared for terminations and possessor of cash only. Place an "X" in the Box "TC 914." For a termination: Under Remarks found on page 2, indicate "This is a termination assessment of income tax. Do not post full year return. Send any returns received to Field Territory Manager, XXXX Area." For a possessor of cash: (either a jeopardy or termination)—Under remarks, indicate "This is a jeopardy/termination (choose one) assessment under the provisions of IRC 6867. Do not merge account for (insert Possessor's Name) as Possessor of Certain Cash with taxpayer's personal account". See IRM 4.15.1.10.6, for more information on possessor of cash.
- e. Form 5345-D, Examination Request-ERCS (Examination Returns Control System) Users, is prepared for terminations only. Item 1 must reflect Source Code 60 (to requisition the full-period return for follow-up action). Item 17, "Reason for Request/Related Return" will be completed by the Exam Coordinator for year-end follow-up action.

- f. Form 5346, Examination Information Report, is prepared for terminations only. Enter in "Information Obtained," the following "Termination of taxable period."
 - g. Form 11661, Fraud Development Recommendation-Examination. This form is used in cases where the civil fraud penalty is proposed.
 - h. Jeopardy/Termination Letter—see IRM 4.15.1.9.3.1.
 - i. Tax computation—see IRM 4.15.1.9.3.2.
 - j. Narrative—see IRM 4.15.1.9.3.3.
 - k. Copy of Return—see IRM 4.15.1.9.3.4.
 - l. Other Information—see IRM 4.15.1.9.3.5.
 - m. Counsel Memo.
 - n. Form 4549, Report of Income Tax Examination Changes.
 - o. Form 5344, Examination Closing Record.
 - p. Compliance Evaluation and other supporting lead sheets.
- (3) A total of five files of the approval package are prepared for a jeopardy/termination assessment. The files are sent to: Technical Services, Exam Coordinator, Criminal Investigation (CI), Centralized Case Processing (CCP) and Collection (the Revenue Officer who will assert the levy). The table below summarizes the contents that are included in each approval package sent to the respective functions:

Note: "Original" in a column denotes the location where the original document is sent and the number in the column (1, 2) denotes the number of copies to send.

| Item | Technical Services | Exam Coordinator | CI | CCP | Collection |
|---|--------------------|------------------|----------|-------------|-------------|
| Form 2644 | 1 | 1 | N/A | Original, 1 | 1 |
| Form 2645 | Original | 1 | N/A | N/A | 1 |
| Form 3198 | 1 | 1 | N/A | Original | N/A |
| Form 4135 (Only for assessments where TC 914 is needed) | 1 | 1 | Original | N/A | N/A |
| Form 5345-D (Only for terminations) | 1 | 1 | N/A | N/A | N/A |
| Form 5346 (Only for terminations) | 1 | 1 | N/A | N/A | N/A |
| Jeopardy/Termination Letter | Original | 1 | N/A | N/A | Original, 2 |
| Tax computation | Original | 1 | N/A | 1 | 2 |
| Narrative | Original | 1 | N/A | 1 | 2 |
| Copy of return/SFR (Only copy of SFR is retained for the file; original SFR will be submitted for processing) | 1 | 1 | N/A | 1 | N/A |
| Other information | Original | 1 | N/A | N/A | N/A |

4.15.1.10
(07-26-2021)

**Post-Assessment
Procedures**

- (1) This subsection contains information and guidance for the processing of jeopardy/termination assessment cases after the assessment has been made.

4.15.1.10.1
(07-26-2021)

Notice of Deficiency

- (1) The Exam Coordinator will ensure an examination is completed in order for a Statutory Notice of Deficiency (SNOD) to be issued, as required by the jeopardy/termination provisions. The examination file, which includes the jeopardy/termination assessment file, is completed and assembled according to case file assembly procedures. The completed case will be forwarded to Technical Services for issuance of the required SNOD.
- (2) If a full year return is not filed or accepted, a SNOD is required to be mailed to the last known address of the taxpayer.
- (3) Exam Technical Services is responsible for issuing the SNODs in jeopardy/termination assessments, except in cases pending in Appeals. All SNODs prepared in jeopardy/termination cases will be reviewed by Counsel before issuance.
- (4) Jeopardy—A SNOD is required to be mailed to the last known address of the taxpayer within 60 calendar days of the date of the assessment. See IRM 4.8.9.17.3.1, Jeopardy Notice of Deficiency, and IRM 4.8.8.7.1.3, Preparing Notices of Deficiency, for more information. An examination of the taxpayer, preparation of the SNOD, and review of the notice by Counsel, will be completed within the 60-day period.
- (5) Termination—A SNOD is required to be mailed to the last known address of the taxpayer, for the taxpayer's full taxable year, within 60 calendar days after the later of the following:
 - a. The due date of the taxpayer's return for the taxable year, including extensions, or
 - b. The date the taxpayer files a return for the taxable year if the taxpayer files a return by the due date, including extensions. However, if the taxpayer does not file a return, the SNOD must be sent within 60 calendar days after the due date of the return, including extensions. See *Perlowin v. Sassi*, 711 F.2d 910, 912 (9th Cir. 1983) and *Ramirez v. Commissioner*, 87 T.C. 643, 648 n.2 (1986).

4.15.1.10.2
(07-26-2021)

Termination Follow-Up

- (1) Termination assessment provisions require the taxpayer who is subject to a termination assessment to file a full year return, and the IRS to issue a SNOD to the taxpayer with respect to that full year return. Generally, the SNOD will be issued within 60 calendar days from the due date of the return including extensions. Controls must be established to follow through on termination assessments. For termination assessments, Exam is responsible for establishing/requesting NMF controls and to determine whether or not the taxpayer files a full year's return and the location of the filing for termination assessments.

4.15.1.10.2.1
(07-26-2021)

**Termination
Assessments - Filing
Requirements of the
Taxpayer**

- (1) IRC 6091(b), Place for Filing Returns or Other Documents, and Treas. Reg. 1.6091-2 (See 26 CFR 1.6091-2) require persons to file their full taxable year returns with the Area Director, as prescribed by the regulations.
- (2) Where persons subject to a termination assessment are required to file their full taxable year returns depends on whether the taxpayer is an individual or a

corporation. Such place for filing returns or other documents is prescribed to provide early receipt and time for necessary examination and issuance of the SNOD within the 60-day period required by IRC 6851(b), Notice of Deficiency.

- a. Taxpayers other than corporations are directed to file their full taxable year returns with the Area Director, as prescribed by the regulations, where the taxpayer residence or principal place of business is located.
- b. Corporate taxpayers are directed to file their full taxable year returns with the Area Director, as prescribed by the regulations, where the principal office or agency of the corporation is located.

- (3) If a taxpayer does not comply with the filing directions (files their full year's return with a Campus or Area Director not specified), the return is not deemed filed within the meaning of IRC 6851(b). The return is deemed filed once the proper Area Director secures the return. Thus, the SNOD must be mailed within 60 calendar days after the later of the date the proper Area Director secures the return (the filing date) or the due date of the return for the taxable year, including extensions.

4.15.1.10.2.2
(07-26-2021)
Examination of Full-Year Return

- (1) An examination of the full year return is required in order to determine the correct tax liability and issue a SNOD, whether the taxpayer filed a full year return or failed to file a return. The examination must be completed in time for the preparation, review, and issuance of the SNOD within the required 60-day period.
 - a. Filed Return — Upon filing of the full year return by the taxpayer subject to a termination assessment, an examination for the entire year will be initiated.
 - b. Nonfiled Return — If the taxpayer fails to file by the due date of the return, an examination for the entire year will be initiated. If a return is not secured, follow SFR procedures. See IRM 4.12.1, Nonfiled Returns.
- (2) Payments posted to the taxpayer's NMF account must be transferred to the MF account once the full year return is processed. For more information, see IRM 4.4.3.4, Transferring NMF Credits to MF Deficiency.

4.15.1.10.3
(07-26-2021)
Request for Review

- (1) If the taxpayer, who is subject of the jeopardy/termination assessment, files a request for an administrative review, the Exam Coordinator will forward the request to Technical Services. The request is made by the taxpayer after the assessment is made.

4.15.1.10.4
(07-26-2021)
Administrative and Judicial Reviews

- (1) This IRM subsection discusses IRC 7429, Review of Jeopardy Levy or Assessment Procedures, which provides for administrative and judicial review of jeopardy and termination assessments. Jeopardy/termination assessments under IRC 6867, Presumptions Where Owner of Large Amount of Cash is Not Identified, are not entitled to administrative and judicial review under IRC 7429.

4.15.1.10.4.1
(07-26-2021)
Administrative Reviews

- (1) A taxpayer may request an administrative review of a jeopardy/termination assessment. Administrative review is a prerequisite to later judicial review. See *Machado v. United States*, 80-1 USTC (CCH) 9323 (S.D. N.Y. 1980). Generally, the IRS has 15 calendar days to respond to a request for administrative review.

4.15.1.10.4.1.1
(07-26-2021)

**Written Statement to
Taxpayer**

- (1) IRC 7429(a)(1), Administrative Review, requires the IRS provide a written statement to the taxpayer. This statement includes the information used to prepare the jeopardy/termination assessment and must be provided to the taxpayer within five calendar days of making the assessment. See IRM 5.1.4.3.4, Assessment and Post Assessment Procedures.
- (2) The written statement must include:
 - a. Jeopardy or termination letter- These letters provide the amount of the tax and direct the taxpayer to the attached computation to show how the tax was determined. They cite the applicable code section, provide the computation of tax, and notify the taxpayer of their right of appeal and the right of review under IRC 7429. See paragraph 3 for the types of letters.

Note: If applicable, Collection will notify taxpayers of their right to appeal under IRC 6330, Notice and Opportunity for Hearing Before Levy, by issuing Letter 2439, Notice of Jeopardy Levy and Right of Appeal.
 - b. Tax computation.
 - c. Narrative.
- (3) Jeopardy or termination letters are available in the IRS Product Catalog. These letters offer expandable/drop-down fields to add additional, case-specific information, as required by IRC 7429(a)(1)(B), Information to Taxpayer. Exam Coordinators can assist with additional language needed on a case by case basis.

4.15.1.10.4.1.2
(07-26-2021)

**Notice & Demand to Pay
Tax**

- (1) IRC 6851, Termination Assessments of Income Tax; IRC 6861, Jeopardy Assessments of Income, Estate, Gift, and Certain Excise Taxes; and IRC 6862, Jeopardy Assessment of Taxes Other Than Income, Estate, Gift, and Certain Excise Taxes, require the IRS to present immediately, to the taxpayer, a notice and demand to pay tax. Generally, Form 3552, Prompt Assessment Billing Assembly, is used for notice and demand. Form 3552 is prepared by Collection with certain modifications. If Form 3552 is not available, copy the text of one on IRS letterhead stationery.

4.15.1.10.4.1.3
(07-26-2021)

**Request for
Administrative Review**

- (1) A taxpayer may file a request for review of the assessment action, in writing, generally within 30 calendar days of the date of the assessment. This written request must be sent to the Area Director per the jeopardy or termination letter issued as part of the written statement to the taxpayer.
- (2) Under IRC 7429(a)(2), Request for Review, a taxpayer may request an administrative review of the assessment action within 30 calendar days, after:
 - a. The day the taxpayer is provided the Notice of Assessment and Right of Appeal, or
 - b. The last day of the period the Notice is required to be furnished to the taxpayer (35 calendar days after the assessment if the notice is not timely delivered).

Note: IRC 6851, Termination Assessments of Income Tax; IRC 6861 Jeopardy Assessments of Income, Estate, Gift, and Certain Excise Taxes; and IRC 6862,

Jeopardy Assessments of Taxes Other Than Income, Estate, Gift, and Certain Excise Taxes, require the IRS to immediately present to the taxpayer a notice and demand to pay tax.

- (3) The request will be forwarded to the Exam Coordinator identified in IRM 4.15.1.7. The Exam Coordinator will forward the request to the Technical Services Manager. The Exam Coordinator will keep a copy of the request for their file.
- (4) The Exam Coordinator will notify Technical Services that an administrative review was initiated by the taxpayer. Technical Services will promptly notify Appeals of any request for review filed by the taxpayer upon receipt. The entire file, including the request for administrative appeal, will be gathered and transmitted to Appeals.

Note: The Technical Services Jeopardy/Termination Coordinator has overall responsibility for liaison between the operating divisions, CI, Appeals and Counsel. Responsible IRS employees must keep Technical Services informed of the status of the case. The Technical Services Manager's responsibility is to review the tax computation and ensure proper procedures are followed. The responsibility for taking necessary actions on any case remains with the organization having jurisdiction for taking the required actions.

4.15.1.10.4.1.4
(07-26-2021)

Redetermination by the Secretary

- (1) Under IRC 7429(a)(3), Redetermination by Secretary, Appeals considers the taxpayer's request for administrative review. When feasible, Appeals grants an immediate conference and within 15 calendar days after the request is received by the IRS, determines whether:
 - a. The making of the assessment is reasonable under the circumstances, and
 - b. The amount assessed is appropriate.
- (2) A determination is made by the Appeals Officer based on the taxpayer's written request and additional information furnished.
- (3) Appeals procedures will be suspended if a taxpayer files a civil suit at any time prior to the conclusion of the administrative appeals.
- (4) Appeals consideration results in one of the following actions:
 - a. Assessment sustained in full (the action and the amount of tax are correct),
 - b. Assessment sustained in part (the amount of tax assessed is redetermined),
 - c. Assessment is not reasonable or warranted (for example, collection of tax is not in jeopardy), or
 - d. Taxpayer agreement to the assessment and the amount assessed in full or in part.
- (5) Exam will take the following actions:
 - a. The taxpayer will be requested to pay the tax if the taxpayer agrees with the Appeals determination. The Area Director will be notified to abate any excessive tax assessed as determined by Appeals.

- b. The Area Director will be notified by Appeals to abate all of the tax assessed, release liens and levies as necessary and process refunds or credits as necessary if it is determined the action was not warranted.
 - c. If the taxpayer does not agree with the Appeals determination, the taxpayer will be informed of their right for judicial review.
- (6) The file will be returned, including any Appeal's reports and transmittal memorandums to Technical Services.

4.15.1.10.4.2
(07-26-2021)

Judicial Reviews

- (1) Under IRC 7429(b)(1), Proceedings Permitted, a taxpayer may request a judicial review of the assessment action within 90 calendar days after the earlier of:
 - a. The day the IRS notifies the taxpayer of the determination of the administrative appeal, or
 - b. The 16th day after a request for review was made.
- (2) Administrative review procedures and court proceedings initiated by the taxpayer will be monitored by:
 - Technical Services, and
 - The Exam Coordinator.
- (3) The Technical Services Jeopardy/Termination Coordinator will notify Counsel of any court proceedings commenced by the taxpayer. The entire file, including the request for administrative appeal and information developed in reviews, will be gathered and transmitted to Counsel within two working days.

4.15.1.10.4.2.1
(07-26-2021)

Judicial Determination

- (1) Under IRC 7429(b)(3), Determination by Court, the court considers the taxpayer's request for judicial review within 20 calendar days after a proceeding is commenced to determine whether:
 - a. The making of the assessment is reasonable under the circumstances and
 - b. The amount assessed is appropriate.
- (2) The court makes a determination based upon all the facts known at the time of the review. The facts are not limited to facts known at the time the assessment was made.
- (3) If the taxpayer requests an extension of the 20-day period and establishes reasonable grounds for the request under IRC 7429(c), Extension of 20-Day Period Where Taxpayer So Requests, the court may grant an extension of up to 40 additional calendar days.
- (4) If the court determines the taxpayer did not properly serve the United States within five calendar days after the date of the commencement of the proceeding, the running of the 20-day period may be postponed until proper service is made. See IRC 7429(b)(3), Determination By Court.
- (5) Court review results in one of the following actions:
 - a. Assessment is reasonable,
 - b. Assessment is unreasonable, or
 - c. Assessment amount is inappropriate.

- (6) A determination made under IRC 7429 affects only the jeopardy/termination assessment.
- 4.15.1.10.4.2.2
(07-26-2021)
Action by Examination

 - (1) During judicial review, there may be some determinations the jeopardy/termination assessment was improperly made, or the amount assessed was excessive. Appeals may determine the decrease in tax, penalty, and interest. The Area Director will be notified by Appeals to abate any excessive tax assessed, release any liens or levies and process refunds or credits. See IRM 4.15.1.10.5 for abatement procedures.
- 4.15.1.10.4.2.3
(07-26-2021)
Finality of Judicial Determination

 - (1) Any determination made by a court under IRC 7429, Review of Jeopardy Levy or Assessment Procedures, is final and will not be reviewed by any other court.
- 4.15.1.10.4.3
(07-26-2021)
Area Reviews

 - (1) The Area Director will ensure reviews are conducted on the jeopardy/termination assessments and verify the area is complying with IRM procedures, IRM 1.2.1.5.27, Policy Statement 4–88, Jeopardy Assessments to be Used Sparingly and Assessment to be Reasonable in Amount, and IRM 1.2.1.5.28, Policy Statement 4-89, Termination Assessment of Income Tax to be Used Sparingly and Assessment to be Reasonable in Amount.
- 4.15.1.10.5
(07-26-2021)
Abatement Procedures

 - (1) During administrative or judicial review of the jeopardy/termination assessment action, there may be a determination the assessment was improperly made or excessive in amount, or Appeals may overturn the assessment. If the Area Director believes a jeopardy/termination assessment is excessive in amount, or if it is shown to the satisfaction of the Area Director a jeopardy situation does not exist, they may abate the assessment in whole or in part.
 - (2) An abatement of all or part of the tax must be supported by a statement of reasons, the report of findings, and a new computation of tax. Copies of the Area Director's, Appeals', or Counsel's statement of reasons, report of findings, and new computation of tax will be included in the file of any jeopardy/termination assessment.
 - (3) The jeopardy/termination assessment case file (including the statement of reasons, report of findings, and a new computation of tax) will be forwarded according to whether a judicial or administrative decision is made.
 - (4) Counsel will relay court orders to abate all or part of the tax to Technical Services.
 - (5) Appeals will relay Appeals' decisions to abate all or a part of the tax to Technical Services.
 - (6) Other Decision — The Area Director's decision to abate all or part of the tax will be relayed to Technical Services.
 - (7) Technical Services will forward the following information:
 - a. The case file to Technical Services Manager, for immediate processing of the abatement. Form 5344, Examination Closing Record, will be prepared to decrease tax, penalty, and interest for cases open in Exam. Form 3870, Request for Adjustment, will be used in other cases. See IRM

4.8.8.7.1.4, Abating Jeopardy/Termination Assessments, for instructions on abating jeopardy/termination assessment cases by Technical Services.

- b. The information to the Collection Territory Manager, to advise them of the redetermined liability, of any restrictions on the collection action which may be pursued, or of a final decision by the court which may permit sale of seized property. If a part of the assessment remains, collection action may be resumed for the balance due. If an excess collection has been made, the Campus will refund the excess. No refund will be made until the case is closed.
- c. A copy of the statement of reasons, report of findings, and a new computation of tax for granting an abatement, to the Exam Area Director and the Exam Coordinator for review.

4.15.1.10.6
(07-26-2021)

Possessor of Cash

- (1) If an individual comes forward and claims ownership of cash (or cash equivalent) related to an assessment per IRC 6867, Presumptions Where Owner of Large Amount of Cash is Not Identified, they will be advised to submit a written request to the Area Director marked for the attention of the Exam Coordinator. See IRM 4.8.8.7.1.3.3, Possessor of Cash Notice of Deficiency, for more information.
- (2) The written request for return of the subject property will be signed under penalty of perjury. The request will contain the following information:
 - a. The name, address, and SSN of the person submitting the request,
 - b. A detailed description of the property levied upon, if other than cash; if cash, state the exact amount seized,
 - c. A description of the claimant's basis for claiming the property levied upon as belonging to the claimant,
 - d. The name and address of the "Possessor" of the cash or cash equivalent (the person who was originally found to be in possession of the cash and who denied its ownership and did not properly identify the true owner) and
 - e. The originating operating division, the date of lien or levy as shown on Form 668-A, Notice of Levy, or Form 668-B, Levy, or in lieu thereof, a statement of the reasons why such information cannot be furnished.
- (3) If the Exam Coordinator determines the written request is valid, they will forward any changes to the original assessment based on the written request to Technical Services. Technical Services is responsible for abating any over-assessment and refunding the overassessment to the claimant, if applicable. See IRM 4.15.1.10.5, for more information on abatement procedures. Exam will notify Technical Services of their determination so Technical Services can arrange for disposition of any noncash items seized.
- (4) The original assessment will be abated. If circumstances dictate, another assessment may be made on the individual that came forward and claimed the cash. The assessment, against the owner of the cash, that replaces the original assessment, will be treated as dating back to the date of the original assessment.

4.15.1.10.6.1
(07-26-2021)

Cash Equivalents

- (1) Cash equivalents under IRC 6867(d)(2), Cash Equivalent, include:
 - Foreign currency,
 - Any bearer obligation,

- Any medium of exchange which meets the criterion in IRC 6867(d)(2)(C).

Note: This list is not all inclusive. There are additional cash equivalents specified in the regulations. The value of a bearer obligation will be taken into account at face value. The value of any other cash equivalent is its fair market value.

