



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.19.4

APRIL 10, 2024

EFFECTIVE DATE

(04-10-2024)

PURPOSE

- (1) This transmits the revised IRM 4.19.4, Liability Determination, CAWR Reconciliation Balancing

MATERIAL CHANGES

- (1) IRM 4.19.4.1.6 Related Resources: Updated resources.
- (2) IRM 4.19.4.2 IRS-CAWR and SSA-CAWR Case Screening Process: Updated grammar error.
- (3) IRM 4.19.4.2.1 IDRS Screening: Updated grammar error.
- (4) IRM 4.19.4.2.6 Bankruptcy Cases (TC 520/521) Identified During Screening: Updated grammar error.
- (5) IRM 4.19.4.2.12 Common Resolution Procedures During Screening: Updated the tax years.
- (6) IRM 4.19.4.3 Replies: Updated information on telephone contact and authorization/ disclosure.
- (7) IRM 4.19.4.3.1.1 Intentional Disregard Failure to File Penalty (PRN 549): Updated the penalty amounts.
- (8) IRM 4.19.4.3.1.2 Late Filed Forms W-2 Penalty (PRN 550): Updated the penalty amounts.
- (9) IRM 4.19.3.1.3 SSA-CAWR Reply Procedures: Updated supervisory approval verbiage.
- (10) IRM 4.19.4.4 No Replies: Updated CIS to CII.
- (11) IRM 4.19.4.5.1 IRS-CAWR/SSA-CAWR Undeliverables: Updated undeliverables with a new/better address after cycle 33 procedures.
- (12) IRM 4.19.4.6.1 Recons (previously called Late Replies) Addressing SSA-CAWR Penalties: updated instructions to include timely submission and penalty abatement information.
- (13) IRM 4.19.4.6.2 Appeals Cases: Updated note about Disclosure procedures for phone contacts.
- (14) IRM 4.19.4.10 Program Codes (OFF) and Program Completion Dates (PCD): Updated the program completion and benchmark dates.
- (15) IRM 4.19.4.11.1 CSR - Researching IRS-CAWR/SSA-CAWR Issues: Updated the IRM reference and information.
- (16) IRM 4.19.4.11.2 CSR CAWR/SSA-CAWR Information and Procedures: Updated information regarding CAWR assessment on last quarter with TC150 posted.
- (17) Updated and replaced incorrect CAWR/ FUTA home page links and references.
- (18) Updated and replaced incorrect or missing IRM links, references and Grammar errors.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 4.19.4, dated 04-10-2023.

AUDIENCE

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4.19.4

CAWR Reconciliation Balancing

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4.19.4.1
(04-10-2023)
Program Scope and Objectives

- (1) This section is designed to assist the employees in the SB/SE Document Matching Combined Annual Wage Reporting (CAWR) operations.
- (2) Purpose: To provide general CAWR case procedures for discrepancies between amounts reported on employment tax returns Forms 94X (Forms 941, 943, 944, Schedule H (Forms 1040/1041)) and information returns: Forms W-3/ W-2/ W-3C/ W-2C totals and the Form 1099-R and Form W-2G.
- (3) Audience: The primary users of this IRM are SB/SE employees in the CAWR operation.
- (4) Policy Owner: Director, Exam Field and Campus Policy.
- (5) Program Owner: SB/SE BMF Document Matching.
- (6) Primary Stakeholder: SB/SE.
- (7) Program Goals: Program goals for this type of work can be found in IRM 1.4.22, CAWR Manager and Coordinator.

4.19.4.1.1
(04-10-2023)
Background

- (1) The Social Security Administration (SSA) and Internal Revenue Service (IRS) have an agreement to exchange employment tax data. SSA shares Form W-2 data with the IRS and the IRS shares Forms 941, 943, 944, (henceforth called Forms 94X) and Form 1040 Schedule H data with SSA. The Combined Annual Wage Reporting (CAWR) is a document matching program that compares the Federal Income Tax (FIT) withheld, Medicare wages, Social Security wages, and Social Security tips reported to the IRS on the Forms 94X and Schedule H against the amounts reported to SSA via the processed totals of the Forms W-2.
- (2) The CAWR program has two basic components. The **Internal Revenue Service -CAWR (IRS-CAWR)** program and the **Social Security Administration -CAWR (SSA-CAWR)**.
 - a. When referring to IRS-CAWR cases, the reference will be IRS-CAWR.
 - b. When referring to SSA-CAWR cases, the reference will be SSA-CAWR.
 - c. When an instruction indicates CAWR, it is referring to all case types.

Note: IRS-CAWR and SSA-CAWR instructions are consolidated so that the SSA-CAWR instructions are included with the screening, replies, undeliverables, no replies and case closing procedures.

Note:

- (3) IRS matches four fields — Social Security wages, Social Security tips, Medicare wages and tips, and Federal Income Tax (FIT) withheld. When this reconciliation results in an apparent underpayment of taxes or over withholding of FIT an IRS-CAWR case is created.
- (4) IRS-CAWR case types are 01, 02, 04A, 04B, 04C, 04D, 06A, 06B, 06C, 06D, 09, 10A, 10B, 10C, 10D, 11, and 13. SSA case types are 03, 05, 07, 08, and

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- Forward Forms W-3/W-2 to SSA to ensure employees receive proper credit for their earnings
 - Assess applicable penalties against employers for not following established rules for filing Forms W-3/ W-2
- (7) SSA-CAWR Cases (case types 03, 05, 07, 08 & 12) are SSA case types referred by SSA to IRS after several attempts by SSA were made to obtain the Forms W-3/W-2 from the employer. The majority of the SSA-CAWR cases are non-tax cases (i.e., the Forms 94X have been filed and taxes paid) and are SSA case types.
- (8) SSA has performed their own “up front” matching of the Forms 94X data to the Forms W-2 data. When there has been no response to SSA’s letters attempting to secure the Forms W-2, the cases are forwarded to IRS. SSA only matches three fields during their reconciliation — Social Security wages, Social Security tips and Medicare wages and tips.

Note: Some of the cases referred to IRS have previously been identified as other IRS case types and updated to “SSA Indicator 2 or 1”.

- (9) Beginning with 2016 returns, the due date for filing Forms W-2 is January 31st of the year following the reporting year for both paper and electronically filed returns. If January 31st is a Saturday, Sunday, or a legal holiday, the due date for filing Forms W-2 will be the next succeeding day which is not a Saturday, Sunday, or a legal holiday.

Note: For 2015 and prior returns, the due date for filing paper returns was the last day of February and the due date for filing electronic returns was the last day of March. If the due date fell on a Saturday, Sunday, or a legal holiday, then the new due date was the next succeeding day which is not a Saturday, Sunday, or a legal holiday.

4.19.4.1.2
(03-28-2018)

Authority

- (1) The authority is covered under Pub. L. No. 94-202, sec. 232, 89 Stat. 1135 (1976) (codified at 42 U.S.C. Sec. 432).

4.19.4.1.3
(03-28-2018)

Roles and Responsibilities

- (1) The Director, SB/SE, Exam Field and Campus Policy is responsible for the CAWR program.
- (2) Management officials are responsible for:
- Providing internal controls relating to the program, process and activity.
 - Ensuring the instructions are communicated to and carried out by the proper officers and employees.

4.19.4.1.4
(03-28-2018)

Program Controls

- (1) This program is monitored through the CAWR Automated Program (CAP).

4.19.4.1.5
(03-28-2018)

Acronyms

- (1) Exhibit 4.19.4-3 Glossary of Acronyms and of Terms.

4.19.4.1.6
(04-10-2024)

Related Resources

- (1) This IRM is used in conjunction with:
 - a. IRM 4.19.8, CAP (CAWR Automated Program) Technical System Procedures.
 - b. IRM 1.4.22, CAWR Manager Coordinator Guide.
 - c. IRM 4.19.22, CAWR Control.
 - d. IRM 20.1, Penalty Handbook— Penalties are generally applicable when taxpayers fail to: file timely, make deposits, or pay taxes when due unless that failure is due to reasonable cause and not willful neglect.
 - e. IRM 20.2, Interest — Interest may be charged on the additional tax that resulted from the examination of a return. Interest is generally figured from the due date of the return to the date of full payment. If the employer discovers an error and corrects it in the same tax period, interest is figured from the due date of the return for that tax period.
 - f. IRM 21.5.1, General Adjustments.
 - g. IRM 21.5.5, Unpostables — An input transaction that fails to pass a series of validity checks on Master File at the Enterprise Computing Center-Martinsburg (ECC-MTB) is called an unpostable. A 3 digit unpostable code is given to the unpostable transaction.
 - h. IRM 21.5.7, Payment Tracer — Payments that are not applied to balances within one year from the time they are received are put in the Unidentified Remittance File (URF). Payments over one year old are transferred to the Excess Collection File.
 - i. IRM 21.7.9, BMF Duplicate Filing Conditions.
 - j. IRM 21.7.2, Employment and Railroad Tax Returns.
- (2) Additional resources can be found on the SBSE Document Matching web site at *CAWR-SSA (sharepoint.com)*.

4.19.4.1.7
(03-28-2018)

CAP- CAWR Automated Program

- (1) Cases that are determined to have discrepancies or that are referred by SSA, are loaded onto the CAP Tier II SUN domain at Enterprise Computing Center-Memphis (ECC-MEM). CAP resides on the Combined Annual Tax Reporting System (CATRS). For more information on the CAP system see IRM 4.19.8, CAP (CAWR Automated Program) Technical System Procedures.
- (2) CAP is a computer (inventory, correspondence, reporting, document preparation, and updates to Master File) application that houses the CAWR programs.
- (3) All Master File actions that affect the taxpayers account for the year(s) being worked will result in an update to the CAP system. This includes Entity changes, Integrated Data Retrieval System (IDRS) adjustments, and additional Forms W-3, Transmittal of Wage and Tax Statement, and Forms W-2, Wage and Tax Statement, processing by SSA.

4.19.4.1.8
(04-10-2024)

Taxpayer Advocate Service (TAS)

- (1) The Taxpayer Advocate Service (TAS) is an independent organization within the IRS. The Taxpayer Bill of Rights (TBOR) includes the taxpayer's right to receive assistance from TAS if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels, or if they believe that an IRS system or procedure is not working as it should. For additional information about Taxpayer Bill of Rights, visit: "<https://www.irs.gov/taxpayer-bill-of-rights>."
- (2) Refer taxpayers to the Local Taxpayer Advocate (see IRM part 13, Taxpayer Advocate Service) when the contact meets TAS criteria (see IRM 13.1.7, Taxpayer Advocate Service Case Criteria) and you can't resolve the taxpayer's

issue the same day. The definition of “same day” is within 24 hours. “Same day” cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer’s issues. Do not refer these cases to TAS unless they meet the TAS criteria and the taxpayer asks to be transferred to TAS. Refer to IRM 13.1.7.4, Same-Day Resolution by Operations. When referring cases to TAS, use Form 911, Request for Taxpayer Advocate Service Assistance and forward to TAS in accordance with your local procedures. Also see IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines, for more information.

- (3) If you want to report a systemic problem to TAS, you can do so by using SAMS, the Systemic Advocacy Management System, a web based method of identifying, prioritizing, and working issues that affect multiple taxpayers. The SAMS application is available on the Systemic Advocacy pages at <https://irsource.web.irs.gov/tas/Pages/Home.aspx> or you may call 1-877-777-4778 or TTY/TDD 1-800-829-4059. When submitting issues through SAMS, do not include taxpayer information.
- (4) Taxpayers can use the internet version of SAMS on the Systemic Advocacy pages of <https://www.irs.gov/taxpayer-advocate>. Those without internet access can obtain the Systemic Advocacy Issue Submission Form; Form 14411, by calling 1-800-TAX-FORM (1-800-829-3676). If you suggest the taxpayers report a systemic problem by using SAMS, remind taxpayers to not include taxpayer information in their submissions and to be sure to include a phone number where a TAS employee can reach the taxpayer if TAS has any questions about the submission.
- (5) The National Taxpayer Advocate Service Level Agreement (SLA) with SB/SE outlines procedures and responsibilities for the processing of TAS casework when required case actions exceeds either the statutory or delegated authority granted to TAS. When TAS does not have delegated authority on issues handled by the CAWR unit, the TAS employee will refer the case to the CAWR Liaison via Form 12412, Operations Assistance Request (OAR).
- (6) The CAWR Liaison is responsible for accepting OARs from TAS, acknowledging receipt of the case, reviewing the case for appropriate assignment, assigning the case to the appropriate employee within the function, and monitoring the case through its conclusion.
- (7) The CAWR liaison will provide the TAS employee with the name and telephone number of the group manager or employee assigned to work the case.
- (8) The assigned TAS employee will negotiate resolution with the assigned CAWR employee. If the actions requested by TAS are denied, make every effort to communicate with the TAS representative to resolve the case prior to rejecting the OAR.
- (9) If resolution cannot be reached between the assigned employees, each will elevate disagreement to their respective manager in accordance with the SB/SE SLA.

4.19.4.2
(04-10-2023)
**IRS-CAWR and
SSA-CAWR Case
Screening Process**

- (1) Due to efficiencies in the systemic case building process and lack of resources all cases are auto generated. However, if directed to manually screen cases the following procedures will be used. These procedures are used when working IRS CAWR case types, SSA Indicator 2 cases, replies, no replies, Re-considerations (Recon, previously called late reply), and undeliverable mail. All available research tools should be used to balance the case before any taxpayer contact is made.

Caution: When using IDRS, only access those tax modules required to accomplish official duties. All IDRS accesses are recorded for immediate review and to determine the accuracy of an adjustment. Any unauthorized accesses or browsing of tax modules, by employees to satisfy personal curiosity or for fraudulent reasons, are prohibited by the IRS, AND PROHIBITED BY LAW and will result in disciplinary actions and/or removal from the Service.

Note: This IRM cannot be all inclusive for resources to be researched during screening.

- (2) There are times when the Campuses are directed by the Headquarters analysts to close certain CAWR cases. Campuses will receive specific directives outlining the actions to be taken. These directives can be delivered the following ways:
- Question and Answer Updates from HQ Staff
 - Servicewide Electronic Research Program (SERP) updates/alerts
 - Knowledge, Incident/ Problem, Service, and Asset Management (KISAM)

Note: All prior tax year Information Technology Asset Management System (ITAMS), SERP alerts, and Headquarter reminders, are invalid upon the start of a new program year.

- (3) Schedule D "Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations" information is now stored in the CAP system. Electronically filed Schedule D information is downloaded automatically into CAP. Loose paper Forms 941 Schedule D are routed to Philadelphia Service Center (PSC) CAWR. PSC will sort and input the Forms into the Schedule D table on CAP following the procedures below:
1. Click "edit."
 2. Choose "CAWR SCHD."
 3. Click on "new."
 4. Form 941 EIN (Required field).
 5. Schedule D Tax year (Required field).
 6. Transaction date: This is the effective date of the acquisition/merger or consolidation located in Part 1 question number 2 of paper Schedule D (Required field).
 7. Other Party EIN (Required field).
 8. Click "apply."
 9. Destroy the paper Schedule D using local classified waste procedures.
- (4) The initial research begins with the CAWR information on the CAP system. The following screens must be researched:

- a. Detail Screen — Review all indicators and freeze codes to determine the proper actions necessary while working the case. Indicators and freeze codes may change weekly, after each Master File update is loaded to CAP.
- b. PAL (Payer Agent List) Screen - Contains information that identifies a taxpayer on the AUR (Automated Underreporter) Payer Agent Listing. This screen will only be displayed when applicable.
- c. Money Amount Screen — lists, by field, the total amounts of Forms 94X, Forms W-2 (as processed by SSA), Form W-3/W-3C (as reported by the employer), Forms 1099R, the difference between the Form W-2/W-2C amounts and the Form 94X amounts.
- d. Correspondence Screen — is accessed to request correspondence and will reflect any correspondence issued, replies and undeliverables received, no reply dates, and suspense dates.
- e. Adjustments Screen — This screen shows all adjustments done on an account and also allows the user to add or delete an adjustment history.
- f. ENTITY Screen — Verify that the information shown on the entity screen of the CAWR case on CAP is the same as that shown on IDRS. This screen may help in identifying legitimate addresses, **TRENDS** (See IRM 4.19.4.3.41, Identifying Trends), and/or Disaster Areas (based on zip code) not yet identified on CAP but a FEMA (Federal Emergency Management Agency) alert has been issued. The IDRS address will update at least one week before the CAP ENTITY address. If the address is different, update CAP.
- g. W-3 WIRS Screen - This screen displays the Forms W-3, Form W-2, Form 1099-R, and Forms W-2G information. If more than one Form W-3/1096 (transmittal documents for Form W-2, 1099-R, and W-2G) was submitted, there will be separate Report Locator Number (RLN) / Document Locator Numbers (DLNs) to identify each submission.
- h. MFT & ADJ Screen — displays the Master File Tax (MFT), document locator number (DLN), line item adjustments (if any), and the Secondary Social Security Number (SSN) (for Schedule H). This information will help determine if there is a missing tax return, or an adjustment to a tax return which may help in resolving the CAWR discrepancy.
- i. Form 6209 Screen — This screen is used to make any Form W-2 adjustment using the automated Form 6209.

Note: Form W-3 amounts can only be adjusted if you are transferring a complete RLN.

- j. Import History Screen - This screen reflects the incoming updates from Master file. This includes the original case being loaded and all updates thereafter.
 - k. Export History Screen - This screen shows all cca controls sent from CAP to IDRS.
 - l. Case History Screen — This screen is used by the tax examiners to record case notes and actions taken on the case.
 - m. Original Money Amounts — This pop up screen will provide the original money amounts downloaded when the case was loaded onto CAP and can be used to determine the original amounts and out of balance condition. This screen cannot be updated by anyone or any program.
- (5) During CAWR case screening on CAP, you need to determine if accessing ERQY (Employer Report Query) or researching ORS (On-Line Retrieval System) will help resolve the discrepancy. If not, move on to IDRS for further research.

- (6) If a yellow disaster bar is present on CAP and you determine correspondence needs to be issued:
1. Research the Disaster web site at <http://www.tris.irs.gov/fema/> for an “end date.”
 2. Update CAP with the “end date.”
 3. Update status code to “10.”
 4. If necessary, see your Campus Disaster Coordinator for further instructions.

4.19.4.2.1
(09-29-2011)
IDRS Screening

- (1) The following IDRS Command Codes (CC) are to be utilized during the screening process: (This list is not all inclusive).

Note: The utilization of Integrated Automation Technologies (IAT) is mandated when applicable ensuring consistency and accuracy for the program.

- TXMOD/SUMRY — for updated case actions or taxpayer correspondence. Pay particular attention to credit transfer transaction codes (TC 612, 652, 672) or transaction code 971 with an action code of 01, 02, or 03.
- INOLE/NAMEE/NAMES/ENMOD — for any indication of a cross-reference.
- BMFOL/BRTVU/PMFOL/IRPTR/IMFOL/RTVUE/TRDBV — for any indication of additional case action (i.e., SUPOL is the national database of potential TDI cases).
- ESTAB — to request an adjustment or original document to verify the taxpayer’s intent or accuracy of account information.
- TRPRT - to view a graphical (form image) print of an electronically filed tax return stored on the tax return data base (TRDB). This may be used to identify various conditions that may have caused the out of balance condition (i.e., Third Party Sick Pay).

- (2) If Large Corporation Indicator (LCI) is present on the module, see IRM 4.19.4.2.1.1, Large Corporation. The LCI with a campus code on each taxpayer’s case can be found on the following IDRS screens:

- a. Directly under CC: ENMOD
- b. On the third line of CC: SUMRY
- c. On the second line of CC: TXMODA, and/or
- d. On the fourth line of CC: BMFOLI

4.19.4.2.1.1
(04-10-2023)
Large Corporation/Large Dollar Screening

- (1) When a CAWR case contains either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more you must coordinate with your local Large Corporation Coordinator **before** assessing the taxpayer. All research **must** be completed to ensure the case cannot be resolved prior to referring to Large Corp.
- (2) Provide the local Large Corporation Coordinator with a print of the CAP MONEY AMOUNT screen.
- (3) Document the action in the CAP REMARKS field (ex: refer to LC Coordinator).
- (4) Monitor the case for 10 business days, pending further direction from the local Large Corporation Coordinator. Alert your manager when 10 business days

have elapsed without any further direction from the local Large Corporation Coordinator. Your manager will provide you with further instructions and/or actions needed.

- (5) Follow the direction provided by the local Large Corporation Coordinator to complete the case processing.

4.19.4.2.2
(04-14-2020)
**Online Retrieval System
(ORS) Data Screening**

- (1) **ORS data will be accessed during all phases of the CAWR program.** ORS data is obtained through accessing the SSA database. Instructions for accessing ORS and updating your password can be located on the SBSE Document Matching Home page.
- a. If you only need the data, not the actual copies of the original forms, you may order Forms W-2/W-2C information using IDRS CC IRPTRR using doc code WW or view IDRS CC IRPTRI. IRPTRI will allow you to view the data of the IRs online.
 - b. To order the Forms 1099-R and W-2G use **IDRS CC IRPTRR Doc Code 98. Use care with CC IRPTRR when requesting large volumes.**
- (2) **ORS data should be reviewed prior to any taxpayer contact.** Some common reasons to access ORS/ERQY are:
- dollar amounts reported on Form W-3 do not match what was processed on Form W-2.
 - there is a "C" in the Corr. Ind. Column on the WIRS screen.
 - your only discrepancy is Social Security wages.
 - there are multiple sets of Forms W-2 and one of them matches the discrepancy.
- (3) Review the copies for obvious errors, some of which are listed below:
- different EIN or
 - voided Form W-2, Wage and Tax Statement, marked any place other than the official void box.
 - boxes with incorrect entries — (i.e., box 6 with the same tax amount in box 4)
 - duplicate Forms W-2 need additional research performed to determine if the name and addresses are different. This can be done using cc NAMEE.
- (4) The following chart shows common resolution procedures for cases in the initial screening phase after all research (ORS) has been completed and received.

Note: All references to the Form 6209 are for the automated version within the CATRs system.

Scenario	Auto- mated Form 6209	Form 6494	Correction Code	Close CAP CC 36=IRS 99=SSA	Notes
Voided Form W-2 erroneously processed	Yes	Yes (see note for exception)	4	Yes	If the voided Forms W-2 are exact duplicates of Forms W-2 on file, a Form 6494 is not needed.
Corrected Form W-2 processed as original	Yes	Yes	5	Yes	Calculate the difference and secure original Forms W-2
Forms W-2 or W-3 processed under the wrong EIN (IRS- CAWR only) OR X-Reference EIN Found	Yes	Yes	3	Yes	Form 6209 prepared to transfer Forms W-2/W-3 to the correct EIN
Form W-2 processed with wages over Max	Yes	No	Y	Yes	Form 6209 to decrease FICA Wages
Balancing Error (W-3 reported W-2 processed amounts do not match)	Yes	Yes	6	Yes	Form 6209 to adjust money field(s)
Non- taxable wages on Form W-2	Yes	Yes	4	Yes	Form 6209 to decrease FICA Wages
W-2C/ W-3C brings account into balance	Yes	No	N/A	Yes	Form 6209 to adjust money field(s). Send W-2C/W-2C to SSA if found in loose W-2 file.
Duplicate Forms W-2/ W-3 same RLN	Yes	Yes (see note for exception)	4	Yes	Form 6494 only if amounts are different.

Scenario	Auto- mated Form 6209	Form 6494	Correction Code	Close CAP CC 36=IRS 99=SSA	Notes
Duplicate Forms W-2/ W-3 different RLN	Yes	No	No	Yes	Form 6209 to cancel one set of Forms W-2
Loose Forms W-2/ W-2C are found that resolve dis- crepancy	Yes	No	No	Yes	SSA Case- prepare Form 9338 to transmit to SSA. IRS-CAWR Case- forward the W-2/ W-2C to SSA as "RECON"

- (5) If the actions taken **do not** balance the case, issue the appropriate correspondence.

4.19.4.2.3
(04-14-2020)

**Identification of Doc
Type 98 or 32 During
Screening**

- (1) When the only (or only remaining) discrepancy is for FIT and the exact amount is reported as Backup Withholding (BUWH) on the Form(s) 945 and no other BUWH is required to be reported:

Note: The only information returns filed with IRS that may include FIT are the Form 1099-G, Form W2-G, and Form 1099-R. The amount in the Form 1099-G, FIT box may reflect either backup withholding or FIT. Form 1099-G FIT amounts are not included in the reconciliation balancing phase of CAWR. Therefore, it is recommended to research PMFOL for the amount of the discrepancy if there is an out of balance condition on FIT.

- Issue correspondence to inform the taxpayer that Forms 1099-R are not subject to BUWH and we have adjusted their Form 945 account accordingly.
- Close the case on CAP with CC 36 for IRS-CAWR and CC 99 for SSA-CAWR, enter "1099-R - 945 backup withholding" in the CAP remarks field.
- Input adjustment on MFT 16 using Blocking Series 55. Input a TC 290 .00 with Reference Code 003/184, as appropriate (positive amount) and Reference Code 008 (negative amount) to correct the out of balance condition. See Course Materials for the appropriate reference codes and their proper usage.

Caution: Under no circumstances prepare a Form 6209 to transfer Doc Types 98 or 32 (Forms 1099-R and/ or W-2G).

- Print the IDRS BMFOLR first page, CAP money screen and CAP WIRS screen to use as the source document for the IDRS adjustment.
- (2) When the BUWH is more than the discrepant amount, and PMFOL shows the remaining BUWH amount on another information return, follow (1) above.
- (3) When the BUWH is less than the discrepant amount, or there are other fields that remain discrepant, issue correspondence.

- (4) If the entity is a Virgin Islands, Puerto Rico, Guam, or American Samoa entity, and if FIT is the only discrepancy, do not send a letter. Close the case using the appropriate closing codes.

4.19.4.2.4
(02-01-2008)
**Screening Identified
Compliance Cases**

- (1) Follow Campus procedures for routing Compliance cases. The priority for Compliance cases is:
1. Criminal Investigation
 2. Examination
 3. Collection

4.19.4.2.4.1
(04-22-2022)
**Criminal Investigation
(CI) Indicator**

- (1) Research the Master File to verify that a -Z or Z- freeze code is present on the MFT and tax year of the CAWR case and follow the procedures in the If and Then chart below:

If	Then
One of these freeze codes is present,	<ol style="list-style-type: none"> 1. Route the CAWR Discrepancy Case (CDC) to Criminal Investigation. 2. Follow the instructions in (2) below. 3. For those cases retained by the addressee, close on CAP with CC 33.
None of these freeze codes are present,	<ol style="list-style-type: none"> 1. Notate in the remarks field of the CDC to ignore the Criminal Investigation Indicator. 2. See IRM 4.19.4.2, IRS-CAWR and SSA-CAWR Case Screening Process and follow those instructions.
After researching CI, a notation states "NO CONTACT"	<ol style="list-style-type: none"> 1. Close Case using closing code 33.

- (2) Local procedures may vary by Campus when routing cases to these compliance areas:
- To transfer each case to Criminal Investigation - Prepare Form 3210 in triplicate listing one case per form.
 - Input status code 27 to CAP for cases routed to CI.
 - Attach the printout of the CAWR case from CAP to the transmittal. Notate "CAWR Case" on the transmittal.
 - On a weekly basis hand carry the Form 3210 with attachment(s) to the addressee.
 - After the case has been sent to the appropriate function, suspend the copy of the transmittal for five (5) workdays.
 - If the addressee has not responded within five (5) workdays, photocopy the Form 3210 suspense copy, and mark the photocopy "Follow-up—Please Expedite" and forward to the addressee.

- The addressee will either keep or return the case(s) submitted.
Note: Those cases retained will be identified by an appropriate notation on the Form 3210 sent back or an IDRS history item “No Contact”. Those cases not kept will be returned as attachments to the transmittal.
- For those cases returned, notate in the remarks field of the CAWR case to ignore the Compliance Indicator. See IRM 4.19.4.2.4 through see IRM 4.19.4.2.6 and follow those instructions. Input status code 88 to CAP to bring the cases back into the inventory. Be sure to read any comments made on the case from the compliance area.

4.19.4.2.4.2
(04-10-2024)

Examination Indicator

- (1) Research (using CC AMDIS) for the Area Office Status Code for the MFT and tax year of the case follow the procedures in the If and Then chart below:

If	Then
The Area Office Status Code is 12 or higher,	<ol style="list-style-type: none"> 1. Input status code 25 for cases routed to EXAM. To transfer each case to Examination (Indicator or -L freeze is present on cases) access the Audit Information Management System, AIMS web site at <i>AIMS Assignee Code (AAC) Contact Listings (sharepoint.com)</i> 2. Look up the Primary Business Code (PBC) and the Employee Group Code (EGC) and contact the designated person. 3. For those cases retained by the addressee, close on CAP with CC 31. For those cases rejected input SC 88 to bring case back into inventory.
The Area Office Status Code is not 12 or higher,	<ol style="list-style-type: none"> 1. Notate in the remarks field of the CDC to ignore Examination Indicator or enter “not SC 12”. 2. See IRM 4.19.4.2 and follow those instructions.
there is a TC 300/308 on the module and there is no open —L freeze or there is now a TC 421 on the module	<ol style="list-style-type: none"> 1. These cases have already been worked by Exam. 2. Notate in the remarks field that there is a TC 300 or TC 308 on the module. 3. Close CAP with CC 31.

- (2) If Exam has not responded within five (5) workdays follow normal processing procedures.

4.19.4.2.4.3
(04-22-2022)
Collection Indicator

- (1) Check the Case Type on the CAP Entity to determine if it is 01, 04A, 04B, 06A, 06B, 06C, 09, 10A, 10B, 10C, or 13. (if any other case type or if the IND is "2" the case can be screened using procedures in IRM 4.19.4.2.12, Common Resolution Procedures During Screening. Follow the procedures in the If and Then chart below:

If	Then
One of these Case Types is present,	Determine whether there are return(s) missing (by the presence or absence of DLNs in the MFT & ADJ Screen).
Return(s) are missing,	<ol style="list-style-type: none"> 1. Research CC TXMOD definer A for an open TDI (T-sign) for the MFT and tax year of the case and if it is assigned. Note: A TDI (T-sign) is an eight-digit code which identifies the area (positions 1 and 2), office (position 3 and 4), branch/group (position 5 and 6), and employee or special action code (position 7 or 8) to which an account is assigned 2. Use the web site at: http://serp.enterprise.irs.gov/cgi-bin/ROZIP_Search.cgi to locate the address and/or phone number of the RO assigned to the CDC 3. Call the RO assigned to the CDC for case handling instructions. 4. Close the cases retained by an RO with a Closing Code 32.
All of the returns are present,	<ol style="list-style-type: none"> 1. Enter SC 29, post edit, and then enter SC 88 and post edit. 2. See IRM 4.19.4.2, IRS-CAWR and SSA-CAWR Case Screening Process and follow those instructions.
No T-sign is present, or it is 0200 or 7000,	<ol style="list-style-type: none"> 1. Enter SC 29, post edit, and then enter SC 88 and post edit. 2. See IRM 4.19.4.2, IRS-CAWR and SSA-CAWR Case Screening Process and follow those instructions.
Any other T-sign is present,	<ol style="list-style-type: none"> 1. Use the web site at: http://serp.enterprise.irs.gov/cgi-bin/ROZIP_Search.cgi to locate the address and/or phone number of the RO assigned to the CDC 2. Call the RO assigned to the CDC for case handling instructions. 3. Close the cases retained by an RO with a Closing Code 32.

Reminder: If the RO has not responded within five (5) workdays follow normal processing procedures.

- (2) Check the CAP CAWR case and IDRS for any other Compliance Indicators and follow the procedures in the If and Then chart below:

If	Then
More than one Compliance Indicator is present,	<ul style="list-style-type: none"> Use the priority listed in IRM 4.19.4.2.4, Screening Identified Compliance Cases.
No other Compliance Indicators are present,	<ul style="list-style-type: none"> Check the CDC for a TC 520 Indicator. See IRM 4.19.4.2.6, Bankruptcy Cases (TC 520/ 521) Identified During Screening.

- (3) If, at any phase of processing a case, an update is received showing a Criminal Investigation, Examination Indicator, or Collections follow the appropriate procedures above. See IRM 4.19.4.2.4, Screening Identified Compliance Cases.
- (4) If a -Y is present, it indicates that there is an “Offer In Compromise” on this module. See IRM 4.19.4.2.13, Offer in Compromise Identified During Screening.

4.19.4.2.5
(04-22-2022)
Identified Defunct Corporation (TC 530) Cases During Screening

- (1) When there is an indication that a taxpayer is no longer in business, research IDRS CC ENMOD to check for the Currently Not Collectable “CNC” Indicator and check CC BMFOL definer I for Status 22 and a T- Freeze. Check that Module, using BMFOL definer “T” for TC 530 and follow the procedures in the If and Then chart below:

If	Then
TC 530 cc 07 or 10 is present on any prior or subsequent module	<ol style="list-style-type: none"> For IRS-CAWR Close the case on CAP with Status Code 98. For SSA-CAWR, send a Letter 98C to explain the need for the taxpayer’s cooperation in obtaining the Forms W-3/ W-2. Do not close the case, leave it in status code 69. <p>Note: We do not assess a civil penalty in these instances (SSA-CAWR cases), however, we do attempt to obtain the Forms W-3/ W-2.</p>
TC 530 with other than cc 07 or 10 for any other entity,	Issue correspondence.

Reminder: Please ensure you use the IAT tool.

4.19.4.2.6
(04-22-2022)
Bankruptcy Cases (TC 520/521) Identified During Screening

- (1) Bankruptcy cases (Chapter 7 and Chapter 13) are assigned to the Centralized Insolvency Operation (CIO) at the Philadelphia Campus. All mail and phone communications relating to these cases must be directed to the Philadelphia Campus. Chapter 7 Asset, Chapter 9, 11 and 12 cases and Chapter 13 pre-confirmation cases remain assigned to local Insolvency IRS employees. In most instances, your interaction with local Insolvency field employees on these chapters remains unchanged.
 - The CIO toll free number for Insolvency casework is 1-800-973-0424.
 - The CIO fax number is 855-235-6787.
 - The campus staff hours of operation are from 7:00 AM – 10:00 PM EST. This enables customers to speak with a bankruptcy representative during working hours in all time zones.
 - Payments for Chapter 7 and Chapter 13 cases must be sent to Centralized Insolvency Operations 2970 Market St, BLN 5-Q30.133 Philadelphia, PA 19104-5016
 - All other correspondence pertaining to Insolvency cases, including Section 341 notices for all Chapters must be sent to Centralized Insolvency Operations 2970 Market St, MDP 5-Q30.133 Philadelphia, PA 19104-5016

- (3) Bankruptcy Cases (TC 520/521) — An employer has filed for bankruptcy if TC 520 with closing code(s) (cc) 60–67, 83, 85–89 (-V freeze), 81, or 84 (-W freeze) is present in the module without a TC 521. Research CC MFTRA/CFOL for TC 520/521. Refer to IRM 21.5.6.4.44.1, Chapter 13 Bankruptcy Cases, IRM 21.5.6.4.44 -V Freeze, and IRM 21.5.6.4.46, -W Freeze when assessing a liability.

- (4) Contact the CIO Unit via the SERP link for appropriate actions and follow the procedures in the chart below:

#

If the transaction date of the TC 520 is	And	Then
Prior to 10/22/94 and the closing code is other than cc 83, 84, 85, or 88	TC 521 is not posted in the module,	1. Contact the Insolvency Function (CIO-Philadelphia), verify that the liability can be assessed. <i>Insolvency SERP - Insolvency (Bankruptcy) Tools - Who/Where (irs.gov).</i> 2. Close the case on CAP with CAWR closing status code "98".
Prior to 10/22/94 and the closing code is cc 83, 84, 85, or 88	TC 521 is not posted in the module,	Close the case on CAP using CAWR closing code 98. Note: If the cc is 83, 85, or 88, the Master File will unpost the assessment if the TC 520 date is prior to 10/22/94.
10/22/94 or after	the closing code is 72 or 74	1. For IRS-CAWR The case is in Tax Court. Close CAP CC 98. 2. For SSA-CAWR see (5) below.

If the transaction date of the TC 520 is	And	Then
10/22/94 or after	the closing code is any other than 72 or 74	<ol style="list-style-type: none"> 1. For IRS-CAWR issue Correspondence. 2. For SSA-CAWR see (5) below.

Reminder: Please ensure you use the IAT tool.

Note: The CIO/Bankruptcy Unit inputs a TC 521 with matching bankruptcy cc or 999 to all applicable modules to reverse the TC 520 bankruptcy closing codes which removes the -V or -W freeze.

(5) We will not assess a civil penalty in these instances (SSA-CAWR cases), but try to obtain the Forms W-3/W-2. Follow the same procedures as shown in IRM 4.19.4.2.15, Federal Agency Screening. Send a Letter 98C and explain the need for the taxpayer's cooperation in obtaining the Forms W-2.

4.19.4.2.7
(04-01-2009)
**Screening Schedule
H/Form 1040/1041**

(1) When the taxpayer files Schedule H with his/her Form 1040 there will be a number shown on the **MFT & ADJ Screen** on CAP, in the Secondary SSN field. Use this SSN to research CC IMFOLR, page 2. This should be where the Schedule H information is shown. The Forms W-2 **may be** reported under this SSN and processed by SSA as an EIN. Additional research must be done in both BMF and IMF to compare and resolve any SS wage tax and/or Medicare tax out of balances. Check the first prior and first subsequent tax year on CC IMFOLR, page 2 to determine if an incorrect TIN was used on the Schedule H.

(2) When a Taxpayer Identification Number (TIN) is found to resolve the case, input this TIN in the X-REF field on the CAP Detail Screen. If the TIN found belongs to a taxpayer unrelated to the account it must be corrected on IDRS. See IRM 21.6.4.4.8.2 Schedule H, Household Employment Taxes - EIN Corrections for instruction on how to correct an EIN on a Sch H case.

(3) **CC BMFOL** definer **U** research must be done and compared with IMF records. The first column will show Posted 94X dollar amounts for:

- **TXBL SOC. SEC. WAGES**
- **TXBL MED. WAGES**
- **FEDERAL INCOME TAX**
- **EMP SOC. SEC. TAX**
- **EMP MEDICARE TAX**
- **REPORTED (W-3)**
- **PROCESSED (W-2)**

(4) **CC IMFOL** definer **R** must be researched for Schedule H information. Page 2 provides the (rounded) dollar amounts that were on the Schedule H:

- **SSA WAGE**
- **MEDICARE WAGE**

- **TOTAL SSA MEDICARE TAX**
- **MEDICARE TAX (COMPUTER)**
- **TOTAL SSA MEDICARE TAX (COMPUTER)**
- **FEDERAL INCOME TAX**

(5) Compare the CC IMFOLR money fields to the CC BMFOLU POSTED 94X for dollar amounts.

Reminder: The BMF 94X Soc. Sec. Medicare tax amount will include both the employee and employer's share.

- (6) Compare the entries in the W-3 and W-2 BMFOLU columns to CC IMFOLR fields. If they do not match:
- a. Review the BMFOLU for the page with the TC 980. The DLN shown (which starts with 06) is the RLN where the W-3/W-2 copies should be. Access ORS or CC IRPTRR with Doc Code WW, and when received, review them.
 - b. If it appears that there are missing Forms W-2, contact the taxpayer. Explain that this is a Schedule H problem and IRS must have a copy of the Form(s) W-2 to balance our case. Also explain that IRS will forward that copy to SSA for posting to the household worker's record.
- (7) If more information is needed for these cases, see IRM 21.6.4.4.8, Schedule H, Household Employment Taxes and IRM 21.7.4.4.1.11.2, BMF Schedules H Processing
- (8) An EIN must be present on Schedule H. If found through research, input the correction of the EIN on Schedule H. When adjusting a previously filed Schedule H, input of the EIN is not required. If Schedule H was not filed with the original return, the EIN must be input on the adjustment:
- a. Use Reference code — 993 for .00 — Primary Taxpayer's EIN, or
 - b. Use Reference code — 994 for .00 — Secondary Taxpayer's EIN.
 - c. IMF systemically forwards a record to the BMF containing the Schedule H Social Security and Medicare tax information. All EIN changes on Schedule H reporting Social Security and/or Medicare tax, must be processed manually to prevent erroneous CAWR records.

Note: The reference number 993 for .00/994 for .00 is input in the item reference code field on the CC ADJ54. The EIN and reference numbers are visible as AP or PN transactions. The TIF does not show the EIN. However, Master File records the EIN

(9) If an out of balance condition still exists, issue correspondence.

4.19.4.2.8
(04-22-2022)
**Third Party Sick Pay
Identified During
Screening**

- (1) A third party will often pay disability insurance benefits to employees as the employer's agent or as the insurance provider. Portions of these benefits can be subject to Social Security and Medicare taxes if the employer pays a portion of the premium. Under agreements made between the employer and the third party agent or the disability insurance provider, they may report the following to the IRS under different EINs:
- a. Employee's wages,
 - b. Federal Income Tax Withheld (FIT),
 - c. Employer's share of Social Security tax and Medicare tax,

- d. Employee’s share of Social Security tax and Medicare tax.
- (2) You may be able to resolve a case during screening if you check the tax return data base (TRDB) for electronically filed employment tax returns and BMFOLU, page 1 for Third Party Sick pay. You may need to check subsequent quarters’ returns to make this determination.
- (3) Discrepancy cases generate when the sick pay Forms W-2 are filed under the employer’s EIN but a portion of the Social Security and Medicare taxes and any FIT is reported on the third party’s return. Follow the procedures in the chart below:

If	And	Then
the employer is an insurance company involved in paying disability benefits OR an amount in Box 14 of Form W-3 equal to the FIT discrepancy on ORS or BMFOLU	the discrepancy can be attributed to the Federal Income Tax Withheld sick pay issue	close the case on CAP using the appropriate status codes
The discrepancy is an incorrect line adjustment	the correct tax has been paid	close the case on CAP using the appropriate status codes.
the correct tax has not been paid	third-party sick pay wages are not reported on line 5a and 5c of the Form 941, but the credit was taken on line 7b of Form 941,	correspond with the taxpayer requesting the name and the EIN of the Third Party payer.
an out of balance condition still exists	N/A	issue correspondence.

- (4) If a yellow bar for loose Forms W-2 is showing across CAP, notate the number and get the loose Forms W-2 from the staging area. Form 8922 3rd Party Sick Pay Recap may have been filed and input by clerical. Use the amounts reported on the Form 8922. If they resolve the case, close it using the appropriate SC. If not, issue correspondence.
- (5) See IRM 21.7.2.4.2, Sick Pay for instructions on adjusting accounts with 3rd party sick pay discrepancies.

4.19.4.2.9
(04-14-2020)
Social Security Tips Identified During Screening

- (1) Many times employers will include Social Security tips in the Social Security wage field of the Forms W-2. SSA always combines tips into Medicare wages even if the Forms W-2 show the correct amounts.
- (2) When the total of Form 94X Social Security tips and Social Security wages equal the total Social Security wages, reported by SSA, close the case with

the appropriate closing codes. Prepare an automated Form 6209 on CATRs to adjust the Social Security wages for the Forms W-3/W-2 and the Medicare wages and tips if applicable.

- (3) If an out of balance condition still exists, issue correspondence.

4.19.4.2.10
(04-22-2022)

Allocated Tips Identified During Screening

- (1) Large food and beverage establishments are required to report allocated tips under certain circumstances.
- (2) A large food or beverage establishment is one that provides food or beverages for consumption on the premises, where tipping is customary and where the employer normally employed more than 10 employees on a typical business day during the preceding calendar year.
- (3) Generally, if tipped employees do not report tips totaling 8 percent or more of gross receipts (less carry out sales and sales with 10 percent or more service charge added), the employer must allocate to the employees an amount equal to the difference between the above 8 percent and the total tips reported by the employees.
- (4) Allocated tips are not subject to withholding and should not be reported on Forms 941, Employer's Quarterly Federal Tax Return, or Form W-2 as Social Security wages, Social Security tips, or Medicare wages and tips. CAWR discrepancies occur when an employer includes them incorrectly.
- (5) Send appropriate correspondence to the taxpayer.
- (6) The taxpayer must file Form 941-X and/or Forms W-2C if allocated tips were reported incorrectly.
- (7) If the taxpayer does not respond with this information:
- a. Do not allow credits based on these figures.
 - b. Assess the account if there is a balance due based on uncorrected allocated tips information.

4.19.4.2.11
(04-04-2013)

Line Adjustments Identified During Screening

- (1) Line adjustments occur when employers attempt to correct Social Security, Medicare, or Federal Income Tax Withheld. Line adjustments are also used to report Third Party Sick pay and various other types of adjustments.
- (2) If there is a posted line adjustment to a Form 94X account for the tax year being worked, it will show on the **CAP MFT & ADJ** Screen.
- (3) Line adjustments are indicated on IDRS on the second page of BMFOLR or the first page on BRTVU as ATFI or ATWH or BMFOLU.
- (4) CC BMFOLA can be used to research on-line adjustments that have been made.
- (5) Verify the line adjustment made by ordering the adjustment or original document using CC ESTAB or by researching the Tax Return Data Base (TRDB) for electronically filed employment tax returns.
- (6) If the line adjustments are accurate, adjust the reference fields accordingly.
- (7) If an out of balance condition still exists, issue correspondence.

4.19.4.2.12
(04-10-2024)

**Common Resolution
Procedures During
Screening**

- (1) The CAWR unit receives all copies of Forms W-3/W-2/W-2C/W-3C received in the Submission Processing Campuses without correspondence attached.
- (2) If Loose Forms W-2, W-3, W-3C, and W-2C are received, process them as follows based on the tax year involved.
 - a. Tax Years 1987-2003 — Research ERQY to ensure SSA has the information. If the forms carry entries in FICA (Social Security) wages or FICA (Social Security) tips, use a Form 3210 to forward them to SSA. Otherwise, destroy them. Do not send forms to SSA that do not contain FICA (Social Security) wages and/or tips.

Caution: DO NOT SEND Forms W-2C to SSA if the ONLY Correction is to the PENSION INDICATOR BOX. See IRM 4.19.4.3.4, Replies - Including Amended/Corrected Returns, Form 843, Claims, and Form W-3C/W-2C for the correct SSA mailing address.
 - b. Tax Years 2004 through 2015 — Research to determine whether the submission is a Reconsideration (Recon) (previously called late reply) to an assessment. If research shows a TC 29X in Blocking Series 55, secure the assessment document and process the case. Also research to determine whether the submission is a Recon (previously called late reply) to a Civil Penalty 549 on MFT 13. If no TC 29X is found handle these cases as provided in (a) above.
 - c. Tax Years 2020/2021 — These forms are related to cases currently being worked (2023 operations). Check to determine whether they are related to a discrepancy case. Associate the Forms W-3/W-2 with the case and handle accordingly (treat them as original forms received from the taxpayer as a result of correspondence).
 - d. Tax Year 2023 — After September 14, 2022 use Form 3210 to route these forms to SSA after photocopying and inputting them into the CAP system for the CAWR loose W-2 file
- (3) All loose Forms W-2 and Form 8922 must be entered into the CAP system for the tax years being worked before screening can begin. If the Loose Forms W-2 indicator is present on CAP that means loose Forms W-2 or Form 8922 have already been input and must be retrieved and reviewed to determine if they balance the case prior to taxpayer contact. All loose Forms W-2 or Form 8922 belonging to another site must be forwarded to that site once the information is entered into CAP.

Note: Loose Form W-2 can be entered into the CAP system for tax years that are not yet worked. For example, after September 15, 2022, you can input loose Forms W-2 for tax years through 2023 before the 2021 CAWR cases are being worked.

- (4) If you have the Loose Forms W-2 indicator on your CAWR cases and your campus does not have them in the file, check on Windows drop-down menu **Edit** and click on Loose W-2. Do a search on the Loose W-2 number. It will tell you which campus has the actual documents. Call the campus at the number listed on the SBSE Document Matching web page *CAWR/FUTA Addresses (sharepoint.com)* and request that they mail or fax them to you.
- (5) While screening, if there is a yellow bar across the top of CAP with an EIN, this indicates a Schedule D is on file. If there is a number in parenthesis next

to the EIN this indicates the count of Schedules D on file and you must access the Schedule D table using the procedures below:

1. Click "edit."
 2. Choose "CAWR SCHD."
 3. Click on "Search."
 4. Enter the EIN of your case.
 5. Click "find."
- (6) Once all EINs are retrieved from the Schedule D table, research IDRS Command Code BMFOLU for each of the cross reference EINs to determine if the missing information to balance your case is filed there. If so, close the case with CC 36 for IRS-CAWR or CC 99 for SSA CAWR. If not, issue the appropriate correspondence.
- (7) Duplicate Return — The following chart shows resolution procedures for cases in the initial screening phase for entities with a TC 976 present.

If	And	Then
TC 976 is present	TC 290 adjustment is present	Order the adjustment document if necessary to consider the additional information when working the case.
TC 976 is present	TC 290 adjustment is not present	Contact IRS area with an open case control and work together to resolve the discrepancy.
TC 976 is present	TC 290 adjustment is not present and no other area has an open case	<ol style="list-style-type: none"> 1. Request (ESTAB) the TC 976 document and work accordingly. 2. if the document is not posted to the correct TIN/ tax period. 3. Input TC 971 using FRM77. 4. Follow the instructions in IRM 21.7.9, BMF Duplicate Filing Conditions and Document 6209. and Document 6209.

4.19.4.2.13
(04-01-2010)
**Offer in Compromise
Identified During
Screening**

- (1) Offer in Compromise (OIC) cases are cases where the taxpayer and the Service have agreed that the taxpayer will pay a lesser amount than the original amount due.
- (2) A TC 480 indicates that an Offer in Compromise is being considered. Continue normal processing.
- (3) A TC 780/788 (unreversed by TC 781) indicates that an Offer in Compromise has been accepted. If a TC 780/788 (unreversed by a TC 781) is present on **any module** of the tax year you are working:

- a. Close all SSA-CAWR cases with closing code 98.
 - b. Continue processing all IRS-CAWR cases.
- (4) If a TC 781 is present on your tax year, or a TC 780/788 is found on other tax years, continue normal processing.
 - (5) If an unreversed TC780/ 788 is present during reply, undeliverable, no reply phases see IRM 4.19.4.3(5), Replies.

4.19.4.2.14
(04-14-2020)

Screening SSA Indicator 2 Cases (All Case Types)

- (1) Only SSA-CAWR case Type 08 without compliance indicators, have automatic Letter 98-C generated.
- (2) SSA-CAWR case type 08 will have automatic letters generated at a determined volume per week, the CAWR Coordinator determines the number of cases to be systemically generated each week up to and including cycle 33.
- (3) All other case SSA-CAWR case types must be screened using all available research tools. If research balances the case, close the case with closing code 99.
- (4) When the case has a compliance indicator, use the procedures for Screening Identified Compliance Cases. See IRM 4.19.4.2.4, Screening Identified Compliance Cases.
- (5) If the case is not closed through research, correspond using a Letter 98C for SSA case types (03, 05, 07, 12) and a manual Letter 98-C for IRS case types (02, 04, 06, 10, 11,13).

Note: If correspondence is issued and a reply or undeliverable date is not input before the suspense period expires, an automatic penalty is assessed unless the penalty assessment is 1 million dollars or more or if under tolerance.

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Note: Send the appropriate correspondence if other tax fields are over tolerance.

4.19.4.2.14.1
(04-22-2022)

SSA Indicator 2 Research (All Case Types With Tax Due) Screening

- (1) If a SSA Indicator 2 case has been received **with tax due implications** in addition to the missing Forms W-2, **AND** no action has been taken, research for a cross reference EIN and follow the procedures in the chart below.

If Another Case is Found	Then
And the other case balances the discrepant case	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 and Form 6494 to transfer the W-2 information to the correct EIN. 2. Close the cases on CAP using the appropriate closing codes.

If Another Case is Found	Then
And the cross reference does not resolve the case AND Forms 94X amounts EXCEED the Forms W-2 amounts	<ol style="list-style-type: none"> 1. Issue the Letter 98-C with the appropriate paragraphs to explain the penalty. 2. List both the original and cross reference EIN's. 3. Combine wage and tax amounts from both EINs in the Letter 98-C.
And the cross reference does not resolve the case AND tax Forms 94X amounts are LESS than the Forms W-2 amounts	Send a Letter 98-C explaining the wage and tax amounts used are from the original and cross reference EINs and that there may be a tax increase.
If a cross reference is NOT found	Issue a Letter 98-C with appropriate paragraphs. Reminder: Be sure to use the SSA paragraph to explain the penalty.

Reminder: SSA Indicator 2 cases must be worked as both SSA-CAWR and IRS-CAWR cases. Any Forms W-3/W-2 received from taxpayers or from the Loose W-2 files must be sent to SSA attached behind a completed Form 9338.

4.19.4.2.15
(03-15-2017)
**Federal Agency and
Quasi-Federal Agency
Screening**

- (1) Employers that are Federal Agencies can be identified by name and will always have a BOD Code TEGE (Tax Exempt Government Entities) and an Employment Code F.
- (2) Employers that are Quasi-Federal Agencies will have a BOD code of TEGE and an employment code of Q.
- (3) Although the law allows us to assess tax, we can not assess any type of penalty on these cases. Our goal is to balance the discrepancy, and/or to file the necessary Forms W-3/ W-2/ W-3C/ W-2C in order for their employees to get proper credit.
- (4) Contact the Federal Agency Delinquency (FAD) unit located in Brookhaven Service Center (BSC) by either contacting the employee with an open control or by using SERP. <http://serp.enterprise.irs.gov/databases/who-where.dr/fad-contacts.html> prior to issuing correspondence.
- (5) Request from the assigned FAD unit employee if they want to resolve the CAWR issue or if they want CAWR to continue normal processing. Close the case or issue correspondence as appropriate.

4.19.4.2.16
(04-01-2009)
**Using The Payer Agent
List (PAL) During
Screening**

- (1) The Case Header Screen contains the Automated Underreporter (AUR) Payer Agent List (PAL) which alerts the user that there is information available concerning the CAWR discrepancy.

- (2) The PAL information may be used to resolve the CAWR issue for Form W-2, wages and withholding (1099-R and W-2G) information.
- If the discrepancy is resolved close the case during screening.
 - If the discrepancy is not resolved issue appropriate correspondence.

4.19.4.2.17
(04-14-2020)

**Screening Family
Employment Related
Cases**

- Access ORS if there is an indication that the problem may be with wages for work performed by a family member, i.e., Sole Proprietors. e.g., an adult child performing services for a sole proprietorship run by his/her parent.
- If ORS data indicate the discrepancy is due to a family employment situation, check the Form W-2 and check the Date of Birth (DOB) using CC INOLE.
- Determine if the employee is a child, parent, or spouse. Refer to Pub 15 (Circular E), Employer's Tax Guide, for more information. See table below:

Family Member	Performing the services in the course of parent/child/ spouse trade or business	Age	Subject to Social Security Taxes	Subject to Medicare taxes	Comments
Child	YES as an employee of a sole proprietorship	under 18	NO	NO	none
Child	YES as an employee of a partnership owned solely by parent or parents	under 18	NO	NO	if there are no partners other than parents of child
Child	YES	Age 18 and older	YES	YES	none
Child	NO	under 21	NO	NO	none
Child	NO	under 21	NO	NO	domestic services performed in private home
Parent	YES	N/A	YES	YES	none
Parent	NO	N/A	NO	NO	Except as explained in Exception below."
Parent	NO	N/A	NO	NO	domestic services performed in private home. See exception below.
Spouse	YES	N/A	YES	YES	none
Spouse	NO	N/A	NO	NO	domestic services in private home

Exception: Social Security and Medicare taxes apply where the parent was employed to care for their son or daughter's child, and the son or daughter lived with the child who was either under age 18 or required the personal care and supervision of an adult for at least 4 continuous

weeks in the calendar quarter in which the services were rendered due to a mental or physical condition, and the son or daughter was a widow, widower, divorced, or married to a person who, because of a mental or physical condition, could not care for the child during such period.

- (4) If both spouses jointly own and operate a business they may be taxed as partners in a partnership. Beginning in 2007, if they are also married filing jointly they may make a joint election to be taxed as a “qualified joint venture” instead of a partnership if they are the only members and they both materially participate in the business. Payments for services performed for the partnership or qualified joint venture by the member spouses are NOT subject to Social Security or Medicare taxes under FICA, though they are included in the amounts that are subject to self-employment tax.
- (5) Covered service of a child, parent, or spouse:
- Services performed by employees of corporations are subject to Social Security and Medicare taxes, even if the corporation is controlled by the individual’s parent, child, or spouse.
 - Services performed by a child of any age for a partnership in which a parent is a partner are subject to Social Security and Medicare taxes unless each partner is a parent.
- (6) Issue the appropriate correspondence if not closing the case in the screening phase.
- (7) **Resolution:** If the only problem with the case involves family employment, prepare automated Forms 6209 and 6494 and close the case with the appropriate status code on CAP.

4.19.4.2.18
(04-10-2023)
**Screening Foreign
Students/Non-Resident
Visitors**

- (1) Certain Foreign Students/Non-Resident Visitors are exempt from Social Security (FICA) and Medicare tax. See chart below:

If	And	Then
Social security and Medicare tax is erroneously withheld by the employer	The foreign student is unable to obtain reimbursement from the employer	The student files Form 843 to receive a refund of the erroneously withheld taxes.

Note: The original Form 843 claims for foreign taxpayers are no longer processed in Philadelphia. They are now processed in CSC or OSC. IRM 21.7.2.5.11, Foreign Students – FICA Tax Erroneously Withheld and IRM 21.8.2.7, VISA Holders - General.

- (2) Check **TXMODA** for an adjustment (as shown below).

Adjustments

291 10162019 1,721.24- 201940 98 (or 60, 78, or 66)154-123-45678-3

Adjustments

004 22,499.77- 007 1,721.24-

073 22,499.77-

820 01312011 201940 98124-123-45678-3

XREF-TIN> 123-45-6789 XREF-MFT> 30 XREF-TX-PRD> 201912

- The Reference amounts (004, 005, 073) may match the Form 941/ 944/ W-2 CAWR discrepancy.
 - The tax amount is 1/2 of the Social Security and Medicare tax amount (wage amount X 7.65 percent)
 - A TC 820, Credit Transfer, has been input with X-Ref SSN (The Foreign Student's SSN) to X-Ref MFT 30.
 - The DLN begins with 98, 60, 78, or 66.
 - The original adjustment is done in Philadelphia, Cincinnati, or Ogden.
- (3) Check CC IRPTRL on the student's SSN. There should be a Form W-2 for the adjusted reference amount from the EIN (employer) on the CAWR case. Follow the procedures in the chart below.

If	Then
the adjustment document is requested (using ESTAB) the DLN beginning with 98 shows: <ul style="list-style-type: none"> • A copy of the Form W-2, • A copy of the VISA, • A letter stating that the foreign student was unable to obtain reimbursement from their employer, and • A Form 843 (claim). 	<ol style="list-style-type: none"> 1. Complete automated Form 6209 to decrease Social Security and Medicare wages. In the remarks, select "Other" and enter "Exempt Foreign Student." 2. Complete Form 6494 to tell SSA to cancel the Form W-2 for the foreign student using CC 4. 3. Attach a copy of the Form W-2 or give employee name, SSN, and wage amount to be canceled. 4. Close the case on CAP with the appropriate closing code.

4.19.4.2.19
(04-14-2020)
Screening Cases For State and Local Governments

- (1) These cases should be identified in CAP and IDRS by the following:
- a. Employment Code **T**;
 - b. BOD Code on the CAP detail screen = **TE**
- (2) State and local government employees are subject to both Social Security and Medicare taxes if:

- The employees are covered by a section 218 agreement, or
 - The employees are not participants in a public retirement system (for services after July 1, 1991).
- (3) Other state and local government employees are subject to Medicare tax, if they were hired after March 31, 1986. Refer to Pub 963, Federal-State Reference Guide, for more information.
 - (4) See IRM 21.7, Business Tax Return and Non-Master File Accounts, for exceptions.
 - (5) If there is a discrepancy solely in Social Security wages and Medicare wages and tips and the employer is a local or state government where research indicates the employees are Social Security exempt:
 - a. Prepare automated Forms 6209 and 6494 to cancel the Social Security wages.
 - b. Close the case with appropriate status code on CAP (IRS-CAWR=36, SSA-CAWR=99).

4.19.4.2.20
(04-14-2020)

**Screening Identification
of Cross Reference
(X-Ref) Cases/Filed With
Another EIN**

- (1) When the Forms W-3/W-2 exceed Forms 94X:
 - a. Research any cross-reference EIN under which the taxpayer may have filed additional Forms 94X.
 - b. Check for the X-Ref EIN on CAP, if the X-Ref EIN is on CAP, work the cases together. Enter the X-ref EIN on each case on CAP.
- (2) When the X-Ref EIN is not on CAP:
 - a. Research IDRS command codes (i.e., CC BMFOL definer E and/or CC INOLE definer X) for any X-Ref number.
 - b. If the X-ref is found, access ORS for the X-Ref number (if needed).
 - c. Correspond with the taxpayer for missing Forms W-3/ W-2 (if needed).
 - d. Transfer the Forms W-3/ W-2 to the appropriate EIN via automated Forms 6209 and notify SSA via Form 6494.
 - e. When the information balances the account, close the case by entering the appropriate closing code. Input a TC 971 on IDRS using CC REQ77 with action code 017 to identify the cross reference EIN.
 - f. When the information does not balance the account, issue appropriate correspondence.
- (3) If the case is a Large Corporation (LCI indicator present on TXMOD or ENMOD) or a subsidiary of one, the information may be filed by a parent corporation or another EIN (due to an entity change), follow the procedures in IRM 4.19.4.2.1.1, Large Corporation/Large Dollar Screening. After coordinating with the Technical Large Corp contact and agreeing the taxpayer must be contacted, correspond for the EIN and validate information. If an employment code "S" is present for any SSA-CAWR/SSA Indicator 2 case, a penalty assessment cannot be made to that EIN/TIN on MFT 13. Do the following:
 - a. Research for a parent TIN/EIN and/or a phone number for the entity. This may include contacting the Large Corporation unit for help locating the parent company.
 - b. Contact the taxpayer in an effort to obtain the missing Form(s) W-2, so that a penalty assessment does not have to be made.

- c. Be sure to consider the amounts reported under the parent TIN/EIN while working the subsidiary case.
- d. Follow normal correspondence and reply procedures for the SSA-CAWR/SSA Indicator 2 case worked as a result of this situation.

Note: CORRESPONDENCE MUST BE ISSUED TO THE PARENT TIN/EIN BEFORE A PENALTY ASSESSMENT CAN BE MADE AGAINST THE PARENT ENTITY.

4.19.4.2.21
(04-04-2013)
**Screening Cases
Identified as Exempt
Church Organizations**

- (1) An election of exemption from Social Security and Medicare taxes may be filed via Form 8274, Certification by Churches and Qualified Church Controlled Organizations Electing Exemption from Employer Social Security and Medicare Taxes.
- (2) The employee, unless otherwise exempt, must still pay self-employment tax on the income if the employee is paid \$108.28 or more in a year from a Church or a qualified Church controlled organization. However, an employee who is a member of a qualified religious group can apply for an exemption from the self-employment tax by filing Form 4029, Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits.

Note: Ordained, commissioned, or licensed ministers and members of religious orders are also generally treated as self-employed for Social Security and Medicare purposes.

- (3) Churches established after October 1, 1984, must file no later than the day before the due date of their first quarterly employment tax return. Elections filed after these deadlines will be void. Additional information can be found in IRM 21.7, Business Tax Return and Non-Master File Accounts.
- (4) If any of the conditions below resolve the CAWR discrepancy close the case.
 - a. Research prior years on CAP to determine if a Form 6209 was input for minister wages.
 - b. Research on ORS for any corrected W2-C
 - c. Research the exempt employee's SSN on IRPTRO
- (5) If the discrepancy has been resolved, follow the steps below:
 - 1. Prepare automated Form 6209 to reduce the wages.
 - 2. Prepare Form 6494 to notify SSA to cancel Social Security wages.
 - 3. Close the case using appropriate status code on CAP.
- (6) If the discrepancy is not resolved by the above research, issue the appropriate correspondence.

4.19.4.2.22
(02-01-2008)
**Delete Cases During
Screening**

- (1) When the status of the case changes to status code 11 or a 98 with a Gen code D located on the detail screen, it means that the CAWR module is now in balance at master file.
- (2) If no taxpayer contact has occurred on this case, remove the case from your batch.

4.19.4.2.23
(02-01-2008)

**Screening SSA Indicator
Other Than “Blank”
Cases**

- (1) As you work an IRS-CAWR batch, you may find the SSA IND has updated from blank to “1” or “2”.
 - a. If the SSA IND is “1” work the case. SSA is also contacting the taxpayer.

Note: You will be required to enter the SSA screen data on these cases, even though they have not updated to SSA IND = 2.
 - b. If the SSA IND is “2” work according to SSA-CAWR procedures.

4.19.4.3
(04-10-2024)

Replies

- (1) There are so many variables in the CAWR program, the replies are broken into many different categories. The following subsections deal with individual type replies.

Reminder: When working replies follow instructions for inputting Correspondence Date (Corr Date in IRM 21.3.3.4.2.3, Correspondence Date (Corr Date).

- (2) When working replies received from the taxpayer (in response to IRS correspondence you issued) remember that care must be taken to attempt to conform to the **Policy Statement P-21-3** and if you cannot initiate a final response within 30 days from the earliest received date, you must issue an interim response. Exhibit 4.19.4-6, Codes Used on IDRS for CAWR Processing for codes to use when suspending a case.
- (3) There may be times during the response phase when calling the taxpayer will expedite the resolution of a case. For example, when taxpayers respond to a notice, they may inadvertently omit required information or signatures delaying the action on the case. If additional information is required to resolve a case, attempt to contact them by phone prior to making the assessment on the account. See the SBSE Document Matching web page at *CAWR/FUTA Addresses (sharepoint.com)* and *SERP - CAWR/FUTA Research Portal (irs.gov)* Make sure all authentication and disclosure procedures are followed when making contact by phone. see IRM 21.1.3.2.3. Required Taxpayer Authentication. Also Exhibit 4.19.4-6, Codes Used on IDRS for CAWR Processing for codes to use when suspending a case.
- (4) When assessing a **Failure To Deposit (FTD) penalty**, use **PCC 018** (Penalty Computation Code). See IRM 4.19.4.7.4, Failure To Deposit Penalty (TC 180) and IRM 20.1.4.21.6.1, Computation of the FTD Penalty (CAWR and Federal Unemployment Tax Act (FUTA) Notices).
- (5) If a **TC 780/788 (unreversed by a TC 781)** is present on any module of the tax year that you are working during the reply, undeliverable or no-reply phase, no tax or penalty can be assessed. Take the following actions:
 1. Provide prints of the Money Amount and the Detail screens from CAP to the appropriate MOIC unit.
 2. File the correspondence using the applicable Case Processing Procedure. See IRM 4.19.4.7, Case Closing Procedures.
 3. Close the case with closing code 98.
- (6) When an account has a **TC 300, TC 308, or TC 301 on any module of the tax year you’re working, do not assess**; close the case with No Assessment Needed Processing Procedures found in 4.19.4.7, Case Closing Procedures.
- (7) Replies may also be Form 4442 that are referrals of CAWR cases from CSRs. Provide the taxpayers with interim responses (by telephone or in writing) if Tax

Law Referrals of cases cannot be resolved within seven (7) calendar days or Account Referrals of cases cannot be resolved within fifteen (15) calendar days.

- (8) When working responses, close the case with the appropriate closing code instead of preparing the Form 6209 if:
- No money fields are being changed
- (9) If contact is needed with a CAWR unit at another site, the phone numbers and fax numbers are located on the SBSE Document Matching web page *CAWR/FUTA Addresses (sharepoint.com)*.
- (10) When the taxpayer **submits a payment** for the proposed discrepancy, and no correspondence is attached, take the following actions:
- a. Accept the payment,
 - b. Assess the intentional disregard penalty IRM 4.19.4.3.1.1, The Intentional Disregard Failure to File Penalty (PRN 549)
 - c. Assess tax and any related penalties,
 - d. input the amount of the penalty in the amount field, and
 - e. Close the case with the appropriate closing code.
- (11) **Third Party Contacts**, Section 7602 (c), **does not apply** to any contact with any office of any local, state, federal, or foreign government entity. Third Party Contacts **do apply** if the business entity is directly conducting business with or employed by the government office contacted.
- (12) When the taxpayer's response indicates that the tax discrepancy and/or penalty discrepancy has been paid by a **third party**, research/correspondence (by letter or telephone) must be done to validate the taxpayer's claim of payment. **Do not** just accept the taxpayer's statement that the payments were paid by a third party. Use the following steps as a guide for proof of payment(s):
- Third party name and EIN must be provided in order to check for posted payments.
 - Copy of the cancelled check (front and back) payable to the US Treasury for the discrepant tax and/or penalty amount(s) may be provided to prove payment and ownership of payment.
 - Verify whether the third party pays Sick Pay for employer (see IRM 4.19.4.3.16, Responses Identifying Third Party Sick Pay) or is plan administrator for the employer (see IRM 4.19.4.3.33, Replies relating to Forms 945/1099R). Follow the procedures in the chart below:

#

If	Then
Third party name and EIN (check for posted payments) is found and the issue is not related to Third Party Sick Pay or third party plan administrator.	<ol style="list-style-type: none"> 1. Transfer the payments to the correct taxpayer's account using the credit transfer IAT. 2. Enter the appropriate tax assessment or civil penalty amount you will be assessing and the number of quarters adjusted on the CAP detail screen and close the case using the appropriate closing code. 3. Follow the appropriate CAWR assessment case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.
Third party name and EIN (check for posted payments) is not found	Correspond with the taxpayer and explain that they are responsible for the discrepant amount(s) regardless of the third payer.

Note: If the case has a loose Form W-2 yellow alert bar on CATRS pull the Form W-2 or Form 8922, third party sick pay document from suspense when working the case.

- (13) Whenever a taxpayer makes a reference to any of his forms being fraudulently filed by another party or claims there is a fraud or identity theft issue, refer the case to HQ. See IRM 25.23.9, BMF Identify Theft Procedures for more information.
- (14) When a reply is received that is identified on IDRS as a Federal Agency (BOD code TEGE with Employment Code F) or a Quasi-Federal Agency (BOD code TEGE with employment code Q) refer the case to the FAD unit prior to assessing the case. See 4.19.4.2.15, Federal Agency and Quasi-Federal Agency Screening for more information.

4.19.4.3.1
(03-28-2019)
SSA-CAWR Civil Penalties

- (1) The Service assesses penalties for cases referred by the Social Security Administration (SSA) when there is a discrepancy between wages reported on Form(s) W-2 and what is reported to the Service on Forms 94X. SSA will make two attempts to contact the employer to resolve the discrepancy.

Note: Chief Counsel has determined the First Time Abate Penalty relief option does NOT apply to the Intentional Disregard Penalty (PRN 549) under IRC Section 6721(e) or the Late Filing Penalty (PRN 550) under section 6721(a). These penalties can only be abated based on Reasonable Cause criteria. See IRM 4.19.4.3.1.4, SSA CAWR Request for Reasonable Cause, for additional information. **DO NOT** abate PRN 549 or 550 penalties based on First Time Abate Penalty.

- a. If SSA is unable to resolve the discrepancy, the cases are sent to the Service. A SSA discrepancy is identified when the employer reports more Social Security wages to the Service than to SSA. An SSA discrepancy is resolved when the employer provided missing Forms W-2, amends their Form 94X or submits other information to resolve the discrepancy.
 - b. An agreement between the Service and SSA requires the Service to correspond with the employer in an effort to secure missing Form(s) W-2 from the employer. SSA does not have the authority to assess penalties or enforce collection of the Forms W-2. SSA refers these cases to the Service which is compared to the Business Master File (BMF). If a match is made, a Letter 98-C is issued to the employer requesting the information necessary to resolve the discrepancy.
- (2) If the discrepancy is not resolved by either the filing of the missing Forms W-2, an amended Form 94X, or by providing an explanation of the discrepancy, the Service is directed to assess a penalty.
 - (3) The taxpayer is given 45 days to answer the Letter 98-C. If the taxpayer does not respond to the letter by the end of the suspense period (11 cycles from letter date) the case becomes a No Reply. Status code 91 automatically posts to CAP and is updated to BMF. The Intentional Disregard Penalty automatically assesses when the BMF posts status code 91 based on the following criteria:
 - a. Penalties of less than \$25,000.00 automatically assess on IDRS.
 - b. Penalties of between \$25,000.00 and \$999,999.99 are held in a re-sequencing file until after PCD. These assessments will post to BMFOLT and then 1 week later to TXMOD at the end of the dead cycle.
 - c. Penalties of 1 million dollars or more do not automatically assess. Cases meeting this criteria must be reviewed by CAWR using the MILLION DOLLAR PEN ASSESS RPT and coordinating with the Technical Large Corp. Unit. See IRM 4.19.4.3.35, Large Corporation/ Large Dollar Replies.

4.19.4.3.1.1
(04-10-2023)

**Intentional Disregard
Failure to File Penalty
(PRN 549)**

- (1) A penalty for intentional disregard (PRN 549) of the filing requirements under IRC Section 6721(e) is imposed on employers who do not comply with our requests to file correct Forms W-2. A CP 215 generates advising the taxpayer of the actual penalty assessment.
- (2) The penalty is the greater of \$560.00 per missing Form W-2 or 10 percent of the aggregate amount of the items required to be reported correctly. See IRM 20.1.7-1, IRC 6721 & IRC 6722 Penalty Rates for Large Businesses with Gross Receipts Over \$5 Million (Average annual gross receipts for the most recent 3 taxable years) and IRM 20.1.7-2, IRC 6721 & IRC 6722 Penalty Rates for Small Businesses with Gross Receipts Less Than or Equal to \$5 Million (Average annual gross receipts for the most recent 3 taxable years) for further information and maximum penalty amounts. For the purpose of this program, use only the 10 percent of the aggregate amount method due to a problem with the data appearing in the number of employees field on the Form 94X returns and CAP. See Exhibit 4.19.4-4, Tax and Penalty Assessment Guide. There is no maximum to the Intentional Disregard penalty. The following procedures are only for manually assessed penalties:
 - Review the Form 94X for Social Security wages, Social Security tips, and Medicare wages. Add Social Security tips and Social Security wage amounts together.

- Compare the aggregate Social Security wages and Social Security tips amount and the Medicare wages amount (from Form 94X) to its corresponding Form W-2 field. Determine which of the two amounts is the greater dollar discrepancy.
- Obtain written supervisory approval when necessary. See IRM 4.19.4.7.1, Supervisory Approval to Assess Penalties for instructions.
- Assess the 10 percent Penalty on the larger discrepancy. See IRM 4.19.4.3.1.3, SSA-CAWR Reply Procedures.

(3) **DO NOT ASSESS A CIVIL PENALTY (PRN 549) ON ENTITIES THAT ARE:**

- Federal and Quasi-Federal Agencies
- Defunct (cc 07 or 10) or Bankrupt Corporations
- Cases with Forms 94X filed under 6020(b) procedures on any quarter that have not been amended.
- The only wage field out of balance is Total Compensation
- The Employment Code is "S". See IRM 4.19.4.4, No Replies.
- See Exhibit 4.19.4-4, Tax and Penalty Assessment Guide.
- When the employer establishes reasonable cause IRM 20.1.7.8.1, Reduction of the Penalty and IRM 20.1.1.3.2, Reasonable Cause.

4.19.4.3.1.2
(04-10-2023)
**Late Filed Forms W-2
Penalty (PRN 550)**

- (1) The Late Filing Penalty Assessment (PRN 550) is assessed by CAWR in the reply phase, when original Forms W-2 filed in response to SSA-CAWR correspondence are received. These forms are always subject to the maximum penalty of \$280.00 (\$270 for tax years 2019-2018, \$260 for tax years 2015-2017, \$100 for tax years 2010 through 2014 and \$50.00 for SSA CAWR tax years 2009 and prior) for each Form W-2 unless the Form W-2 shows no FIT, Social Security tax, Medicare tax, and only reports Total Compensation. See IRM Exhibit 20.1.7-1, IRC 6721 & IRC 6722 Penalty Rates for Large Businesses with Gross Receipts Over \$5 Million (Average annual gross receipts for the most recent 3 taxable years) and IRM 20.1.7-2, IRC 6721 & IRC 6722 Penalty Rates for Small Businesses with Gross Receipts Less Than or Equal to \$5 Million (Average annual gross receipts for the most recent 3 taxable years) for further information and maximum penalty amounts. Consider submitted Forms W-2 as original filings when:
- a. the taxpayer does not state the Form(s) W-2 were previously submitted **OR**
 - b. the taxpayer states the Form(s) W-2 were previously submitted and further BMFOLU **and** SSA (ORS or ERQY) research does not support the claim.
- (2) When the employer submits Form(s) W-2 always research BMFOLU prior to assessing the Late Filing Penalty:
- a. If all of the submitted Forms W-2 have already posted to BMFOLU, do not assess the Late Filing Penalty.
 - b. If research shows that some of the missing Forms W-2 were previously filed, then assess the late filing penalty only on the remaining out-of-balance Forms W-2. Further SSA (ORS or ERQY) research may be needed to research for the Forms W-2 if the taxpayer stated that the Form(s) W-2 were previously submitted. See (1) above. Obtain written supervisory approval for the penalty when necessary. See IRM 4.19.4.7.1, Supervisory Approval to Assess Penalties for instructions.

- (3) **DO NOT ASSESS A CIVIL PENALTY (PRN 550) ON ENTITIES THAT ARE:**
- a. Form(s) W-2C submitted in response to CAWR correspondence.
 - b. Federal and Quasi-Federal Agencies.
 - c. Defunct (cc 07 or 10) or Bankrupt Corporations.
 - d. Forms that BMFOLU or SSA research confirm were filed timely with SSA.
 - e. The Employment Code is "S". See IRM 4.19.4.4, No Replies.
 - f. See Exhibit 4.19.4-4, Tax and Penalty Assessment Guide.
 - g. When the employer establishes reasonable cause See IRM 4.19.4.3.1.4, SSA CAWR Request for Reasonable Cause, IRM 20.1.7.8.1, Reduction of the Penalty and IRM 20.1.1.3.2, Reasonable Cause.

4.19.4.3.1.3
(04-10-2024)
**SSA-CAWR Reply
Procedures**

- (1) SSA-CAWR replies occur when taxpayers respond to the Letter 98-C prior to the expiration of the CAP correspondence suspense period.
- (2) If the taxpayer provides W-2 information in other than the official format (i.e., a computer listing providing the employee name, SSN, wages, tips, federal income tax withheld) accept the information as if it was the actual Form W-2 and notate or identify each field on the first Form(s) W-2 data so SSA will know which fields are present on the listing(s).
- (3) Follow the procedures in the chart below when working SSA-CAWR indicator 2 reply cases.

If	Then
<p>The Form(s) W-2 balances the SSA-CAWR case</p>	<ul style="list-style-type: none"> 1. Prepare Form 9338 and attach Form(s) W-2 for submission to SSA. 2. Obtain written supervisory approval when necessary. See IRM 4.19.4.7.1, Supervisory Approval to Assess Penalties for instructions. 3. Assess Late Filing Penalty if you have two or more Form(s) W-2. If you do not, file correspondence. See IRM 4.19.4.7.3, SSA-CAWR – Reply Case Processing Procedures. <p>Note: DO NOT prepare a Form 6209. When SSA processes the forms, the master file will be updated at that time.</p>

If	Then
<p>The Form(s) W-2-C balances the SSA-CAWR case</p>	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 and Form 9338 and attach Forms W-2-C for submission to SSA. 2. Associate with case folder to allow for review. 3. File the correspondence using the SSA-CAWR No Penalty Needed Processing Procedures. See IRM 4.19.4.7.3, SSA-CAWR – Reply Case Processing Procedures.
<p>The SSA-CAWR reply does not balance the case: Example: The reply includes a partial number of Forms W-2.</p>	<ol style="list-style-type: none"> 1. Make a copy of any Forms W-2/W-2-C to attach to the case file. 2. Prepare Form 9338 and attach Forms W-2/W-2-C for submission to SSA. 3. Obtain written supervisory approval when necessary. See IRM 4.19.4.7.1, Supervisory Approval to Assess Penalties for instructions. 4. Assess Late Filing Penalty if you have two or more Forms W-2 and the Intentional Disregard (PRN 549) Penalty for any remaining discrepancy. See IRM 4.19.4.7.3, SSA-CAWR – Reply Case Processing Procedures. <p>Exception: When there are more than 100 Forms W-2/W-2C are submitted, only photocopy the Form W-3/ W-3C for inclusion in case file.</p>

If	Then
<p>The SSA-CAWR reply includes Form(s) W-2 increasing the Social Security wages, Social Security tips, -Medicare wages, and/or FIT to more than the 94X amounts</p>	<ol style="list-style-type: none"> 1. Make a copy of any Forms W-2/W-2-C to attach to the case file. 2. Prepare Form 9338 and attach Forms W-2 for submission to SSA. 3. Obtain supervisory approval when necessary. See IRM 4.19.4.7.1, Supervisory Approval to Assess Penalties for instructions. 4. Assess Late Filing Penalty if you have two or more Forms W-2 (PRN 550) submitted. See IRM 4.19.4.7.3, SSA-CAWR – Reply Case Processing Procedures. 5. Assess the additional tax using a posting delay code 3 to ensure the letter is received before the adjustment notice. See IRM 4.19.4.7.2, IRS-CAWR - Reply Case Processing Procedures. <p>Exception: When there are more than 100 Forms W-2/W-2-C are submitted, only photocopy the Form W-3/W-3-C for inclusion in case file.</p> <p>Reminder: The Letter 98C informed the taxpayer that additional tax, and/or a penalty may be charged if the amounts on the Forms 94X and the Forms W-2 differ.</p>

If	Then
The SSA-CAWR reply has Information on magnetic media (tape or disc),	<ol style="list-style-type: none"> 1. Send a Letter 2057-C explaining that SSA no longer accepts Mag Media and request a listing or copies of Forms W-2 and Form W-3. 2. Obtain written supervisory approval when necessary. See IRM 4.19.4.7.1, Supervisory Approval to Assess Penalties for instructions. 3. Assess the Intentional Disregard Penalty. See IRM 4.19.4.7.3, SSA-CAWR – Reply Case Processing Procedures.

4.19.4.3.1.4
(04-10-2023)

SSA CAWR Request for Reasonable Cause

- (1) Generally, an information return penalty may be waived or abated if it can be shown the error was due to reasonable cause and not due to willful neglect.

Reminder: Chief Counsel has determined the First Time Abate Penalty relief option does NOT apply to the Intentional Disregard Penalty (PRN 549) under IRC Section 6721(e) or the Late Filing Penalty (PRN 550) under section 6721(a). **DO NOT** abate PRN 549 or 550 penalties based on First Time Abate Penalty criteria.

- (2) Treas. Reg. 301.6724-1 provides that Reasonable Cause for information return penalties exists when:

1. The taxpayer acted in a responsible manner (both before and after the failure occurred), **AND**
2. There were significant mitigating factors or circumstances beyond the taxpayer's control.

- (3) When evaluating a response to determine if the proposed penalty can be waived/abated due to Reasonable Cause, the fact the error occurred does not prevent the possibility for the penalty to be waived/abated. The tax examiner **MUST** evaluate the explanation to determine if the taxpayer meets the criteria to have the penalty waived based on acting in a responsible manner **AND** having significant mitigating factors (or circumstances beyond their control).

- (4) The taxpayer is considered to have acted in a "Responsible Manner" when the response to the Intentional Disregard and/or the late filing penalties addresses actions they took when the error was first identified **AND** subsequent actions taken to prevent future occurrence. Special consideration should be given to the fact that the Forms W-2 were due two to three years prior to the IRS issuing the Letter 98C and that SSA has previously contacted the taxpayer twice in attempts to obtain the Forms W-2. **Therefore, any reasonable cause documentation must address the issue preventing the filing of the Forms W-2 from the period they were due up to and including the time of their response to IRS.**

- a. Did the taxpayer react timely upon discovery of the error in an attempt to correct/address the error? (YES/NO)
- b. Did the taxpayer take action to prevent future occurrence?
- c. If the taxpayer's response addresses both issues, then consider the "acting in a responsible manner" requirement met.
- d. If the taxpayer's response does not address the "react timely upon discovery of the error" portion of the "acting in a responsible manner" requirement, issue Letter 2057C using CAP and advise the taxpayer we need additional information about what took place at the time the error was discovered. See IRM 4.19.4.3.1.3, SSA CAWR Penalty Needed processing procedures, for more information.
- e. If the taxpayer's response does not address the "actions taken to prevent future occurrence" portion of the "acting in a responsible manner" requirement, research the subsequent year's filing. Follow the procedures in the chart below.

If	Then
The subsequent year's filing shows timely filing,	Consider the taxpayer took the appropriate measures/actions to prevent future occurrence of the issue resulting in the incorrect filing.
A subsequent year's filing indicates the same incorrect filing that resulted in the Letter 98C.	<ol style="list-style-type: none"> 1. Do not consider this requirement met. 2. Issue Letter 2057C using CAP and advise the taxpayer we need additional information about the actions taken after the error occurred. 3. Assess the case using the SSA CAWR Assessment needed processing procedures. See IRM 4.19.4.7.3, SSA CAWR Penalty Needed Processing Procedures for more information.

- (5) Events generally considered **Significant Mitigating Factors** include, (but are not limited to):
 - a. **First time Filer:** The taxpayer had not previously been required to file the information return(s) in questions.
 - b. **Good Compliance History:** The taxpayer has a history of complying with the information return reporting requirements. The taxpayer's history of compliance should be considered whether or not the taxpayer specifically requests waiver on this basis.
- (6) Events generally considered to be **Circumstances Beyond the Taxpayer's Control** include (but are not limited to):

Events or Circumstances	Actions
Actions by the IRS	The taxpayer relied on erroneous written information provided by the IRS. The response needs to include a copy of the information provided to the IRS and the IRS's written response.
Actions by an Agent/ Third Party	<p>The taxpayer relied on an independent agent to comply with filing requirements and received erroneous advice. This would include payroll agents, independent contractors, outside vendors, etc. The agent has to then demonstrate they acted in a responsible manner and encountered significant mitigating factors or circumstance beyond their control.</p> <ul style="list-style-type: none"> • The taxpayer may try to establish reasonable cause by claiming he or she relied on another party to comply on his or her behalf. Generally, this is not a basis for reasonable cause, particularly for filing or paying obligations, since the taxpayer is responsible for meeting his or her tax obligations and that responsibility cannot be delegated. However, other factors to consider include: • Was the taxpayer unable to comply because he or she did not have access to his or her own records? See IRM 20.1.1.3.2.2.3, Unable to Obtain Records. • Was the failure to comply due to a change in the tax law the taxpayer could not reasonably be expected to know? See IRM 20.1.1.3.2.2.6, Ignorance of the Law. <p>Note: The reasonable cause information should encompass the reason why they didn't comply when they were contacted by both SSA and IRS about the missing Forms W-2.</p>
Unavailability of Business Records	As a result of unforeseen circumstances, the inability to access business records affected the taxpayer's ability to comply with the filing requirements.
FEMA Declared Disaster Area	impacting their ability to comply with the filing requirements or impacts their ability to obtain the necessary documentation to support their disagreement to the application of the penalty.

Events or Circumstances	Actions
Circumstances Beyond the Taxpayer's Control	<ul style="list-style-type: none"> • The taxpayer suffered a fire or other casualty impacting their ability to comply with the filing requirements or impacts their ability to obtain the necessary documentation to support their disagreement to the application of the penalty. • The taxpayer suffered a death, serious illness or unavoidable absence affecting their ability to comply with the filing requirements. <p>Caution: The information regarding Circumstances Beyond the Taxpayer's Control requesting reasonable cause should address the issue preventing the filing of the Forms W-2 from the period they were due up to and including the time of their response to IRS.</p>

4.19.4.3.2
(04-22-2022)
Agreed Assessments

- (1) If the taxpayer agrees with our proposed increase (whether or not a Form 941-X has been filed or a payment was made), the adjustment is interest free, if the discrepancy is in federal income tax withholding, Social Security tax, or Medicare tax. Input the adjustment using the earliest IRS received date as the interest computation date. IRM 20.2.10.5.2, CAWR Assessments.

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made, penalties and interest must also be considered. Input the assessment to the last available quarter. Follow the procedures in the chart below.

If	Then
<p>The taxpayer agrees to the proposed tax increase before we input the assessment to IDRS</p>	<ol style="list-style-type: none"> 1. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen and close CAP using CC 48. 2. Input TC 298 with BS 55 for the amount of the assessment using the correct interest computation date and the appropriate item adjustment codes. <p>If full payment for the TC 298 tax amount is not received by the interest computation date of the TC 298 adjustment, assess a 10 percent FTD penalty (TC 180) on the amount not remitted timely.</p> <ol style="list-style-type: none"> 1. Input the secondary TC 180 and penalty amount on the same adjustment as the primary TC 298. 2. Use PCC 018 with the TC 180 penalty assessment. See IRM 4.19.4.7.4, Failure to Deposit Penalty (TC 180) and IRM 20.1.4.21.6.1 (3), Computation of the FTD Penalty (CAWR and FUTA notices). <p>Note: If appropriate, monitor the case for the additional TC 180 - 5 percent Tier (PNTIER) with CC ACTON. See IRM 4.19.4.7.4, Failure to Deposit Penalty (TC 180).</p>
<p>The taxpayer agrees to the proposed tax increase and the payment is found on another module.</p>	<ol style="list-style-type: none"> 1. Use the Credit Transfer IAT to transfer the payment to the correct quarter. 2. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen and close CAP using CC 48. 3. Input TC 298 using BS 55 for the amount of the assessment using the correct interest computation date and appropriate adjustment codes. 4. If full payment for the TC 298 tax amount is not received by the interest computation date of the TC 298 adjustment, assess a 10 percent FTD penalty (TC 180) on the amount not remitted timely. Input the secondary TC 180 and penalty amount on the same adjustment as the primary TC 298. Use PCC 018 with the TC 180 penalty assessment. See IRM 4.19.4.7.4, Failure to Deposit Penalty (TC 180). 5. If appropriate, monitor the case for the additional TC 180 - 5 percent Tier (PNTIER) with CC ACTON. See IRM 4.19.4.7.4, and IRM 20.1.4.21.6.1 (8), Computation of the FTD Penalty (CAWR and FUTA notices).

4.19.4.3.3
(04-10-2023)
**Replies Received For
Out of Locality Cases**

- (1) Do not work another campuses' CAWR reply. Send the reply, after entering the received date through the EDIT screen on CAP, to the campus identified when the reply date is input.
- (2) When a Reconsideration (Recon) (previously called late reply) has been received for another campus, the case must be sent to the appropriate campus.
- (3) For Recons (previously called Late Replies), follow the procedures in IRM 4.19.4.6, Reconsiderations (Recons).
- (4) Send a Letter 86-C to let the taxpayer know the case was transferred to the correct site.
- (5) See SBSE Document Matching web page *CAWR/FUTA Addresses (sharepoint.com)* for a listing of the SB/SE Campus telephone and FAX numbers.

Note: If the case is Statute imminent, it must be worked by the receiving site, then released to the other site.

4.19.4.3.4
(04-10-2023)
**Replies — Including
Amended/Corrected
Returns, Form 843,
Claims, and Form
W-3C/W-2C**

- (1) This section should be used for working Form 94X-X or Form 843 replies.
Note: Although the Form 941-C is obsolete you might find them attached to prior year responses.
- (2) Work the penalty issues for these cases in accordance with IRM 20.1, Penalty Handbook.
- (3) If original Forms W-3C/W-2C are received for IRS-CAWR cases:
 - Ensure legibility and that valid EIN, TIN, and dollar amounts are present
 - Post money changes to the CAWR module by completing automated Form 6209
 - Photocopy the original Forms W-2C and attach the copies to the correspondence received or a printout of the first page of the CAP case file
 - Annotate in red, "IRS RECON" on the Forms W-3 or transmittal forms and mail them to the following address:

Social Security Administration

Division of Employer Services

4-E16 NB Metro West Building

300 N. Green Street

Baltimore, MD 21290-0300

- (4) Employers often send copies of previously filed Forms 94X-X to support their explanation of the out of balance condition. Frequently these are not marked

as copies and do not have signatures. Care must be taken to ensure these are properly considered. If copies of previously filed Forms 94X-X are received, verify that the adjustments were accurately recorded by the Service. When corresponding tax adjustments are found on tax accounts, do not assume that the reference lines were recorded correctly. IRS processing errors in recording Forms 94X-X are often the source of out of balance conditions. It may be necessary to math verify the reference lines entered with previous 29X adjustments and/or request the document for further research. Take action as appropriate to correct any errors discovered. IRM 21.7.2.4.7.6.1, Form 941-X Tax Decreases-Adjusted Employment Tax Return.

- (5) If the taxpayer states that all Forms W-2 have been filed, are correct and provides Forms 94X-X or Form 843 to correct the account:
- a. Work in accordance with DP Tax Adjustments IRM 21.7, Business Tax Return and Non-Master File Accounts and IRM 21.5, Account Resolution.
 - b. Do not decrease the 94X account below the amounts reported on the Forms W-3/W-2 and W-3C/W-2-C. Follow the procedures in the chart below.

If	Then
The reply is received with Form 94X-X requesting an increase in Social Security wages/tips, Medicare wages and/or federal income tax withheld.	<ol style="list-style-type: none"> 1. Consider the Forms 94X-X under agreed assessment procedures in IRM 4.19.4.3.2, Use the IRS Received date as the Amended Claims date. Note: Forms 94X-X requesting tax increases which are less than the identified discrepancy will require two adjustments: a TC 298 for the agreed portion and a TC 290 for the unagreed portion. 2. Close CAP using the appropriate closing code.
The reply is received with Forms 94X-X and/or Form 843 requesting a decrease and an Authorized Original Signature is present:	<ol style="list-style-type: none"> 1. Input a TC 291 for the appropriate money amount and the applicable item adjustment codes using blocking series 55 with the correct correspondence and IRS received date. Use the IRS Received as the amended claims date. 2. Input the appropriate adjustment amount and the number of quarters adjusted on the CAP Detail Screen. 3. Close CAP using the appropriate closing code. <p>Reminder: DO NOT decrease the Form 94X account below the amounts reported on the Forms W-3/W-2 and W-3C/W-2-C.</p>

If	Then
The reply is received with Forms 94X-X and/or Form 843 requesting a decrease and an Original Authorized Signature is not present with the case.	<ol style="list-style-type: none"> 1. Return Form 94X-X and/or Form 843 to the taxpayer for an authorized signature. 2. Assess and close the case using the appropriate case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.
the Form 94X-X is adjusting a 6020(b) return	<ol style="list-style-type: none"> 1. Adjust the return using the procedures above and input a TC 599 CC 39 using CC FRM49 to set the ASER three years from the received date. 2. IRS-CAWR Cases: assess for any remaining discrepancy. 3. SSA-CAWR: adjust the return and charge a civil penalty if there is still a discrepancy.
the taxpayer responds with a Form 941 with amounts that differ from already posted on IDRS	See IRM 21.7.2.4.6.7.4, Amended/ Supplemental Form 94X with or without Forms 941-X except use the Letter 2057-C using CAP to contact the taxpayer.
A signed adjusted employer's tax return is received and is intended to be an original return and no TC 150 is posted.	<ol style="list-style-type: none"> 1. Manually prepare a "dummy" return using the corrected information from the "X" form. On the signature line, indicate "Dummy Return - Do not correspond for signature". 2. Attach applicable Form 94X-X to the back of the "dummy" return. Edit (in green) a line across the applicable Form 94X-X and notate "Do Not Detach" in the margin. 3. Process the "dummy" return as the original. 4. Ensure all applicable deposits are correctly applied. 5. Input a TC 971 AC 004 to prevent a duplicate filing condition from generating when the "dummy" return posts. 6. Make a copy of all forms and file according to the No Assessment Case Closing Procedures.

4.19.4.3.5
(04-14-2020)

**Working Replies - Cross
Reference (X-Ref)
Cases/Filed With
Another EIN**

- (1) When working replies, always research IDRS for a X-Ref EIN. If found, check for the X-Ref EIN on CAP. If the X-Ref EIN is on CAP, work the cases together. Notate the X-Ref EINs on the CAP detail screen. If necessary, transfer the Forms W-3/ W-2 to the appropriate EIN via automated Form 6209 and Form 6494.
- (2) If the X-Ref EIN is not on CAP:
 - a. Research the X-Ref number (i.e., CC BMFOL definer U, INOLE definer T.)
 - b. Access ORS for the X-Ref number (if needed).
 - c. Correspond with the taxpayer for missing Forms W-3/ W-2 (if needed).
 - d. If the information balances the account, close the case by entering the appropriate closing code and file the correspondence.
 - e. If the information does **not** balance the case assess using the applicable procedures in IRM 4.19.4.7, Case Closing Procedures.
- (3) Input a TC 971 on IDRS using CC REQ77 with action code 017 to identify the cross reference EIN.
- (4) If the taxpayer states Forms W-2 were filed by a parent corporation or another EIN:
 - a. assess the necessary tax and /or penalty.
 - b. send Letter 2057-C requesting the EIN under which the Form(s) W-2 are filed and advising them that tax and/or penalty was assessed.
- (5) If the X-Ref EIN has an LCI contact the LCTU prior to adjusting any tax and/or penalties. See IRM 4.19.4.2.1.1, Large Corporation/Large Dollar Screening.

4.19.4.3.6
(04-10-2023)

**Replies Received On
Missing Tax Return
Issues**

- (1) When the employer replies and a missing return is received, take the following actions in the chart below:

If	Then
<p>The employer replies, and furnishes the missing returns whether or not they balance the case.</p>	<ol style="list-style-type: none"> 1. Check IDRS to see if a TC 150 is present. Note: Signature is not required. 2. If a TC 150 is not present, the returns are original returns and need to be processed. 3. Process the returns received as original, even if the return was marked copy. 4. Edit the return underlining the EIN, tax period, name control and IRS received date, if not present. In the left hand margin of the return write 599 with appropriate closing code indicator. 5. Check IDRS for an open TDI indicator. If present and the current status on the module is 02 or 03 use FRM49 to input a TC 599 CC 94. 6. If the case is in any other status use FRM49 to input a TC 599 CC 18 on the missing tax return module. File correspondence using the No assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures if case is in balance. Assess the case following IRS-CAWR Assessment Needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures if case remains out of balance. 7. Send the original return to Submission Processing following local procedures. 8. Send a closing Letter 2057-C Using CAP informing him/her the return has been sent to the appropriate area for processing.
<p>The reply states the return is for one tax period, but the actual return shows another tax period.</p>	<p>Edit the correct tax period on the return and process as instructed above. Note: This allows Submission Processing to process the returns accurately.</p>
<p>The employer states they filed the returns in question and the return posted to Master File.</p>	<p>File correspondence using the No Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.</p>

If	Then
it is determined the form is processed incorrectly to another tax year	See IRM 21.5.2.4.23, Reprocessing Returns/Documents.

Exception: If the taxpayer is a Form 941 filer and submits a Form 944, reject the Form 944 back to the TP and request the applicable form.

4.19.4.3.7
(04-22-2022)

**IRS-CAWR Replies with
Forms W-3/W-2/W-3C/W-
2C**

- (1) The following information applies to all original and copies of Forms W-3/W-2/W-3C/W-2-C. When reviewing a reply, check any forms received in the correspondence for errors and follow the procedures in the chart below.

If the reply	6209	6494	Corr. Code	IRS-CAWR ADJ.	Issue Corro	Comments
is Forms W-2/ W-3/ W-2-C/ W-3-C correcting Social Security wages, Medicare wages, Social Security tips and/or Federal Income tax withheld balancing the case	Y	Y (see Note)	5	No Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	or send copies of Forms W-3C/ W-2-C
is voiding Form(s) W-2 processed in error and the information balances the case	Y	Y (see note)	4	No Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	If exact duplicates, Form 6494 is not needed
is indicating Form(s) W-3 and /or W-2 were processed under an incorrect EIN and the information will balance the case	Y	Y	3	No Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	none

If the reply	6209	6494	Corr. Code	IRS-CAWR ADJ.	Issue Corro	Comments
consists of information submitted on magnetic media, Full Size Tape Reel, Compact Disc, Floppy Disk	N/A	N/A	N/A	YES Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	Inform the taxpayer, SSA no longer accepts magnetic media and they must provide the IRS with paper copies of Form(s) W-2, or a listing and Form W-3. Properly dispose of magnetic media
is a wage listing showing all required information to balance the account	Y	Y	7	No Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	Attach wage listing (6494). Highlight and identify the data on the first employee for SSA . Form 6494 is sent only for Form(s) W-2-C.
includes Form(s) W-2 that balances the case or takes the case below tolerance	N	Y	7	No Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	6209 for W-2-C only
includes Form(s) W-2-C that balances the case or takes the case below tolerance	Y	Y	5	No Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	None
includes Form(s) W-2 that increases Social Security wages/ tips, Medicare wages and/or Federal Income tax to more than the 94X amounts	N	Y	5	YES Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	6209 for W-2-C only
indicates Social Security wages were reported over the maximum and the information balances the case	Y	N	N/A	No Assessment needed 4.19.4.7.1, IRS—CAWR—Reply Case Processing Procedures	Y	Explain the Social Security maximum wage amounts to the taxpayer. Refer to Document 6209 Section 3.12, Social Security tax rates.

4.19.4.3.8
(04-10-2023)
**Corporations - New
Owners Reply**

- (1) An entity that incurs a tax liability or a civil penalty is responsible for paying it even if there was a change in ownership. This is true regardless of whether the involved parties entered into a private agreement between themselves as to which party would be responsible. Such private agreements may be grounds for one of the parties to file civil suit against the other, but has no impact on the legal obligation of the party that incurred the liability to pay the amounts owing to the government.

Example: If the corporation is T. Pine Enterprises and Tom Pine sold the entity (T. Pine Enterprises) to John Jones, the corporation itself, T. Pine Enterprises, is responsible for the liability, regardless of who the officers or owners are.

- (2) In TY 2005, the Form 941, Schedule D was introduced. This Schedule D allows the parties involved in Acquisitions, Statutory Mergers, or Consolidations to report discrepancies identified as a result of the merger.
- (3) Review IRM 21.7.13.4.3, Entity Classification and Ownership Changes and succeeding sections to determine if a new EIN was required on these cases. Follow the procedures in the chart below.

If	And	Then
the current/previous taxpayer claims they are not liable for the discrepancy and may or may not have established a payment arrangement, the arrangement does not impact on whether we can assess.	the taxpayer states they are a corporation	<ol style="list-style-type: none"> 1. Send closing Letter 2057-C using CAP, explaining the corporation is liable. 2. Assess the case following the applicable Assessment Needed case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.

If	And	Then
the current/previous taxpayer claims they are not liable for the discrepancy and may or may not have established a payment arrangement, the arrangement does not impact on whether we can assess.	the taxpayer states they are other than a corporation and if a new EIN was not required	<ol style="list-style-type: none"> 1. Send closing Letter 2057-C using CAP, informing the taxpayer they should have requested a new EIN when purchasing the business. 2. Assess the case following the applicable Assessment Needed case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.
the current/previous taxpayer claims they are not liable for the discrepancy and may or may not have established a payment arrangement, the arrangement does not impact on whether we can assess.	the taxpayer states they are other than a corporation and if a new EIN was required	<p>follow procedures above.</p> <p>Exception: If a new EIN was required, and the contact is from the prior owner about a tax period after the business changed hands and they provide proof of the ownership change but cannot provide the EIN for the new owner, research for another EIN. If necessary, send a referral to BMF Entity for possible assignment of an EIN for the new owner.</p>
you receive Forms W-2C and Forms 941-X	taxpayer provides new EIN	<ol style="list-style-type: none"> 1. Make the appropriate adjustments on IDRS See IRM 4.19.4.3.4, Replies — Including Amended/Corrected Returns, Form 843, Claims, and Form W-3C/ W-2C or transfer the return(s) to the new EIN if necessary using Form 12810. 2. Update CAP with the correct address to ensure letters are sent to the previous owner. 3. Send a closing Letter 2057-C using CAP explaining the adjustments made to the taxpayer's account. 4. close the case on CAP using the appropriate closing code. See IRM 4.19.4.7, Case Closing Procedures. 5. Forward Forms W-2C to SSA on Form 6494.
taxpayer does not provide information necessary to resolve the case	N/A	<ol style="list-style-type: none"> 1. Send a closing Letter 2057-C using CAP explaining why the reply was insufficient requesting the appropriate forms to resolve the discrepancy. 2. See IRM 4.19.4.7, Case Closing Procedures.

If	And	Then
taxpayer provides a Schedule D	resolves the discrepancy	<ol style="list-style-type: none"> 1. Enter the x-ref EIN onto the CAP detail screen. 2. File correspondence following the "IRS-CAWR No Assessment Needed" case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.
taxpayer provides a Schedule D	does not resolve the discrepancy	Assess the case using "IRS-CAWR Assessment Needed" case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.

4.19.4.3.9
(04-10-2023)

Replies Indicating Tips Incorrectly Reported

- (1) Large food or beverage establishment employers are required to report allocated tips, under certain circumstances. Follow the procedures in the chart below.

If	Then
<p>The reply indicates tips and no Forms W-3C/W-2-C were received.</p> <p>Note: Forms W-3C/W-2-C must be filed to correct the discrepancy.</p>	<ol style="list-style-type: none"> 1. Send a closing Letter 2057-C using CAP explaining that when we receive additional information we will reconsider the adjustment to their account. If the taxpayer states the discrepancy is due to allocated tips explain amounts should be reported on the Allocated tips Line 8 on Form W-2. 2. Assess the case using IRS-CAWR Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.
<p>The reply indicates tips were incorrectly reported and Forms W-3C/W-2-C were received,</p>	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 to adjust all appropriate fields based on the Forms W-3C/W-2-C amounts. 2. Prepare Form 6494 using the correction code 5. 3. File Correspondence following the IRS-CAWR No Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.

4.19.4.3.10
(04-10-2014)

**Replies Including
Schedule H, Household
Employment Tax Issues**

- (1) Household Employers must generally file Schedule H (Form 1040) to report wages to the IRS and Forms W-2 with SSA. Schedule H may be filed by either the Primary or Secondary taxpayers. Work any Schedule H issue as you would other CAWR issues. Actions specific to Schedule H are included in this subsection.
- (2) Fiscal year filers must report wages paid on a calendar year basis. Fiscal year taxpayers filing individual income tax returns must include a Schedule H covering the period January 1 through December 31. Check to see if your discrepancy can be resolved by finding Forms W-2 filed under the prior or subsequent year due to the taxpayer being a fiscal year filer.
- (3) The household employment tax is reported on the appropriate line of **Form 1040** and included in the TC 150 amount. If an adjustment is necessary, use **Blocking Series 05**, Reason Code (RC) 171, and Source Code 2 to adjust the appropriate line for employment taxes from Schedule H.
- (4) When making adjustments to **Form 1041** household employment tax from Schedule H, use **Blocking Series 55**, reason code 171.
- (5) Schedules H filed with Form 1040, Refer to IRM 21.6.4.4.8, Individual Tax Returns.
- (6) Schedules H filed With Form 1041, Refer to IRM 21.7.4.4.1.11, Social Security Domestic Employment Reform Act (SSDERA) and BMF Schedules H.
- (7) The interest free provisions for adjustments on BMF employment taxes are in effect for errors discovered on IMF, Schedules H. Refer to IRM 21.6.4.4.8.6, Schedule H, Household Employment Taxes, - Interest - Free Provisions - Underpayments, for procedures. Reference Codes for Adjusting Schedule H are as follows:

To Correct the	For the Primary Taxpayer, Use Reference Code	For the Secondary Taxpayer, Use Reference Code
EIN on CC ADJ54 — XREF/PRIM/SEC-EIN Field	993 for .00	994 for .00
Total Social Security Wages	004	904
Total Medicare Wages	073	973
Federal Income Tax Withheld (if requested by employee)	003	903
Social Security and Medicare tax	007	907
AEIC (Do not use on MFT 05 adjustments.)	335	335

Note: See IRM 21.6.4.4.8.2, Schedule H, Household Employment Taxes - EIN Corrections and IRM 21.6.4.4.8.1, Schedule H, Household Employment Taxes, - Employer Identification Numbers for additional instructions on adjusting Schedule H accounts.

4.19.4.3.11
(04-03-2012)
**State and Local
Governments Replies**

- (1) Taxpayers must provide documentation they are covered under a state or political subdivision retirement system, or qualify for one of the exceptions listed in IRM 21.7.2.5.15, State and Local Government FICA Under Section 218 and; IRM 21.7.2.4.11.3.1, State or Local Government Agency Acting as IRC 3504, Agent for Home Care Service Recipients. When the reply indicates the employees are Social Security exempt and the discrepancy is only in Social Security and Medicare wages for an employer see the table below.

If	Then
The documentation in (1) above is provided:	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 if applicable. 2. Prepare Form 6494 to adjust the Social Security and/or Medicare wages if applicable. 3. File Correspondence following the No Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR—Reply Case Processing Procedures.
If the documentation in (1) above is not provided:	Assess the case using IRS-CAWR Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR—Reply Case Processing Procedures.

4.19.4.3.12
(04-10-2024)
**Statute Issues/Imminent
Assessments**

- (1) **The Statute Awareness Program** was created to minimize barred assessments and erroneous abatements. The download will contain cases which have two statute situations that must be addressed. Cases where the statute date will occur within 120 days will be worked on a priority basis. Refer to IRM 25.6, Statute of Limitations. Two types of statutes addressed in the CAWR processing are listed below.
- (2) The **Assessment Statute Expiration Date (ASED)**. In general, the ASED is 3 years from the filing of the return, unless the return is filed before the due date (determined without regard to any extension of time to file), in which case the ASED is 3 years from the due date.
- (3) **Refund Statute Expiration Date (RSED)**. A claim for credit or refund must be filed within 3 years from the time the return was filed or two years from the time the tax was paid, whichever is later. If the claim is filed within the 3 year

period, the amount to be credited or refunded is limited to the tax paid during the 3 years immediately preceding the filing of the claim plus the period of any extension of time to file (the 3 year look back rule). If the claim for refund is filed within the two year period, the amount is limited to the portion of **tax paid** during the 2 years immediately preceding the filing of the claim (the 2 year look back rule).

Reminder: The claim can be for payment of tax, penalties or interest.

- (4) Untimely claims for credit or refund will be formally disallowed (fully or partially). However, in some situations a claim will be timely but a refund or credit of the overpayment will not be allowable due to when the credit was deemed available. In those situations, this credit will be moved to the Excess Collection Files (XSF) and cannot be used to offset liabilities for other periods.
- (5) **ASED Procedures —See Table Below:**

If the case is	Then
Within 90–60 days of the ASED	<ol style="list-style-type: none"> 1. Provide the designated individuals with the assessment information for direct IDRS input. 2. Monitor to ensure posting of the adjustment.
59 or less days of ASED	<ol style="list-style-type: none"> 1. Prepare Form 2859. 2. Submit to coordinator who will forward to RACS. 3. Ensure confirmation and DLN of the adjustment is received.

- (6) IRM 25.6, Statute of Limitations, will provide instructions in the event that a taxpayer's claim is fully or partially disallowed even if the statute date is imminent (within 90 days) or already expired.
- (7) Document 7368, Basic Guide for Processing Statute Cases, is available to all service campuses and area offices. Order this document from the National Distribution Center using catalog number 10296-C. Document 7368 contains valuable information on statute-specific topics; therefore, a copy should be present in each working group.
- (8) Reference the following IRMs, as necessary, in regards to erroneous abatements. The CAWR unit management will need to determine who takes care of the forms and where to send them. For assistance, see the SBSE Document Matching web page *CAWR/FUTA Addresses (sharepoint.com)*.
- IRM 21.6, Individual Tax Returns
 - IRM 21.7, Business Tax Returns and Non-Master File Accounts
 - IRM 21.4.4, Refund Inquires - Manual Refunds
 - IRM 25.6, Statutes of Limitations, and
 - IRM 25.7, Exempt Organizations Business Master File and Support Processing Handbook

- (9) **Statute Searches:** All Tax Examiners are responsible to expedite statute imminent cases. Each tax examiner is to perform a statute search on their inventories (paper and electronic) beginning 90 days prior to the statute expiration date as illustrated below. In addition, all new receipts to their inventory must be reviewed for statute criteria. Document each search using Form 11122 which will be maintained by management. See the SBSE Document Matching web page *Statute Forms and Aids (sharepoint.com)* for Form 11122 and additional statute guidelines. See the table below for Statute Search date information.

Program	Begin Searching	Frequency	Frequency	Frequency
IRS- or SSA-CAWR	Date	Biweekly	Weekly	Daily
SSA-CAWR	12/2/XXXX	12/2–1/21	1/22–2/21	2/24–3/02
IRS-CAWR	1/15/XXXX	1/15–3/6	3/9–4/9	4/10–4/17

Note: For SSA-CAWR in the above chart: While the penalty statute ends on 3/02 all SSA-CAWR cases must also be screened for potential tax assessments thru April 15th.

4.19.4.3.13
(04-22-2022)
Replies With PAL Indicator Present

- (1) When working replies take into consideration the reason why the PAL indicator is present, as it may help to resolve the discrepancy. Follow the procedures in the table below when working replies with PAL indicators.

If	Then
the CAWR case has a PAL indicator (identified after screening) and the taxpayer replies resolving the discrepancy. Note: Take into consideration the reason the PAL indicator is present Note: This indicator is automatically downloaded by Automated Under Reporters (IMF)	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 to adjust the appropriate amounts if applicable. 2. Prepare Form 6494 or send copies of Forms W-3/ W-2 and/or Forms W-3C/W-2-C to SSA if applicable. 3. File Correspondence following the No Assessment needed case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.
The CAWR case has a PAL indicator (identified after screening) the reply does not resolve the discrepancy.	Assess and close the case using the appropriate case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.

4.19.4.3.14
(04-22-2022)
**Replies Received For
Delete Cases**

- (1) A delete case is one which has been brought into balance at Enterprise Computing Center-Martinsburg (ECC-MTB) through various updates to the module. Follow the procedures in the table below when working replies for deleted cases.

If	Then
A CAWR issue unrelated to previous correspondence	work the case according to the taxpayer's intent.
Correspondence is not a CAWR issue	1. forward the correspondence to the appropriate area. 2. Issue Letter 86-C if necessary.
the case has been "deleted" on Master File. (CAP shows closing code 11)	1. Send a Letter 2057-C explaining IRS received additional information balancing your account. No further information will be necessary. 2. File Correspondence following the No Assessment needed case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.

4.19.4.3.15
(04-01-2010)
**Replies Indicating Sole
Proprietorship**

- (1) A sole proprietorship is a business operated by the owner and as such has wage reporting requirements similar to a single member Limited Liability Corporation (LLC). The owner of a sole proprietorship and the single member LLCs must include all income and expenses on the owner's tax return.

Note: The sole proprietor, **who withdraws income from the business and reports total income and loss on Form 1040, acquires** income from the business in the form of gains, not wages.

Reminder: A Schedule C taxpayer (sole proprietor/LLC) does not issue a Form W-2 to themselves or file Form 94X when the owner is the only worker. The taxpayer must file Form(s) W-2-C, Form(s) 941-X, and Form 1040X as appropriate to resolve the incorrect reporting situation.

- (2) The wages a sole proprietor pays to his or her employees should match the Schedule C wages, the Forms W-2, and the Form 94X wages.
- (3) The owner is the only one authorized to sign the tax returns unless there is an authorized POA or RAA on file. With respect to income tax returns on forms in the 1040 series, a POA entitles someone other than the owner to sign the return only under certain circumstances. See "Authority to Sign Your Return" section of Form 2848 instructions.
- (4) See IRM 21.7.13.5.4, EIN Assignment: Limited Liability Company (LLC), for more information on these types of taxpayers.

- (5) The sole proprietor is the owner and must show wages on Schedule C. If the sole proprietor has employees he must file Form(s) 941 and Form(s) W-2 for his/her employees. File Correspondence following the “No Assessment needed” case processing procedures. See IRM 4.19.4.7, Case Closing Procedures. Research CC NAMEE to determine if the sole proprietor/LLC had a previous EIN.

4.19.4.3.15.1
(04-22-2022)
Decedents — Sole Proprietorship Responses

- (1) Follow the procedures in the table below when working sole proprietorship decedent reply cases.

If	Then
The information provided resolves the discrepancy	Process the information and close the case using the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.
The case discrepancy is not resolved through research or by the correspondence received:	<ol style="list-style-type: none"> 1. Assess and close the case using the applicable Assessment needed case processing procedures. See IRM 4.19.4.7, Case Closing Procedures. 2. Forward a copy of the case to ACS using local procedures to accelerate processing. 3. Input a history item on TXMODA using CC ACTON “DEC’D Sole P. Referred to ACS on IDRS.” 4. Do not input a STAUP.

4.19.4.3.16
(04-22-2022)
Responses Identifying Third Party Sick Pay

- (1) If the taxpayer responds and explains that the discrepancy is due to a Third Party Sick Pay reporting problem follow the procedures in the table below: IRM 4.19.4.2.8, Third Party Sick Pay Identified During Screening.

If	And	Then
employer is an insurance company involved in paying disability benefits OR, There is an amount in Box 14 of Form W-3 that is equal to the FIT discrepancy	the only discrepancy can be attributed to the Federal Income Tax Withheld sick pay issue	File the correspondence following the IRS-CAWR No Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.

If	And	Then
The discrepancy is an incorrect line adjustment	the correct tax has been paid	<ol style="list-style-type: none"> 1. Input TC 290 for \$.00 and adjust the wages. 2. Send Letter 2057-C explaining actions taken and close the case on CAP and IDRS.
employer did not report the wages or the tax,	N/A	<p>Send 2057-C explaining actions taken and close the case by assessing the sick pay wages and half the tax (6.2 percent for Social Security and 1.45 percent for Medicare) on the employer's account.</p> <p>Note: For tax year 2011 only the employee share of Social Security tax is 4.2 percent</p>
the correct tax has not been paid	third-party sick pay wages are not reported on lines 5a and 5c of the Form 941, but the credit was taken on line 8 of Form 941,	<p>assess the sick pay wages and the full tax (12.4 percent for Social Security and 2.9 percent for Medicare) on the employer's account.</p> <p>Reminder: For tax year 2011 only, the Social Security tax is 10.4 percent.</p>

If	And	Then
employer states that there is a discrepancy for income tax withheld by the third-party. This type of discrepancy cannot be avoided and does not indicate a reporting error by the employer. If no other discrepancies exist	N/A	<ol style="list-style-type: none"> 1. accept the employer's word 2. Input a TC 290 for .00 on the employer's account
The employer submitted a Form 8922	the Form 8922 resolves the account	Input a TC 290 for .00 on the employer's account.
The employer submitted a Form 8922	the Form 8922 does not resolve the account	Assess the case for the remaining discrepancy and send the taxpayer a Letter 2057-C.

Note: Refer to IRM 21.7.2.4.2, Sick Pay and Pub 15-A, Employers' Supplemental Tax Guide for any additional information needed for working the case that are not covered here.

4.19.4.3.17
(04-22-2022)
**Wages Earned vs.
Wages Paid Replies**

- (1) Form(s) W-2 should be issued to employees for the wages actually or constructively paid during a calendar year, not the wages earned during that time. Discrepancies may result if employers report earned, rather than paid, wages on Form(s) W-2.
- (2) If the taxpayer states that the wages were earned in the current CAWR tax year being worked, but reported on a Form 941 for a different year follow the procedures in the table below:

If	Then
<p>The tax was paid in subsequent tax year periods, indicating Wages Earned vs. Wages Paid.</p>	<ol style="list-style-type: none"> <li data-bbox="930 289 1344 415">1. Research CC TXMODA to make sure the proper amount of tax was paid in the subsequent tax year. <li data-bbox="930 415 1344 667">2. When payments are identified, send a Letter 2057-C informing the taxpayer of the adjustment made to their account and explain that the same discrepancy situation will occur for the subsequent tax year. <li data-bbox="930 667 1344 856">3. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen and close the case with the appropriate closing code. <li data-bbox="930 856 1344 1108">4. Once an amended return is received, input (TC 291) for appropriate money amount (with a credit bar) using BS 55 to decrease the quarter to which the wages were erroneously paid on the subsequent tax year. <li data-bbox="930 1108 1344 1276">5. Transfer the credit amount using the appropriate payment transfer codes to the prior tax period using the credit transfer IAT. <li data-bbox="930 1276 1344 1444">6. Input (TC 298) interest free assessment using BS 55 on the prior tax period and the appropriate interest computation date or payment date. <li data-bbox="930 1444 1344 1491">7. Input TC 180 for .00 to suppress the penalty.

4.19.4.3.18
(04-22-2022)

**Family Employment
Related Case Replies**

(1) Follow the procedures in the table below when working family employment related reply cases.

If	Then
<p>The reply states the discrepancy is related to family employment but the age of the child is not given.</p> <p>Note: A child under age 18 working for a parent causes most family employment discrepancies.</p>	<p>Verify the age and date of birth of the child using IDRS CC INOLE definer S</p> <ul style="list-style-type: none"> • Be sure you compute the child's age for the year the wages were earned, not the year the case is being worked. • If the child turns 18 during the tax year for which you are working, and the taxpayer supplies the breakdown of wages earned before their 18th birthday, you can assess for the quarter(s) after the child turned 18, If the breakdown is not supplied, assess for the entire year.
<p>Exempt wages and non-exempt wages are reported on Form W-2.</p>	<ol style="list-style-type: none"> 1. Form W-2-C should be filed to correct the discrepancy. 2. See Items 2 through 4 below.
<p>The child is under 18, OR The child is between 18 and 21 and services are not in the course of the parent's trade or business.</p> <p>Exception: Wages are subject to Social Security and Medicare tax even if the child is under 18 if services are in the course of the parent's trade or business, and the business is neither a sole proprietorship nor a partnership in which both partners are parents of the child.</p>	<ol style="list-style-type: none"> 1. Wages are exempt. 2. See Items 2 through 4 below.

If	Then
The child is 18 or older and the work is done in the course of the parent's trade or business.	<ol style="list-style-type: none"> 1. Wages are subject to Social Security (FICA) and Medicare taxes 2. Prepare automated Form 6209, if appropriate. 3. Prepare Form 6494, if applicable. Attach copies of the appropriate Form W-2 behind Form 6494 to correct SSA records. 4. File Correspondence following the "IRS-CAWR No Assessment needed" case processing procedures. IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.

4.19.4.3.19
(09-29-2011)
**Agricultural Employers
(Form 943) Replies**

- (1) Occasionally, discrepancies occur because the employer reports wages less than \$150 incorrectly. To determine if farm workers are subject to FICA and Income Tax Withholding see IRM 21.7.2.4.8.1, Wages Subject to FICA and Income Tax Withholding.
- (2) For assistance in working these case types, see the table below:

If	Then
The total amount of wages paid (under \$150) is the amount of the discrepancy and no tax was reported on Forms W-2.	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 , if applicable. 2. Prepare Form 6494 using the appropriate correction code. 3. File Correspondence following the "IRS-CAWR No Assessment needed" case processing procedures. IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.
Wages (under \$150) were reported incorrectly.	Determine if the employee(s) (with less than \$150) are subject to Social Security and Medicare taxes.
Social Security tax has been reported on Forms W-2 for agricultural wages under \$150.	Send a closing Letter 2057-C to determine if any of these employees receiving less than \$150 meet the four conditions in IRM 21.7.2.4.8.1, Wages Subject to FICA and Income Tax Withholding required for exemption if the employer paid agricultural wages totaling \$2,500 or more.

If	Then
The four conditions in IRM 21.7.2.4.8.1 (2) Wages Subject to FICA and Income Tax Withholding were not met and the employer paid agricultural wages totaling \$2500 or more	<ol style="list-style-type: none"> 1. The employees are subject to Social Security and Medicare tax. 2. Prepare automated Form 6209 to adjust the CAWR module. 3. Prepare Form 6494 4. On MFT 11, assess and close the case using “IRS-CAWR Assessment needed” case processing procedures. IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.
The taxpayer states all employees with wages (less than \$150) are exempt:	File Correspondence following the IRS-CAWR No Assessment needed case processing procedures.

4.19.4.3.20
(04-10-2023)

Replies — Payment of Employee’s Share of Social Security and Medicare Taxes Paid by Employer

- (1) At times, employers pay the employees’ share of the Social Security and Medicare tax without withholding it from his or her wages. When this happens, there are two ways to calculate the correct amounts to be shown on the Form W-2.
- (2) The taxes on the Social Security and Medicare wages are **not** to be included in the Social Security and Medicare wage box on Form W-2 if the employee did not have the Social Security and Medicare taxes withheld from his or her salary and the following conditions apply:
 - The employee is a household employee and the employer files Form 1040 Schedule H or
 - The employer files Form 943, Employer’s Annual Tax Return for Agricultural Employees.

Example: In 2017, a household or agricultural employee is paid \$2,000. The Social Security tax rate for that year is 6.2 percent and the Medicare tax rate is 1.45 percent for a total of 7.65 percent. The amounts to be entered in each of the boxes on Form W-2 are as follows in the table below:

W-2 Information fields	Amount fields	How the amount is determined
Total Compensation	\$2,153.00	The sum of \$2,000 multiplied by 7.65 percent added to \$2,000 = \$2,153.00.
Social Security Wages	\$2,153.00	The amount actually paid to the employee.
Medicare Wages	\$2,153.00	The amount actually paid to the employee.
Social Security Tax	\$124.00	\$2,000 multiplied by 6.2 percent = \$124.0.
Medicare Tax	\$29.00	\$2,000 multiplied by 1.45 percent = \$29.00.

- (3) If the employer is a Form 941/944 filer and Social Security and Medicare taxes are not withheld from the employees' salary, include the amount on which the Social Security and Medicare taxes are figured in both the Total Compensation box and the Social Security and Medicare wages box on Form W-2.

Example: In 2017, an employee is paid \$2,000. The total tax rate is 7.65 percent. The amounts to be entered in each of the boxes on Form W-2 are as follows in the table below:

W-2 Information fields	Amount fields	How the amount is determined
Total Compensation	\$2,153.00	The sum of \$2,000 multiplied by 7.65 percent added to \$2,000 = \$2,153.00.
Social Security Wages	\$2,165.67	\$2,000 divided by $(1.0 - .0765 = .9235) =$ \$2,165.67.
Medicare Wages	\$2,165.67	\$2,000 divided by $(1.0 - .0765 = .9235) =$ \$2,165.67.
Social Security Tax	\$124.00	\$2,000 multiplied by 6.2 percent = \$124.00.
Medicare Tax	\$29.00	\$2,000 multiplied by 1.45 percent = \$29.00.

- (4) Forms W-2C are required if Form W-2 have been completed incorrectly because of a situation in either of the preceding examples. The employer is required to report and pay taxes on the amounts reported in the Social Security and Medicare wage box of Form W-2 in the second example.

4.19.4.3.21
(02-01-2008)

**Installment Agreements
— IRS-CAWR and
SSA-CAWR Replies**

- (1) If the taxpayer requests an installment agreement, either in his reply or by submitting a Form 9465 **determine:**
- The taxpayer has provided adequate information, either in writing or by phone, for positive identification.
Note: Name, TIN, and tax year of the reply matches the case.
 - The CAWR tax discrepancy to be covered by the installment agreement in a tax period is also the tax period of the CAWR discrepancy case.
 - The taxpayer has proposed a monthly or other periodic payment for a **specific** amount.
 - Assess and close the case as appropriate.
 - Input a TC 971 with AC 043.
 - Send a copy of the case to Campus Installment Agreement Unit (CIAU) for processing utilizing 3210.
 - Send a Letter 2057C to the taxpayer explaining that his/her request for an installment agreement is being processed and he/she will be contacted later by another IRS office.

Reminder: The CIAU will correspond with the taxpayer regarding their inability to grant the installment agreement.

4.19.4.3.22
(04-22-2022)
**Faxed Signatures —
Replies**

- (1) Faxed Signature General Guidelines — These general guidelines are applicable to all divisions and cover operations related to income tax, employment tax, excise tax, estate tax, gift tax, and generation skipping tax, as well as tax exempt and employee plans determinations.
- (2) In certain situations, submission of documentation, forms, letters, and returns related to CAWR inquires and interactions can be allowed via fax through taxpayer or IRS request. Chief Counsel has advised that in circumstances where contact with the taxpayer has been made and documented, faxed signatures are legally sufficient.
- (3) Taxpayer signed agreements (assessments or abatement) involving any amount can be accepted by fax if taxpayer contact has been made, the case history documents the date of contact, and the desire of the taxpayer to submit the consent by fax. A faxed signature for a Form 941-X decrease where we are only lowering the wages and no refund will be issued is acceptable.
- (4) Faxed signatures can be accepted for any **tax decreases** (this is not an abatement of tax assessed and not yet paid, but a decrease to what is already on Master File) in which the taxpayer would be issued a refund of the taxes he/she has paid. See additional information in the table below when working cases with faxed signatures.

If	Then
Taxpayer contact has been made; Document the date of contact and the desire of the taxpayer to submit by fax	Assessments of tax are acceptable.
A Form 941-X decrease (we are only lowering the wages, no refund will be issued)	A faxed signature is acceptable.
A Form 941-X shows a decrease in tax, the taxpayer would be issued a refund of taxes paid. Note: This is not an abatement of tax assessed and not yet paid, this would be a decrease to what the TC 150 is already showing on Master File.	A faxed signature is acceptable.

4.19.4.3.23
(04-10-2023)
Foreign Students/Non-Resident Visitors

- (1) When an employer state any or all of their employees are foreign students who may be exempt from SSA and Medicare tax, the procedures in this subsection are necessary. See additional information in the table below when working foreign student and non resident visitor cases.

If	And	Then
Social Security and Medicare tax is erroneously withheld by the employer	The foreign student is unable to obtain reimbursement from the employer	The student files Form 843 to receive a refund of the erroneously withheld taxes.

- (2) Check **TXMODA** for an adjustment containing information defined below.
- 291 10162003 1,721.24- 200340 98154-123-45678-3
 - 004 22,499.77- 007 1,721.24-
 - 073 22,499.77-
 - 820 01312004 200340 98 (or 60, 78, or 66)124-123-45678-3
 - XREF-TIN> 123-45-6789 XREF-MFT> 30 XREF-TX-PRD> 201312
- (3) Research adjustment to verify the below criteria.
- The Reference amounts (004, 005, 073) may match the Form 941/ 944/ W-2 CAWR discrepancy.
 - The tax amount is 1/2 of the Social Security and Medicare tax amount (wage amount X 7.65 percent).
 - A TC 820, Credit Transfer, has been input with X-Ref SSN (The Foreign Student's SSN) to X-Ref MFT 30.
 - The DLN begins with 98, 60, 78, or 66.
 - The original adjustment is done in Philadelphia, Cincinnati or Ogden.
- (4) Check CC IRPTRL on the student's SSN. There should be a Form W-2 for the adjusted reference amount from the EIN (employer) on the CAWR case. Follow the procedures in the table below.

If	Then
see the adjustment above is present	<ol style="list-style-type: none"> 1. Complete automated Form 6209 to decrease Social Security and Medicare wages. In the remarks, select “Other” and enter “Exempt Foreign Student.” 2. Complete Form 6494 using correction code 4 and notate the need to cancel the Form W-2 due to the foreign student criteria. 3. Attach a copy of the Form W-2 or give employee name, SSN, and wage amount to be canceled. 4. Send a Letter 2057-C to notify the employer, the employee’s half of the Social Security and Medicare tax was refunded to his foreign employee. Inform the employer they must file a claim on Form 941-X within three years of when the tax return was filed or two years from when the tax was paid if they wish to request a refund of the employer’s half of the Social Security and Medicare taxes. 5. File Correspondence following the “IRS-CAWR No Assessment needed” case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.
If the employer files a Form 941-X / Form 843 for his half of the tax,	<ol style="list-style-type: none"> 1. Send Letter 2057-C explaining actions taken and close CAP with the appropriate closing code. 2. Input TC 291 with item adjustment code 112 for the tax amount. Do not decrease the Reference amounts 004, 073, or 005 a second time.

Note: if the adjustment document is requested (using CC ESTAB) and the DLN begins with 98 it should show a copy of the student’s Form W-2 and VISA. In addition, a letter stating the foreign student was unable to obtain reimbursement from their employer along with Form 843.

4.19.4.3.24
(09-22-2009)
**Replies Received
Directly From SSA**

(1) SSA will remove the Form W-2 submitted and notate on the reply that the Form(s) W-2 were received by SSA.

#

(3) **Do not penalize these employers.** Assume the submitted forms resolved the SSA issue.

4.19.4.3.25
(04-22-2022)

**Taxpayer Reply
Identifying Payroll
Services**

- (1) If a taxpayer states their case was being worked by their Payroll Service, follow the procedures in the table below.

If	Then
info has not corrected the discrepancy	<ol style="list-style-type: none"> 1. Assess and close the case using the appropriate assessment needed case processing procedures. IRM 4.19.4.7, Case Closing Procedures. 2. Send a closing Letter 2057-C explaining actions taken. Inform the employer that the information provided did not resolve the issue and that they may need to contact their payroll service to investigate the issue further.
info provided corrects the discrepancy OR updates to the module have balanced the case	<ol style="list-style-type: none"> 1. Determine the effects on the case. 2. Input automated Form 6209 if necessary. 3. Prepare Form 6494 if applicable. 4. Assess or file the correspondence using the applicable case processing procedures. See IRM 4.19.4.7, Case Closing Procedures.

4.19.4.3.26
(04-22-2022)

**Bankrupt or Defunct
CAWR Replies**

- (1) If the taxpayer is bankrupt or the business is defunct, research IDRS CC ENMOD to check for the CNC Indicator utilizing the Compliance Suite IAT and follow the procedures in the table below.

If	Then
IRS-CAWR TC 530 cc 07 or 10 is present on any prior or subsequent module	<ol style="list-style-type: none"> 1. Send a 2057-C closing letter explaining actions taken. 2. Close the case on CAP using CC 98. 3. File Correspondence following the RS-CAWR No Assessment needed case processing procedures. IRM 4.19.4.7.2, IRS-CAWR - Reply Case Processing Procedures. <p>Exception: If the taxpayer's reply requests a tax increase ie. Form 941-X, make the adjustment.</p>
IRS-CAWR TC 530 with a cc other than 07 or 10	<ol style="list-style-type: none"> 1. Close the case on CAP using CC 98. 2. Assess and close the case using IRS-CAWR Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS—CAWR—Reply Case Processing Procedures. 3. On IDRS, re-input the TC 530 with CC REQ77 with the Responsible Unit Code (RUC) 3 and a Posting Delay Code "2".

If	Then
IRS-CAWR TC 520 with cc 72 or 74 is present.	<ol style="list-style-type: none"> 1. The case is in Tax Court. Close CAP 98. 2. File Correspondence following the IRS-CAWR No Assessment needed case processing procedures. IRM 4.19.4.7.2, IRS-CAWR - Reply Case Processing Procedures.
IRS-CAWR TC 520 with any other cc than 72 or 74.	<ol style="list-style-type: none"> 1. Liabilities, as well as deficiencies should be assessed. Contact Insolvency prior to making assessment so they can amend their proof of claim if applicable. 2. Input closing code 98 on the CAP. 3. Send a closing Letter 2057-C informing the taxpayer of the assessment and explain payment of tax is his/her responsibility. 4. Assess and close the case using IRS-CAWR Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS-CAWR - Reply Case Processing Procedures.
SSA-CAWR TC 530 cc 07 or 10 is present on any prior or subsequent module	<ol style="list-style-type: none"> 1. Close the case on CAP using the CC 98. 2. File correspondence using the SSA-CAWR – No Penalty needed case processing procedures. IRM 4.19.4.7.3. Exception: If the taxpayer’s reply requests a tax increase ie. Form 941-X, make the adjustment.
SSA-CAWR TC 530 with a cc other than 07 or 10	<ol style="list-style-type: none"> 1. Close the case on CAP using CC 98. 2. Assess a civil penalty following SSA-CAWR – Intentional Disregard Penalty Assessment case processing procedures. See IRM 4.19.4.7.3, IRM 4.19.4.7.2, IRS-CAWR - Reply Case Processing Procedures. 3. If tax is also due, follow IRS-CAWR procedures.
SSA-CAWR with TC 520 and any cc present	<ol style="list-style-type: none"> 1. We will not assess a civil penalty in these instances but try to obtain the Forms W-3/ W-2. 2. Send a Letter 2057-C letter and explain the need for the taxpayer’s cooperation in obtaining the Forms W-2. 3. File correspondence using the SSA-CAWR – No Penalty needed case processing procedures. See IRM 4.19.4.7.3, SSA-CAWR –Reply Case Processing Procedures.

- (2) If a payment posted to the account or is moved into the account, the TC 530 will release and the account will return to notice status.

Reminder: BE EXTREMELY CAREFUL WHEN MOVING PAYMENTS FROM ONE ACCOUNT TO ANOTHER.

4.19.4.3.27
(04-10-2023)
Replies Identified As FDIC

- (1) The following procedures in the table below are for handling CAWR cases with any proposed penalties against institutions that are under the control of the Federal Deposit Insurance Corporation (FDIC).
- (2) FDIC cases are **self identified by the taxpayer**. No indicator shows on CAP for FDIC cases, therefore when an indication is notated on the correspondence, accept the taxpayer’s word and follow the procedures below.

Note: See *CAWR-SSA (sharepoint.com)* for ECS contacts.

Determine If	Then
A tax assessment is needed	<ol style="list-style-type: none"> 1. Assess and close the case using IRS-CAWR Assessment needed case processing procedures. See IRM 4.19.4.7.2, IRS-CAWR - Reply Case Processing Procedures. 2. Print a copy of the CAP CDC and the taxpayer’s correspondence, if applicable, forward the copies to the Examination Classification Specialist (ECS) identified for your Campus.
A civil penalty (PRN 549) assessment is required	<ol style="list-style-type: none"> 1. Assess a civil penalty following SSA-CAWR – Intentional Disregard Penalty Assessment case processing procedures. See IRM 4.19.4.7.3, SSA-CAWR —Reply Case Processing Procedures. 2. Print a copy of the CAP CDC case and the taxpayer’s correspondence, if applicable, and Forward the copies to ECS following local procedures.

4.19.4.3.28
(04-10-2023)
Reply States Taxpayer Already Filed Forms W-2

- (1) When the employer states they have already filed Form(s) W-2 and gives an indication that the Form(s) W-2 were filed under another name, EIN, etc., research using information provided. If necessary, correspond with the taxpayer and request additional information needed to locate forms (i.e., EIN used, date filed, entity name used, copies of the Forms W-3/ W-2, etc.).

- (2) If the forms are found, notate in the remarks section of the case file and include any pertinent material. If they are not located, assess the penalty.

Reminder: LOOSE FORMS W-2 have been entered onto CAP. There will be an indicator and a serial number on CAP which alerts that there are loose Forms W-2 from the employer.

- (3) If the taxpayer states they filed Form W-2 with SSA research ORS, ERQY or prepare Form 9337, Social Security Administration (SSA) Reconciliation Referrals, and submit it to SSA via fax. If no new information is recovered, follow (2) above.
- (4) A maximum of two cases (or EINs) can be entered on each Form 9337.
- a. DO NOT USE THIS FORM — If the taxpayer does not state he filed with SSA.
 - b. DO NOT USE THIS FORM — If the taxpayer responds by sending the Forms W-2 or provides the information in another form, such as a list.
- (5) Complete all the information requested:
- a. Item 1 — Write the EIN of the employer.
 - b. Item 2 — List any other EINs the employer may have supplied. Check CC BMFOL or access ORS data to ensure the Forms W-2 are not under the new EIN before forwarding the request to SSA
 - c. Item 3 — Tax year of the case.
 - d. Item 4 — Notate Tape or Paper if the method of submission to SSA is known. Leave this item BLANK if not known.
 - e. Item 5 — Answer all the questions a, b, and c.
 - f. Item 6 — Answer if known.
 - g. Leave the SSA Response and For SSA Use Only blank.
 - h. Under the For IRS Use Only — This section must be filled out entirely if a reply is expected. SSA has received many forms with only a name of the tax examiner. Please give SSA the information it needs to respond back to IRS.
- #
#
- j. SSA will FAX the Form 9337 back to inform the examiner of the information already posted as well as any additional information they have received from the taxpayer since referring the case to IRS.

4.19.4.3.29
(04-01-2010)
**CAWR Replies
Requesting Additional
Time**

- (1) When a reply is received requesting additional time and an assessment is required, suspend the case for 30 days from the date of the employer's correspondence.
- (2) After the 30 days suspense period expires, assess the case following normal procedures outlined in IRM 4.19.4.7, Case Closing Procedures.

4.19.4.3.30
(04-10-2024)
**Employer's Reply
Requests for Copies of
Forms W-3/W-2**

- (1) Review the CC BMFOLU for the page with the TC 980. Research ORS, ERQY, or CC IRPTRR with Doc Code WW, and when received, review them utilizing ORS screening procedures found in IRM 4.19.4.2.2, Online Retrieval System (ORS) Data Screening. Otherwise follow items (2) through (5) below.
- (2) Route Employer Requests for copies of Forms W-3/ W-2 as follows:

- a. If the request is based on a discrepancy case (ie., the employer needs the copies before he/she can respond to a CAWR letter), the IRS site receiving the request will service it.
 - b. If the employer's request does not specify a certain group of forms to be provided, attempt to contact the taxpayer if a telephone number can be located. If not, attempt to determine his/her needs by analyzing the discrepancy case. Make sure all authentication and disclosure procedures are followed when making contact by phone. see IRM 21.1.3.2.3. Required Taxpayer Authentication.
- (3) If copies of each document he/she filed cannot be provided, explain the reason and prepare a listing of copies not being sent. Include the following information:
- Establishment number (if present).
 - Number of Forms W-2 reported.
 - Form W-3 FICA (Social Security) wages amount.
 - Form W-3 Federal Income Tax amount; and,
 - Form W-3 Medicare wages amount.
- (4) Once the data is received and provided to the taxpayer assess the case following the appropriate closing procedures in IRM 4.19.4.7, Case Closing Procedures.

4.19.4.3.31
(04-01-2011)

**Replies Identified As
Non-Profit Organizations**

- (1) Taxpayers reporting exempt wages incorrectly may cause discrepancies. Some of the mistakes commonly made are:
- a. Form W-2 wages not reported in Box 1.
 - b. Social Security wages not reported in Box 3.
 - c. Medicare wage not reported in Box 5, other than zero.
- (2) See IRM 4.19.4.2.21, Screening Cases Identified as Exempt Church Organizations to determine the individual's exemption status. When it is determined the individual is exempt, follow the chart below:

If	And	Then
the discrepancy amount is found	belongs to a clergyman (Form W-2 indicates Minister, Pastor, Father) or Form W-2 is showing no Social Security Tax withheld and Federal Income Tax Withheld is balanced. You may need to research IDRS CC IRPTL to confirm.	<ol style="list-style-type: none"> 1. Prepare automated Form 6209. 2. Prepare 6494 (attaching Form W-2) to correct the Social Security and Medicare wages using CC 4. 3. File Correspondence following the IRS-CAWR No Assessment needed case processing procedures. IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.
the discrepancy amount is not found	N/A	<ol style="list-style-type: none"> 1. Assess and close the case using IRS-CAWR Assessment needed case processing procedures in IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures. 2. Send a Letter 2057-C letter requesting a copy of the Form W-2C or the Clergyman's name and SSN.

4.19.4.3.32
(02-01-2008)
Replies Identified as Backup Withholding

- (1) Discrepancies are usually caused by the withholding on Form(s) 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. (Doc Type 98), or Form(s) W-2-G, Certain Gambling Winnings (Doc Type 32) if reported as Backup Withholding. The amounts reported on Forms 1099-R and W2-G are not generally subject to Backup Withholding, so the amount shown is Federal Income Tax Withheld. Once the withholding is verified as Federal Income Tax Withheld follow the procedures in the table below.

If	Then
A Form 945 was previously filed and the taxpayer states that Federal Income Tax Withheld is included in/or reported as Backup Withholding on Form 945.	<ol style="list-style-type: none"> 1. Research IDRS CC TXMOD on MFT 16 for the year worked to verify. 2. Send a Letter 2057-C informing the taxpayer that Forms 1099R are not subject to Backup Withholding and that we have adjusted their account accordingly. 3. Close the case on CAP using the appropriate closing code. 4. Input a TC 290 .00 with Reference Code 003, (positive amount) and Reference Code 008 (negative amount) to correct the out of balance condition on MFT 16 using blocking series 55. 5. Close any open CAWR controls on MFT 01.

4.19.4.3.33
(04-22-2022)
**Replies Relating to
Forms 945/1099R**

- (1) Discrepancies are usually caused when the taxpayer fails to file Forms 945/ 1099R or has a third party administrator. Follow the procedures in the table below when working replies related to Forms 945/ 1099R.

If	Then
The reply shows Forms 941/943/ 944 and Forms W-2 are in balance but Forms 1099R are on file with no corresponding Form 945, but the taxpayer provides a cross-reference (x-ref) EIN for a third party administrator (401k) plan that resolves the discrepancy	<ol style="list-style-type: none"> 1. Verify third party EIN. 2. Do not prepare automated Form 6209 or Form 6494. 3. Send a closing Letter 2057-C explaining actions taken. 4. Close the case on CAP with the appropriate closing code. 5. Input a TC 290 for .00 on MFT 01 with BS 55 for the appropriate tax year. 6. Input a TC 971 on IDRS using CC REQ 77 with Action Code 017, identifying the Cross-reference (x-ref) EIN to the last available return quarter posted for the appropriate tax year.

If	Then
The reply shows Form 945 filed but Form(s) 1099R (Doc Code 98) money amounts are more than Form 945 and does not provide information to resolve the discrepancy	<ol style="list-style-type: none"> 1. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen. 2. Send Letter 2057-C explaining actions taken and close the case on CAP with the appropriate closing code. 3. On MFT 16, input a TC 290 for the appropriate money amount and the applicable item adjustment codes using blocking series 55 with the correct correspondence and IRS received date. 4. Assess FTD Penalty if necessary. Refer to IRM 4.19.4.7.3, Failure To Deposit Penalty (TC 180)

4.19.4.3.34
(04-23-2021)
**Federal Labor Law
Replies**

- (1) Certain government agencies are empowered to collect, from employers, wages erroneously not paid to employees (or former employees). IRM 21.7.2.5.7, Federal Labor Laws-Wage Payments Made by Federal Agencies. Agencies are allowed to disburse these wages to the employees concerned and withhold income taxes and employee’s share of FICA tax. Agencies allowed to take this action and the provisions which allow such action are:
 - Department of Labor - Fair Labor Standards Act
 - General Accounting Office - Davis-Bacon Act
 - National Labor Relations Board - Labor Management Relations Act.
- (2) When the reply indicates Federal Labor Law, check for line item adjustments and follow the procedures in the chart below.

If	Then
The amounts were reported on the original returns	Follow Third Party Sick Pay instructions.
The out of balance was caused by a subsequent adjustment	Order the TC 290 adjustment if necessary to verify Form 941-X notation Department of Labor (DOL).
Form(s) W-2 were filed by the employer, and DOL.	<ol style="list-style-type: none"> 1. Prepare Form 6494 to notify SSA DOL filed Forms W-2. 2. Notify the employer not to file Form(s) W-2, DOL already filed. 3. File Correspondence following the applicable No Assessment needed case processing procedures in IRM 4.19.4.7, Closing Procedures for further instructions.

If	Then
The discrepancy amount is Federal Income Tax Withheld (only) and the amounts match Federal Income Tax Withheld on the DOL and they fall under the corresponding provisions:	<ol style="list-style-type: none"> 1. Do not assess the employer for Federal Income Tax Withheld. 2. File Correspondence following the applicable No Assessment needed case processing procedures. IRM 4.19.4.7, Case Closing Procedures. <p>Note: Do not prepare an automated Form 6209.</p>

4.19.4.3.35
(04-10-2023)
**Large Corporation/
Large Dollar Replies**

- (1) When an SSA-CAWR case type 08 contains either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more **that cannot be resolved through the information provided in the response**, you must coordinate with your local Large Corporation Coordinator. See IRM 4.19.4.2.1.1, Large Corporation/Large Dollar Screening and see IRM 4.19.4.7, Case Closing Procedures for further information.

Note: Coordination with the LCTU is required during screening for all cases other than SSA-CAWR case type 08. Since Case Type 08 letters are auto-generated they are the **only** cases that need to be referred to the Large Corp. Unit during the reply or Recon (previously called late reply) phase of the CAWR program.

- (2) Certain portions of the IRS-CAWR inventory is now auto generated. Refer all IRS-CAWR reply cases that were auto generated to Large Corp, if either a Large Corporation Indicator (LCI) is present or a proposed tax and/or penalty assessment of \$1 million dollars or more is needed when **the case cannot be resolved through the information provided in the response**.
- (3) Research on IDRS and CAP to determine if the case was previously referred to Large Corp. If the case was referred during the screening phase, it does not need to be referred to Large Corp again.
- (4) Prior to inputting any tax or civil penalty adjustment of \$100,000 or more, you **MUST** obtain a signature showing supervisory approval that the case was reviewed on the adjustment/history sheet.
- (5) Follow the procedures below for cases that contains either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more below:

If	Then
The reply resolves the discrepancy.	<ol style="list-style-type: none"> 1. Large Corp Contact is not necessary. 2. Utilize the information provided in the reply and take the necessary actions. 3. File Correspondence following the appropriate case processing procedures in IRM 4.19.4.7, Closing Procedures.
The reply brings the case below a \$100,000 civil penalty (PRN 549) or tax increase,	<ol style="list-style-type: none"> 1. Utilize the information provided in the reply and take the necessary actions. 2. Assess and close the case using the appropriate Assessment Needed case processing procedures in IRM 4.19.4.7, Case Closing Procedures.
The reply leaves the case above \$100,000 civil penalty (PRN 549) or tax increase,	<ol style="list-style-type: none"> 1. Contact the officer of the corporation/business and explain the need for the adjustment. 2. Consider any additional information supplied. 3. Ensure proper supervisory signatures are obtained. 4. Assess and close the case using the applicable Assessment needed case processing procedure in IRM 4.19.4.7, Case Closing Procedures.

- (6) If the assessment is over \$10 million dollars, send a **complete** copy of the case file to the following address on Form 3210 Document Transmittal.

Unpaid Assessment Accounting Analysis (UAAA)
 333 W Pershing Road
 Kansas City, MO 64108
 ATTN: Nick Nothwehr Stop 1035 S2
 OS:CFO:R:R:B

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4.19.4.3.36
 (04-04-2013)
**SSA-CAWR Replies with
 Payment of Civil Penalty**

- (1) When the taxpayer responds and includes a payment to the Civil Penalty (PRN 549):
1. Research IDRS and use the payment tracer IAT to locate the payment.
 2. When the payment is posted to the incorrect module, transfer the payment to the MFT 13 using the credit transfer tool IAT prior to assessing the civil penalty.
 3. Follow the SSA-CAWR Intentional Disregard Penalty needed case processing procedures if the reply didn't resolve the discrepancy. See IRM 4.19.4.7.3, SSA-CAWR —Reply Case Processing Procedures.

4.19.4.3.37 (04-01-2009)
Employer Reply Requesting Blank Forms W-3C/ W-2C

(1) When taxpayers or their representatives request Blank Forms W-3C/ W-2-C in order to correct a discrepancy, provide the IRS web site to the taxpayer to obtain the forms they are requesting. The web site is *www.irs.gov* or have them call 1-800-TAX-FORM (1-800-829-3676).

4.19.4.3.38 (04-04-2016)
Processing Miscellaneous Forms Received With Replies

(1) If the correspondence is from a Power of Attorney (POA) or other third party make sure the criteria in IRM 21.3.7, Processing Third Party Authorizations onto the Centralized Authorization File is adhered to.

(2) Form 2848: for multiple years or a series of inclusive periods, including quarterly periods, the taxpayer may list 2012 through 2016. See example below. For fiscal years, enter the ending year and month, using the YYYYMM format. Form 941 must show 1st, 2nd, 3rd, and 4th quarters of a specific tax year using YYYYMM format. Annual returns (Forms 943, 944, 945, 1041 on BMF and Form 1040 on IMF), the (POA) must enter the ending year using a specific YYYY format.

Example: 2012 through 2016 or 2nd 2012 -3rd 2016

Reminder: Do not disclose information to the POA if it is completed using general references such as (“All years”, “All periods”, or “All taxes” or an entire tax year i.e., 2004).

Follow the procedures in the table below when working replies with miscellaneous and POA forms.

If	Then
A taxpayer or his representative sends Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization	Research IDRS CC CFINK for POA registration on the Central Authorization File (CAF).
The POA is registered on CAF for the specified quarters and/or tax periods.	<ol style="list-style-type: none"> 1. Keep a copy of the Form 2848 or Form 8821 with the case file. 2. Work the case using normal procedures.

If	Then
The POA is not registered on CAF for the specified quarters and/or tax periods. See https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/CAF-Unit-Addresses-Fax-Numbers-and-State-Mapping	1. Keep a copy of the Form 2848 or Form 8821 with the case file. 2. Send or fax the original form to the CAF Unit for processing. 3. Work the case using normal procedures. An authorization may be limited to a specified quarter, tax period, or specified tax issue. The CAF can be updated to show authorization for Civil Penalty (PRN 549) issues, as well as specific tax issues.

4.19.4.3.39
(04-14-2020)
Processing Forms W-2G and 1099R Received After IRP Processing

- (1) Copy A of original Form(s) W-2-G, 1099-R or a photocopy of an unprocessed Form 1096 may be received in the CAWR unit.
- (2) These are forwarded to the CAWR unit because they have not been received in time to process through the normal processing for information returns; therefore, the information has not been available for the reconciliation phase of the CAWR program.
- (3) Form(s) W-2-G may be received from Receipt and Control stating that the information is really for a tax year CAWR is working although it is on the wrong year's form. The date in the "Date Won" box will verify which tax year is affected.
- (4) To avoid erroneous taxpayer contact, or failure to consider the additional information received, process them as follows:
 - a. If a tax year prior to the current processing year for CAWR is received, determine if it is a Recon (previously called late reply) or a reply to an assessment and follow the procedures in the chart below.

If	Then
a TC 29X in Blocking Series 55 or an open control to CAWR is found	determine if the information from the returns affects the CAWR case and follow procedures in IRM 4.19.4.6, Processing Recons (previously called Late Replies) and Replies to Assessment.
If there is not a TC 29X adjustment and the forms are not needed for a CAWR discrepancy case	forward them to the Campus IRP Civil Penalty unit.

- (5) Never prepare a Form 6209 for Forms 1099R or W-2G.

4.19.4.3.40
(04-01-2009)
**Forms W-2, W-3, W-2C,
and W-3C Received
Prior to SSA Processing**

- (1) Forms W-2-C/ W-3-C should not be forwarded to SSA unless Social Security wages, Social Security Tips, or Medicare wages amounts have changed or if the employee SSN is being changed.
- (2) When the employee’s SSN is the **only** change on the form, write “URI” across the top of the Form W-2-C/ W-3-C and give to clerical for proper routing to SSA.

4.19.4.3.41
(02-01-2008)
Identifying Trends

- (1) Whenever a “trend” seems to be emerging for a specific type of taxpayer and/or their Payer Agent, POA, or RAA, compile documentation to show the “trend”.

Example: If a taxpayer is repeatedly identified as incorrectly filing information forms.

- (2) Inform your local Technical Coordinator of the trend identified who will forward the documentation to the Headquarters CAWR analyst.

4.19.4.3.42
(04-23-2021)
**Replies Citing CSX
Claims**

- (1) In the court case United States vs. Quality Stores Inc., et al., 572 U.S. 141,156 2014, the Supreme Court held that payments made pursuant to reduction in force programs are considered wages for purposes of FICA taxes and compensation for purposes of RRTA taxes. These types of claims should be disallowed. See IRM 21.7.2.5.16, Claims Related to CSX Corp. and/or Quality Stores, Inc. Litigation and IRM 21.5.3.4.7.3.1, Types of Protective Claims, for additional information.
- (2) If a reply is received (correspondence only) claiming severance pay and/or supplemental unemployment compensation pay is not subject to Social Security or Medicare tax, take the following actions:
 - 1. Assess and close the case using the appropriate assessment needed case processing procedures.
 - 2. See IRM 4.19.4.7, Closing Procedures.
- (3) If a reply includes Form 941-X claiming severance pay and/or supplemental unemployment compensation pay not subject to Social Security or Medicare tax follow the procedures in the chart below:

If	Then
The claim was previously allowed in error (i.e. TC 291 was input and the employers’ share (7.65 percent) or the total (15.3 percent) of the Social Security and Medicare tax contributions was erroneously refunded).	<ol style="list-style-type: none"> 1. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen. 2. Re-assess each applicable quarter for the current and/or prior tax year(s) using normal procedures. 3. Disallow the claim(s). Follow procedures in IRM 21.7.2.5.16(4), Claims Related to CSX Corp. and/or Quality Stores, Inc. Litigation which includes language to use in the Letter 105-C Claim Disallowed. 4. Close the case on CAP using the appropriate closing code

If	Then
The claim was previously disallowed (i.e., TC 290 .00 BS 98)	<ol style="list-style-type: none"> 1. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen. 2. Send a Letter 2057-C, informing the taxpayer of the adjustments on each quarter. Also inform the taxpayer that their claim(s) were previously disallowed and that they must follow the instructions in the disallowance letter they received if they wish that matter to be reconsidered. 3. Close the case on CAP using the appropriate closing code 4. Re-assess each applicable quarter for the current and/or prior tax year(s) using normal procedures.
The claim was not previously considered	<ol style="list-style-type: none"> 1. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen. 2. Disallow the claim(s). Follow procedures in IRM 21.7.2.5.16(4), Claims Related to CSX Corp. and/or Quality Stores, Inc. Litigation which includes language to use in the 105-C Claim Disallowed, letter. 3. Close the case on CAP using the appropriate closing code. 4. Re-assess each applicable quarter for the current and/or prior tax year(s) using normal procedures.

Note: Any adjustment for subsequent tax years must be forwarded to AM (Accounts Management) for re-assessment.

4.19.4.3.43
(04-01-2009)

**Replies Indicating
Common Paymaster/
Successor/Predecessor**

- (1) A common paymaster is not required to disburse compensation to all of the employees of the related corporations. Follow the procedures in the chart below when working indicating common, successor or predecessor paymaster replies.

If	Then
The reply indicates a Common Paymaster or Successor Employer.	Research to verify using ORS or ERQY.

If	Then
If research verifies that this condition caused wages over the maximum	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 to reduce wages over the maximum. 2. Prepare Form 6494 using Correction Code (5) remarks "Common Paymaster-employee(s) exceeded maximum wage limit", attach the appropriate Form(s) W-2. 3. File Correspondence following the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7.
If research verifies that this condition is due to a Successor/ Predecessor situation	<ol style="list-style-type: none"> 1. Enter the x-ref EIN into the x-ref field on the CAP detail screen. 2. File Correspondence following the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7, Closing Procedures.

4.19.4.3.44
(04-14-2020)
Replies With Disaster Indicators on CAP

- (1) The following information applies to CAWR replies with a Disaster indicator present on the CAP Detail Screen. CAWR disaster coordinators input Zip Codes for specific declared disaster area situations as necessary based on IRS Disaster Relief Memos.
- (2) Access <http://www.tris.irs.gov/fema/> to retrieve the beginning and ending date of the disaster period and follow the procedures in the table below.

Reminder: The -S freeze does not suppress notices. Continue normal case processing.

If	And	Then
The reply is received with information balancing the case.	N/A	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 if applicable to adjust the appropriate amounts. 2. Prepare Form 6494 to send copies of the Forms W-3/ W-2 and/or W-3-C/ W-2-C to SSA (if appropriate). 3. File Correspondence following the applicable No Assessment needed case processing procedures in IRM 4.19.4.7, Closing Procedures.

If	And	Then
The reply is received with insufficient information to balance the case	the case has a –S freeze	Assess and close the case using the appropriate Assessment Needed case processing procedures in IRM 4.19.4.7, Closing Procedures.
The reply is received with insufficient information to balance the case	the case has a –O freeze and the taxpayer correspondence is dated during the disaster period and the taxpayer does not state they cannot resolve their discrepancy due to the disaster	Assess and close the case using the appropriate Assessment Needed case processing procedures in IRM 4.19.4.7, Closing Procedures.
The reply is received with insufficient information to balance the case.	and the case has a –O freeze and the taxpayer correspondence is dated before the disaster period	<ol style="list-style-type: none"> 1. Suspend the case on CAP using the suspense code 10. 2. Suspend the case on IDRS notating “FEMA” and the disaster expiration date in the activity field. 3. When the disaster period expires assess and close the case using the appropriate Assessment Needed case processing procedures in IRM 4.19.4.7, Closing Procedures.

Note: If the taxpayer self identifies refer to IRM 25.16.1.8.1, -S Freeze.

4.19.4.3.45
(04-01-2009)
**Replies Requesting
Copies of Forms 94X**

- (1) Follow the procedures in the table below when working replies requesting copies of 94X Forms.

If	Then
An employer requests copies of Forms 94X in order to resolve the CAWR discrepancy	<ol style="list-style-type: none"> 1. Send a closing Letter 2057-C. Including any or all of the following items: CC MFTRA definer X, CC BRTVU/ RTVUE/ TRDBV, or a TDU print after necessary editing has been made. 2. Assess and close the case utilizing the appropriate case processing procedures in IRM 4.19.4.7, Closing Procedures. <p>Note: The breakdown sheet is found on the Intranet, Wage & Correction web site at <i>Forms & Instructions / Internal Revenue Service (irs.gov)</i></p>
Copies of the actual original returns are needed	Explain to the taxpayer Form 4506, Request for Copy or Transcript of Tax Form , should be submitted along with the required fee.

4.19.4.3.46
(04-01-2011)
**Replies stating
discrepancies due to
Group Term Life
Insurance (IRC Section
125 Cafeteria Plan)**

- (1) Group Term Life Insurance is a type of fringe benefit that excludes all or part of the value from the recipient's paycheck. Although the amounts should not be included on the Form W-2, they often are in error. When the tax reported on line 7c of the Form 941, equals the tax of the wage discrepancy, close the case out of balance. If the tax does not appear on line 7c of the Form 941, instruct the taxpayer to correct the Form W-2.

4.19.4.3.47
(09-29-2011)
**Replies stating
discrepancy is due to
Vow of Poverty IRC 3121**

- (1) A religious order whose members are required to take a vow of poverty (or any autonomous subdivision of such an order) may elect to have FICA extended to services performed by its members in the exercise of duties required by such order. They are excluded from "employment" for FICA purposes, except when an election of coverage is in effect. See IRC 3121(b)(8)(A) and IRC 31.3121(b)(8)-1; IRC 3121(r) and 31.3121(r)-1. See IRM 21.7.2.5.6, Form SS-16, Certificate of Election of Coverage Under the Federal Insurance Contributions Act (FICA)
- (2) Because the Form W-2 totals are less than what is reported on the Forms 94X these cases can become CAWR discrepancies.

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4.19.4.3.48
(04-15-2015)
BMF Identity Theft in CAWR

- (1) BMF ID theft is defined as creating, using, or attempting to use business' identifying information without authority to obtain tax benefits: See IRM 25.23.9, BMF Identity Theft Processing for more information.
- (2) Whenever a taxpayer makes a reference to any of his forms being fraudulently filed by another party or claims there is a fraud or identity theft issue, refer the case to your Technical Coordinator who will then refer it to the CAWR HQ Analyst.

4.19.4.3.49
(04-22-2022)
Covid Replies for Tax Year 2020

- (1) In 2020 the "Families First Coronavirus Response Act", "the Coronavirus Aid Economic, Relief, and Economic Security (CARES) Act" or as amended by the "Taxpayer Certainty and Disaster Relief Act of 2020 (Relief Act)" added two new lines (5ai and 5aii) for "Taxable Social Security wages for qualified sick leave" and "Taxable Social Security Wages for qualified family leave" to the 94X returns. These corresponding lines were not added to the Form W-2 box 3 and are taxed at 6.2 percent for only the employee share of FICA. See IRM 21.7.2.7, COVID-19 Related Employment Tax Relief for additional information.
- (2) These acts also changed the Schedule H attached to the Form 1040 and Form 1041. On these Forms, all wages will be combined on one line (line 1a). A second line (line 1b) was added to capture the amount of the qualified sick leave and qualified family leave included in line 1a.
- (3) The Form W-2 was not updated to capture the new lines on the Form 94-X and Sch H which are taxed at two different rates. There is no way for IRS to accurately match and calculate the additional tax due when working a CAWR discrepancy case. IRS cannot determine how much of the Form W-2 box 3 to assess at each rate without taxpayer contact. Given this fact, and the fact that the first Quarter of 2020 does not have these new lines CAWR must assess the employer at the full 12.4 percent.
- (4) The Office of Chief Counsel agrees with this treatment and cites court case "**United States v. Janis**", **428 U.S. 433, 441 (1976)** and states, "**assessment at the full 12.4 percent rate is justified as a determination based on the amounts reported on the total Forms W-2 unless and until the taxpayer demonstrates that a portion of the missing wages were wages subject only to the 6.2 percent rate for the employee portion of social security tax.**"
- (5) The 99C "Letter of Employment Tax Problem" includes verbiage explaining this situation and requests the taxpayer provide the breakdown of the wages paid at 12.4 percent and 6.2 percent for us to adjust any tax assessment.
- (6) Please follow the procedures in chart below when working tax year 2020 cases:

If	And	Then
the taxpayer states our assessment amount is incorrect due to the above situation	provides a breakdown of the wages paid	adjust the amount of assessment to reflect the correct tax and close the case using the case processing procedures in IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.

If	And	Then
the taxpayer states our assessment amount is incorrect due to the above situation	does not provide a breakdown of the wages paid	<ol style="list-style-type: none"> 1. assess the account as originally proposed using the case processing procedures in IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures. 2. send a Letter 2057-C with the paragraph that explains this and requests a breakdown of how the wages were paid.

4.19.4.4
(04-10-2024)
No Replies

- (1) When a taxpayer does not respond to the letter originally generated it is referred to as a No Reply. Once the suspense period has expired, additional tax due is assessed with the applicable item adjustment codes on the last available quarter of the tax year and MFT being worked.
- (2) The majority of IRS-CAWR No reply cases will now be auto assessed by the CAP system. However, cases containing any of the following TC codes will need to be manually reviewed and assessed by a tax examiner: 160, 161, 180, 181, 340, 370, 400, 420, 424, 480, 520, 530, 766, 780, 788, 910, 912, 914, 916, or 918.
- (3) When working cases with the above TC indicators research IDRS thoroughly to determine if any changes have been made to the module prior to assessing the case.
- (4) When working IRS-CAWR No Reply cases, all cases will be in status code 37. Once the tax adjustment is made utilizing the REQ54 IAT tool, input closing code 30 on CAP or closing code 98 for collection status cases and close the IDRS control.
- (5) For SSA-CAWR, once the 81- day suspense period has expired in the CAWR program the case will automatically run through the nightly no reply process. Cases not requiring tax assessments will auto close using SC 91 and the civil penalty will post to master file. Cases that don't meet the criteria for auto assess due to the presence of one or more of these transaction codes, 160, 161, 180, 181, 340, 370, 400, 420, 424, 480, 520, 530, 766, 780, 788, 910, 912, 914, 916, or 918 will be put in SC 13 and be batched for manual review by a tax examiner. The coordinator can either assign these out by batch or by providing the CAWR No Reply money screen listing to them.
 - a. Occasionally a taxpayer will send in a payment or missing tax return (94X) without sending in any indication as to why they took action. Research CC TXMOD for a new or pending TC 150. Close the case with no assessment if the TC 150 wage and tax amounts balance your case.
 - b. If there is a return posted as a 6020(b), assess as a regular no reply.
 - c. If a **TC 780/ 788 (unreversed by a TC 781)** is present on any quarter of the tax year that you are working See IRM 4.19.4.2.13, Offer in Compromise Identified During Screening for more instructions.

- d. When an adjustment or a X-reference is found that balances the case, close the case with a CC 30. Place a remark on the case to explain the action(s) taken. Input a TC 971 with AC 017 if a X-reference is found.
 - e. When an account has a TC 300, TC 301, TC 308, or TC 309 on any module of the tax year you are working, do not assess, input a 290 for .00 and close using closing code 30 (549 for .00 for SSA cases using closing code 98).
 - f. If there is an open control, ensure you contact the other area or obtain the CII (formerly known as CIS) prints prior to making any assessment. The information to resolve the case could be included in that response.
- (6) Review ORS data, if available, re-checking for any missing Forms W-2, Family Employment, etc., for a possible resolution that may have been overlooked.
 - (7) SSA-CAWR case type 08 cases that contain either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more must be coordinated with your local Large Corporation Coordinator. See IRM 4.19.4.2.1.1, Large Corporation/Large Dollar Screening for further instructions.
 - (8) For cases with a potential **tax** assessment of \$100,000 or more, subsequent contact must be made. Call the taxpayer or send a Letter 2057-C on CAP using an open paragraph and state that this is the second attempt to contact them. If no response is received, assess using normal processing procedures. See IRM 21.1.3.2.3, Required Taxpayer Authentication.

Note: For those cases referred to the Large Corp. Technical Unit, second contact is not required.

Reminder: Prior to inputting any tax or civil penalty of \$100,000 or more, you **MUST** obtain a signature showing supervisory approval that the case was reviewed on the adjustment/history sheet.

- (9) For cases showing a debit and credit on the CAP money fields see Exhibit 4.19.4-4, Tax and Penalty Assessment Guide. If a Form 1040, U. S. Individual Income Tax Return, with a Schedule H was filed by the taxpayer, the MFT & ADJ Screen will have the corresponding MFT 30 and SSN information. Instructions for working the Schedule H are included in IRM 4.19.4.2.7, Case Closing Procedures.
- (10) If correspondence issued on cases with a PAL indicator and no reply is received from the taxpayer, consider the information on the PAL indicator and work the case according to the appropriate processing procedures.
- (11) If an employment code "S" is present for any SSA-CAWR/SSA Indicator 2 case, a penalty assessment cannot be made to that EIN/ TIN on MFT 13. Do the following:
 - a. Research for a parent TIN/EIN and/or a phone number for the entity. This may include contacting the Large Corporation unit for help locating the parent company.
 - b. Contact the taxpayer in an effort to obtain the missing Form(s) W-2, so that a penalty assessment does not have to be made.
 - c. Be sure to consider the amounts reported under the parent TIN/EIN while working the subsidiary case.

- d. Follow normal correspondence and reply procedures for the SSA-CAWR/SSA Indicator 2 case worked as a result of this situation.

Note: CORRESPONDENCE MUST BE ISSUED TO THE PARENT TIN/EIN BEFORE A PENALTY ASSESSMENT CAN BE MADE AGAINST THE PARENT ENTITY.

(12) When a disaster indicator is present on CAP on a No Reply case:

1. Follow the step list under IRM 4.19.4.2, IRS-CAWR and SSA-CAWR Case Screening Process (6) for procedures.
2. When the disaster expires assess the case. IRM 4.19.4.7.2, IRS—CAWR— Reply Case Processing Procedures.

Reminder: Ensure all appropriate contact has been made on cases with Compliance Indicators present.

4.19.4.4.1
(04-01-2009)
**No Reply Bankruptcy
(TC 520) and Defunct
Cases (TC 530 - cc 07
and 10)**

- (1) Bankruptcy cases are assigned to the Centralized Insolvency Operation (CIO) at the Philadelphia Campus. See IRM 4.19.4.2.6. (1), Bankruptcy Cases (TC 520/521) Identified During Screening.
- (2) After the No Reply phase for SSA-CAWR cases, input to MFT 13, a TC 290 PRN 549 for \$.00. These cases are already closed on CAP with a status code 98 so it is not necessary to update the status on CAP.
- (3) After the TC 290 .00 posts for the SSA-CAWR case, BMF will forward status code 40 to CAP to confirm the posting of the TC 290.
- (4) For IRS-CAWR cases with a TC 530 closing code 7 or 10 or a TC 520 closing code 72 or 74 input the TC 290 for \$.00 and close the case on CAP using CAWR closing code 98. Do not assess these cases.
- (5) For IRS-CAWR cases with a TC 530 with any closing code other than 7 or 10 adjust the case following normal processing procedures. Close CAP with CC 98.
- (6) For IRS-CAWR cases with a TC 520 with any closing code other than 72 or 74 contact Insolvency prior to making assessment so they can amend the proof of claim if applicable. Adjust the case following normal processing procedures. Close CAP with CC 98.

4.19.4.4.2
(04-01-2009)
**Delete Cases - No
Replies**

- (1) A delete case is one which has been brought into balance at Enterprise Computing Center-Martinsburg (ECC-MTB) through various updates to the module.
- (2) If no response was received to an **IRS-CAWR** delete case consider the case closed, leave it in its current CAP closing status code and close the IDRS control.
- (3) If no response was received to an **SSA-CAWR** case, BMF will send a status code 40 to CAP when the 549 penalty posts.

Reminder: Do Not Open a No Reply Case once it has been closed.

4.19.4.5
(04-10-2024)
Undeliverables

- (1) This section is to be used for all IRS-CAWR, SSA-CAWR, and penalty notices that are returned undeliverable.
- (2) If a **TC 780/788 (unreversed by a TC 781)** is present on any module of the tax year that you are working see IRM 4.19.4.2.13, Offer in Compromise Identified During Screening.
- (3) When an account has a TC 300 or TC 308 on any module of the tax year you're working, do not assess, input the 290 for .00 (549 for .00 for SSA Cases) and close the case using closing code 39 or 46.
- (4) Clerical will research all cases for a new/better address and follow the procedures in the chart below:

If	And	Then
A new address is found	It is within 30 days of the mail out date	They will re-mail all information, including the original envelope to the new/better address.
A new address is found	It is after 30 days of the mail out date	<ol style="list-style-type: none"> 1. Print the IDRS CC screen containing the new/better address. 2. Attach the print to the Undeliverable mail. 3. Input Undeliverable date onto CAP and batch the Undeliverable to a T/E.
A new address is NOT found	N/A	Input Undeliverable date and batch for a Tax Examiner to work.

Exception: SSA-CAWR Undeliverables received after cycle 33 are not to be worked or updated on CAP. Hand carry to your lead or manager.

4.19.4.5.1
(04-10-2024)
**IRS-CAWR/SSA-CAWR
Undeliverables**

- (1) All Letter 98-C or Letter 99-C undeliverable mail is to be researched for a better address within 14 calendar days of receipt. If a better address isn't found the case must be controlled within those same 14 days to stop the suspense time frame from expiring.
- (2) Verify Undeliverable and IDRS to ensure a new/better address is not available.

Note: Do not change IDRS. Individual and Business addresses can be updated on IDRS only if the taxpayer submits Form 8822, Form 8822-B, or a written request from the taxpayer is received.

- (3) **The Tax examiners** will research IDRS for a new/better address using command codes ENMOD, INOLES, NAMEE, BMFOL, etc. **Use the Undel IAT Tool to research for a better address when available.** Follow the procedures in the table below when working Undeliverable cases.

If	And	Then
IRS-CAWR: a new/better address was found	N/A	<ol style="list-style-type: none"> 1. Ensure the undeliverable date was entered on CAP. 2. Update CAP with new address. 3. Reissue the Letter 99-C.
IRS-CAWR: a new/better address was not found	N/A	<ol style="list-style-type: none"> 1. Ensure the undeliverable date was entered on CAP. 2. Assess the additional tax using hold code 3 to prevent the issuance of another letter to the incorrect address. Use the No Reply/Undeliverable IAT when available. 3. Close CAP with CC 39.
SSA-CAWR: a new/better address was found	the date is prior to cycle 33	<ol style="list-style-type: none"> 1. Enter the undeliverable date, if not present on CAP. 2. Update CAP with new address. 3. Reissue the Letter 98-C.
SSA-CAWR: a new/better address was not found	the date is prior to cycle 33	<ol style="list-style-type: none"> 1. Ensure the undeliverable date was entered on CAP. 2. Assess the Intentional Disregard Penalty using hold code 3 to prevent the issuance of another notice to the incorrect address. IRM 4.19.4.7.3, See SSA-CAWR —Reply Case Processing Procedures. 3. Close CAP with CC 46.
SSA-CAWR: a new/better address was found	the date is after cycle 33	Re-mail all information including the original envelope to the new/better address. Do Not Input the Undeliverable Date. If undeliverable date has been input please refer the case to your lead.
SSA-CAWR: a new/better address was not found	the date is after cycle 33	<ol style="list-style-type: none"> 1. Input undeliverable date on CAP. 2. Assess the Intentional Disregard Penalty using hold code 3 to prevent the issuance of another notice to the incorrect address. See IRM 4.19.4.7.3, SSA-CAWR —Reply Case Processing Procedures. 3. Close CAP with CC 46.

Reminder: SSA-CAWR case type 08 cases that contain either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more must be coordinated with your local Large Corporation Coordinator. See IRM 4.19.4.2.1.1, Large Corporation/Large Dollar Screening.

- (4) For IRS-CAWR if all fields are potential overpayments, close the case. Input a TC 290 for .00 and update the case on CAP using the appropriate undeliverable closing code.
- (5) If the suspense period has expired and the case has been assessed, re-file the undelivered letter (including the envelope) with the previous 55 block for IRS-CAWR cases.
- (6) If the suspense period has expired and the automatic penalty assessment has been made, file the undeliverable by inputting a TC 290 for .00 PRN 549 for .00 on MFT 13 and BS 15.
- (7) Check the MFT & ADJ Screen to determine if Schedule H was filed on the MFT 30. Research that SSN for another address. If a new address **is found** re-mail the letter. If a new address **is not found** assess the tax on MFT 30 or 05 as appropriate.

4.19.4.5.2
(09-29-2011)

Undeliverable Mail for Returned SSA (CP 215 PRN 549)

- (1) Process undeliverable letters within 14 calendar days of the IRS received date **or** three business days from receipt into the department.
- (2) Research undelivered correspondence with operational errors, incomplete or incorrect name and erroneous or extraneous data. Make corrections and mail the letter.
- (3) Research for a better address. If a better address is found, re-mail all information, including the original envelope to this (new/better) address. **Do not change IDRS.**

Note: IDRS CAN ONLY BE UPDATED WITH A SIGNED REQUEST FROM THE TAXPAYER.

- (4) If a better address is not found and the penalty assessment was made, file the undeliverable by inputting a TC 290 for .00 PRN 549 for .00 on MFT 13 and BS 15. If the penalty was manually assessed, attach the undeliverable letter to the penalty case file.

4.19.4.5.3
(03-28-2018)

Undeliverable Interim Letters

- (1) When a Letter 5825-C or other interim letter is returned undeliverable, take the following actions:
 - a. If the case is now closed the letter can be placed in classified waste.
 - b. If the case is still open, the letter should be associated with the case so the tax examiner can research for a better address before issuing a Letter 2057-C explaining actions taken.

4.19.4.6
(04-10-2024)
**Processing
Reconsiderations
(Recons)(previously
called Late Replies) and
Replies to Assessment**

- (1) Recons (previously called Late replies) occur when taxpayer correspondence is received after the initial case is closed on the CAP System. CAP will now open Recons (previously called Late Replies) into a SC 47 when the date is entered through the clerical “Replies/ Undeliverables Recd” screen. All SC 47 cases will be manually closed on CAP using SC 43 when the Recons (previously called late reply) is worked. See IRM 21.3.3.4.16.4, Preparation of Outgoing Correspondence, IRM 21.3.3.3.4, Quality and Timely Responses, and IRM 21.3.3.4.1, Case Control and Inventory management to determine if additional correspondence is required.

Exception: Since interim letters are not required on TAS and Form 3870 cases they will not be controlled on CAP by the clerical staff.

- a. Recons (previously called late reply) received and IDRS shows a Collection status. Follow procedures outlined in IRM 4.19.4.6(4), Accounts in Collection Status.
- b. Taxpayer’s Recon (previously called late reply) provides information that resolves discrepancy. Follow procedures as outlined in Abatement Procedures.
- (2) Recons (previously called Late replies) can fall into one of the following categories:
- Responses that affect Form 94X Master File modules
 - Responses that affect SSA files
 - Responses that affect both SSA and the Form 94X Master File modules
 - Responses that require no change
- (3) Any Recon (previously called Late Reply) that is received in an active Compliance status code on IDRS, must be coordinated with the responsible function(s) prior to the CAWR issue being worked.
- (4) Accounts in Collection Status - Any reply that is received in an account with an active Collection status code (22, 24 or 26) on IDRS must be coordinated with the responsible function(s) prior to the CAWR issue being worked. For example:
- a. For all cases in Status 22, 24, or 26, input TC 470 cc 90 to remove the case from collection status while case is in inventory.
- b. If there are any other Collection issues that need to be addressed, such as a remaining balance due, Installment Agreement request, etc., those functions must work that portion of the reply.
- c. A TC 29X will ensure any case that has a balance due remaining on the module is put back into collection status. If a TC 29X is not being input a TC 472 with no closing code must be input.
- Reminder:** Be sure to reduce any STAUP to 3 cycles when closing your case when there is still a balance due. See IRM 21.5.2.4.8.2, Suppressing Balance Due Notices.
- (5) When an account has a TC 300 or TC 308 on any module of the tax year you’re working, abate any CAWR tax or penalty assessment and issue a closing Letter 2057-C using CAP explaining all actions taken.
- (6) If the taxpayer is not addressing a CAWR issue, it is to be worked in Accounts Management (AM) regardless of the fact that a CAWR case is or was worked

for the tax period of the taxpayer inquiry. AM must address the Policy Statement P-21-3 requirements if the taxpayer response is 14 days or older.

- (7) Recons (previously called Late Replies) may also be Form(s) 4442 that are referrals from CSRs. Provide taxpayers with interim responses (by telephone or in writing) if Tax Law Referrals of Recons (previously called Late Replies) cannot be resolved within seven (7) calendar days or Account Referrals of Recons (previously called Late Replies) cannot be resolved with fifteen (15) calendar days.
- (8) Processing: For CAWR late responses that affect the Form 94X Master File module:
 - a. Research IDRS for a TC 29X with Blocking Series 55X on the Form 94X, or TC 240 with Reference number 549 or 550 on MFT 13 and order document if necessary.
 - b. Refer to applicable portion of the Reply section in IRM 4.19.4.3, Replies, and follow Recon (previously called Late Reply) Processing Procedures.
 - c. Attach the correspondence and a copy of the Form 6494 (if needed) with the case file.
 - d. If the taxpayer responds and only provides the SSN used for the Schedule H, research CC IMFOL to obtain the X-Ref TIN/EIN. If present on CC IMFOL, continue working the case. If not, refer to IRM 21.7, Business Tax Return and Non-Master File Accounts.
 - e. Forward any Forms W-3/ W-2/ W-3-C/ W-2-C (or substitutes) received from the taxpayer to SSA via Form 3210, and either the Form 9338, Closed Case Transmittal Sheet for Returned SSA Cases, or Form 6494.
 - f. If the adjustment DLN **is not found**, research CAP or the CAWR module (MFT 88) on IDRS using CC BMFOL definer U or Research CC BMFOL definer I to determine to which module the adjustment posted. Then use CC BMFOL definer T for that MFT and period.
 - g. If there is no module present on IDRS, use CC MFREQ definer C to obtain the TXMOD.
 - h. If the taxpayer responds and pays the penalty amount and the case is under tolerance, close the case with the appropriate closing status code on CAP and make the assessment on MFT 13. Make sure the payment is posted to MFT 13. If it is posted to another module, move it to MFT 13. Failure to do so will issue another notice (balance due) to the taxpayer.
 - i. If the taxpayer responds and only provides the SSN used for the Schedule H, research CC IMFOL to obtain the X-Ref TIN/EIN. If present on CC IMFOL, continue working the case. If not, refer to IRM 21.7.4.4.1.11, Social Security Domestic Employment Reform Act and BMF Schedules H and IRM 21.6.4.4.8, Schedule H, Household Employment Taxes.
- (9) Processing: For late responses — requiring no change (2) above:
 - a. Research for a DLN TC 29X Blocking Series 55X.
 - b. Issue a Letter 2057-C using CAP explaining actions taken and associate the taxpayer's response with the case file.
- (10) Once the Recon (previously called late reply) research is completed follow the procedures in the chart below:

If	Then
No CAWR adjustment DLN or unpostable CAWR adjustment DLN is found	Check IDRS to determine if one should have been input.
If duplicate correspondence is found after the adjustment has been made	Attach the case to the adjustment DLN (except BS 00) and update and close CAP with SC 43.
W-2 information is needed	Research ERQY or ORS.
The taxpayer just wants an explanation of why the CP was sent	Issue Letter 2057-C using CAP explaining reason for letter and/or assessment. Update and close CAP with SC 43.

Note: If the taxpayer responds and only provides the SSN used for the Schedule H, research CC IMFOL to obtain the X-Ref TIN/ EIN. If present on CC IMFOL, continue working the case. If not, refer to IRM 21.7.4.4.1.11, Social Security Domestic Employment Reform Act and BMF Schedules H and IRM 21.6.4.4.8, Schedule H, Household Employment Taxes.

Caution: Always be aware of the statute date.

- (11) If the correspondence is from a POA or other third party make sure that the criteria in IRM 21.3.7, Processing Third Party Authorizations onto the Centralized Authorization File is adhered to before any response is sent.
- (12) Cases with Large Corp. Indicators (LCI) do not require a referral to Large Corp. since the assessment is already on the account. If Large Corp. refers one of these cases to us, work with Large Corp. to resolve the issues.
- (13) When inputting an adjustment which totally eliminates the tax, penalty, and interest and there is a TC 360 assessed on the module abate the TC 360.

4.19.4.6.1
(04-10-2024)
Recons (previously called Late Replies) Addressing SSA-CAWR Penalties

- (1) Prior to abating a CAWR penalty (Late Filing and/or Intentional Disregard), be aware of the numerous attempts made by both the Service and SSA to solicit the correct information from the employer. Failure to secure and properly credit the missing Form(s) W-2 will impact an individual's SSA earnings record and ultimately that individual's retirement benefits. Given the history of correspondence sent to the taxpayer by SSA and the CAWR unit, caution should be used in abating the penalty. Careful consideration should be given to all filers claiming that they filed the required Form(s) W-2 timely.
 - a. A copy of Form W-3 with a timely signature date should not be accepted alone as evidence because a fictitious document can be easily prepared. However, if a taxpayer provides a copy of Form W-3 and copies of Form(s) W-2 other than copy "A" along with a timely dated return receipt, all penalties should be abated.
 - b. The employer may have submitted returns timely that were returned by SSA for an unprocessed condition, then never resubmitted by the employer. The penalty would be applicable in this situation.

- c. When a payer claims the forms were filed, abate the penalty if proof of timely submission is made by contacting the local SSA office or accessing ORS/ERQY to verify that they have received the missing Forms W-2.

Note: If ORS/ERQY is unavailable you may verify some W-2 information through IDRS Command Code IRPTRI.

- (2) When the employer’s response states they did not understand why the penalty was assessed, send Letter 2057C using CAP with the applicable paragraphs explaining the penalty.
- (3) When Forms W-2-C are submitted in response to CAWR correspondence and:
 - a. The Form(s) W-2-C balance the case, abate the penalty.
 - b. The Forms W-2C partially balance the case, abate the portion of the penalty corrected by the Forms W-2C.
- (4) If you receive a Form 94X-X or Form 843 claim adjusting the SS wages, SS tips, Medicare wages, FIT to match the Forms W-2/ W-3, adjust the account and remove the appropriate amount of the penalty assessment.
- (5) If Forms W-2/ W-2-C are received with the Recon (previously called late reply), order the original CAWR documents from Files if necessary to ensure the new submission is not duplicating the original reply to our correspondence.
- (6) If Form(s) W-2 are received after the Service assesses the **Intentional Disregard Penalty** has been assessed, follow the procedures in the table below:

When the postmark date is	Then
within 10 days of the CP 215 notice date (date located in the upper right hand corner under “Notice Number”)	Intentional Disregard Penalty (PRN 549) will be abated on the portion of Forms W-2 received AND The Late Filing Penalty (PRN 550) will then be assessed on ONLY those forms W-2 received in the response.
NOT within 10 days of the CP 215 notice date (date located in the upper right hand corner under “Notice Number”) and Form(s) W-2 are not present on ORS/ ERQY	Intentional Disregard Penalty (PRN 549) will remain on the account as originally assessed. Exception: When the taxpayer provides the applicable Forms W-2 but did not timely respond to the CP 215, abate the 549 and apply the 550 for the Form(s) W-2 submitted when there is an indication that the CAWR letter was returned as undeliverable.

Exception: The penalty will be abated in full (i.e., no penalty assessed) if the taxpayer’s explanation established their failure to timely file Form(s) W-2

was due to reasonable cause and not due to willful neglect. See IRM 20.1.7.12.1, Reasonable Cause. for reasonable cause considerations specific to information return penalties.

- (7) Abate the penalties using TC 290, the negative dollar amount being abated, with Reason Code 062. The appropriate Penalty Reason Code must be entered in the fourth RC position on CC ADJ 54. See IRM 20.1.1–2, Penalty Reason Code Chart. **Reminder:** Do not use Reason code 062 if the penalty is waived/abated for something other than reasonable cause, e.g., processing errors. In this case use only the appropriate fourth position penalty reason code.
- (8) When a taxpayer responds to the penalty assessment **after the Statute** has expired and establishes reasonable cause, **abate the penalty only up to the amount of credits allowed to be refunded.**
- (9) When Form(s) W-3/W-2 are submitted, reasonable cause must be provided in order to abate the penalty. If no reasonable cause or due diligence are provided take the following actions:
 - 1. Notify the taxpayer using Letter 2057C using the appropriate paragraphs
 - 2. Input a TC 290.00/549.00 with blocking series 15.
- (10) If the taxpayer responds to any collection notice issued **after** the CP 215, reasonable cause must be provided in order to abate the penalty. If reasonable cause or due diligence is denied take the following actions:
 - 1. Notify the taxpayer using Letter 854-C to inform the taxpayer of their appeal rights. Include the specific reason the abatement request is being denied in the Letter 854C.
 - 2. Research TXMOD for a TC 470 and follow the procedures in the table below.

If	Then	Update
TC 470 is found	Release with a TC 472 (SSA-CAWR)	CAP and close with a SC 43
TC 470 is not found	Input STAUP for 6 cycles to delay the notices.	CAP and close with a SC 43

- (11) Determine what blocking series the assessment was made in and follow table below.

If	input with BS	attach	Input TC	Use BS	RC	4th RC Position
Original Assessment was	00	Case History Sheet or Form 5706	290 .00/ 549	98	062	Blank

If	input with BS	attach	Input TC	Use BS	RC	4th RC Position
Original Assessment was	52 or 53	N/A	290 .00/ 549	99	062	Blank

Reminder: Check for any freeze codes that would be released by the TC 290 posting. If there are any, re-file the return and associated documents under the original DLN.

- (12) If the taxpayer corresponds AFTER a reasonable cause request is denied refer to IRM 4.19.4.6.2, Appeals Cases for TE procedures and IRM 1.4.22.10.3, CAWR Appeals Coordinator Responsibilities for further information.

4.19.4.6.2
(04-10-2024)
Appeals Cases

- (1) Requests for relief from civil penalty assessments received after the initial request for relief has been denied through the issuance of Letter 854-C are generally considered an appeal of the previous penalty relief denial.
- (2) When a response to Letter 854-C is received, determine if the penalty was previously sustained in Appeals. This may be identified by the presence of PRC 041/042 followed by a TC 290 for \$0.00 with a Blocking Series 96X and a -N Freeze Code on the account. If this information is present, forward the request to the appropriate Appeals office.

Note: Ensure the case is being routed to the correct Appeals office as identified by the 3 digit Appeals Office Code. Consult the Campus Case Routing page on the Appeals web site.

- (3) When a response to Letter 854-C is received, disagreeing with the penalty, and the penalty was not previously sustained in Appeals, review the correspondence for any new information that would allow the penalty to be abated.

Note: It may be necessary to request the original penalty adjustment document from the Files Function in order to complete the review.

- (4) If the information provided meets penalty relief, abate the penalty(ies).

Reminder: Re-file the original penalty adjustment document back to the Files Function separately under its own DLN.

- (5) If the information provided does not meet penalty relief, prepare the case for transfer to the Appeals Coordinator. The case needs to include the following items:

- Signed statement from the taxpayer (or authorized representative) requesting an Appeal. See (6) below for further information.
- The original reasonable cause denial penalty assessment. See (7) below for further information.
- A copy of the original Letter 854C.

- (6) The response requesting an appeal must be signed by the taxpayer or an authorized POA with a valid Form 2848 on file. If the response does not contain

the necessary Appeals request, contact the taxpayer and explain what is needed in order for the taxpayer to appeal the penalty determination.

Caution: A Form 8821 or Form 2848, Level H, is not considered an authorized POA.

If	And	Then
The response includes a telephone contact number attempt a phone contact.	the contact is successful	<ol style="list-style-type: none"> 1. Inform the taxpayer to Fax their signed request for Appeals within three (3) business days. 2. If the Fax is not received, issue Letter 2057-C and close the case control. 3. if the Fax is timely, go to (7) below.
The response includes a telephone contact number, attempt a phone contact	the contact is unsuccessful	<ol style="list-style-type: none"> 1. Issue Letter 2057-C. 2. Close the case control.
The response does not include a telephone contact	and one is not present on ENMOD	<ol style="list-style-type: none"> 1. Issue Letter 2057-C. 2. Close the case control.

Note: When attempting a phone contact please ensure that all authentication and disclosure procedures are followed. see IRM 21.1.3.2.3. Required Taxpayer Authentication.

(7) When you have secured the taxpayer's signed request for Appeals:

1. Order the penalty adjustment document processed in the 98 Blocking Series.
2. Update IDRS control base activity.
3. Monitor the case for 30 days.

If	Then
The files function provides the source document or provides a blank charge out (indicating the source document is unavailable),	Provide the Appeals Coordinator with the source document or the blank charge out.

If	Then
The files function does not respond after 30 days	Initiate a second request.
The files function does not respond after the second attempt,	Provide the Appeals Coordinator with the copy of the document request. Note: If the document request is received after the case has been forwarded to Appeals, refer the document to the Appeals Coordinator.

- (8) Once all of the items in (5) above are secured, transfer the case to the Appeals Coordinator.

4.19.4.6.3
(04-10-2023)
Recons (previously called Late Replies) Received on Form 3870 Request for Adjustment

- (1) When a case is being worked by a Field Collection, Revenue Officer (RO), the revenue officer will submit a Form 3870 Request for Adjustment to request an adjustment or abatement of the CAWR tax assessment and/or civil penalty. These cases will be worked within 45 days of receipt into the department in a **first-in-first-out** basis while workload permits.
- (2) Points of Contact (POCs) were established at each campus for the Field ROs or managers to seek assistance from. For a list of these contacts see: *CAWR/ FUTA Addresses (sharepoint.com)*. **It is the POCs responsibility to research problem cases and aide the RO in resolving aged Forms 3870s.**
- (3) An interim is not required on these cases since the RO has already made contact with the taxpayer.

If	Then
the Form 3870 includes information that will allow for abatement of the tax and/or penalty	<ol style="list-style-type: none"> 1. Prepare automated Form 6209 on CATRS and/or Form 6494 if applicable. 2. Abate or adjust the assessment using the appropriate Recon (previously called Late Reply) Case Processing Procedures in IRM 4.19.4.7.6, Recon (previously called Late Reply) Case Processing. <p>Reminder: Do not send a closing Letter 2057-C as the RO already explained the outcome to the taxpayer.</p>

If	Then
the Form 3870 does not include sufficient information to resolve the discrepancy	<ol style="list-style-type: none"> 1. Contact the preparer of the Form 3870 and send an email copy to their manager to request the additional information needed to resolve the discrepancy and suspend the case for 5 business days. 2. If the RO does not contact you after 5 business days, have your campus's POC contact the RO group manager to assist in resolving the case.
once you have advised the revenue officer of the documentation you need	<ol style="list-style-type: none"> 1. Suspend the case allowing the RO no longer than 30 days to secure the requested information from the taxpayer. 2. Once the information is received, process your case using the procedures above.
the information to resolve the case is not received from the revenue officer or group manager by the agreed upon receipt date (plus 5 business days mail time)	<ol style="list-style-type: none"> 1. For IRS-CAWR, reject the case back to the revenue officer. 2. Input "rejudoc" in the case closing on IDRS and in the remarks field on CAP. 1. For SSA-CAWR issue the Letter 854-C. This will allow the case to move on to the appeals process. 2. Close case on CAP as appropriate.

4.19.4.7
(04-10-2023)
**Case Closing
Procedures**

- (1) There are certain procedures that are unique to the CAWR program that must be followed when closing cases.
- (2) Adjustments can be made to the Form 94X tax modules (MFT 01, 05, 11, 14, 16), the CAWR module (MFT 88), or the Civil Penalty Module (13). When adjusting MFT 30, follow the guidelines in IRM 21.6, Individual Tax Returns. Adjustments to the CAWR module are made via automated Form 6209, Form 6494, or TCs input to IDRS. Follow the instructions for the Form 6209 and/or Form 6494 in the training material when processing corrections to the CAWR module.

Reminder: When there is a 10 Million Dollar Assessment, send copies of the case to the CFO in Kansas City, MO. IRM 4.19.4.3.35(6), Large Corporation/ Large Dollar Replies.

- (3) When a case is closed, it must be recorded on CAP. This action serves to update:
 - Unit aged inventory

- Individual aged listings
 - Reports that are sent monthly to Headquarters and used for program tracking
 - Information compiled electronically and provided to SSA to reflect the IRS actions and resolutions obtained by correspondence for SSA-CAWR cases
- (4) When closing a case, the following information should be included as part of your case file. All adjustments should be input as a “Y” in the source document field.
- History Sheet detailing all actions taken on the case.
 - Attach Money Screen Print, BMFOLU Screen Print, or breakdown of account showing discrepancy so a record of the discrepancy is present with the case file.
 - Notate the Letter 2057-C paragraphs used on your history sheet. When an open paragraph is used, attach a copy of the letter to the case. CAP must always be used to issues 2057C letters, unless the case is no longer available on CAP.
 - Any taxpayer correspondence received if applicable.
- (5) All tax and penalty assessments of \$100,000.00 or more are to be reviewed by management prior to inputting the adjustment on IDRS.
- (6) Certain replies requiring manual penalties must have written supervisory approval prior to input of the adjustment. IRM 4.19.4.7.1, IRC 6751 – Supervisory Approval to Assess Penalties for instructions.
- (7) The data record on CAP is obtained from responses, undeliverable mail, and additional information research provides. The data will be input by the tax examiner at the time of the initial closing. Then again updated, as required, for Recons (previously called Late Replies).
- (8) Update all closing actions and remarks on CAP for cases in SC 47 and close the case using SC 43.
- (9) The X-Ref EIN input on the Detail Screen and the responses chosen for the SSA information on CAP provides important information to IRS and SSA.
- 4.19.4.7.1
(04-14-2020)
IRC 6751 – Supervisory Approval to Assess Penalties
- (1) IRC 6751(b)(1) states that no penalty may be assessed unless the initial determination of the assessment is personally approved (in writing) by the immediate supervisor (manager) of the individual who is making the initial determination. IRC 6751(b)(2) states that this requirement does not apply to the:
- a. Failure to File penalty (IRC 6651) additions to tax for failure to file or failure to pay.
 - b. Estimated Tax penalty (IRC 6654 or 6655) additions to tax for failure to pay estimated income tax or
 - c. Any other penalty automatically calculated through electronic means.
- (2) The initial Letter 98-C automatically calculates (through electronic means) the IRC 6721(e) penalty for failure to file an information return due to intentional disregard. As a result, supervisory approval of the **initial** Letter 98-C is not required. Once the taxpayer responds to the Letter 98C, the tax examiner’s evaluation of the response, regardless of whether or not the taxpayer specifi-

cally addresses the penalty, means that the “automatically calculated through electronic means” exception no longer applies and written supervisory approval is needed.

- a. The employee must make an independent determination as to whether the response provides a basis to waive the penalty.
 - b. Whether the employee decides to apply the penalty or not, the employee’s independent determination of whether the penalty is appropriate means that the penalty is not automatically calculated through electronic means. Therefore, written supervisory approval of an employee’s determination to assert the penalty is required. The written approval must be obtained before the employee responds to the taxpayer.
- (3) The following are examples of situations where supervisory approval is required (this list is not intended to be all inclusive):
- The Letter 98-C response requests that the penalty be waived and the tax examiner determines that the explanation does not meet reasonable cause criteria.
 - The Letter 98-C response results in a lowering of the initial proposed penalty (e.g., taxpayer shows that they previously submitted a portion of the missing Forms W-2).
 - The Letter 98-C response results in the tax examiner asserting the Late Filing penalty (PRN 550) in lieu of the Intentional Disregard Penalty (PRN 549) based on the taxpayer providing the missing Forms W-2s.
- (4) Prior written supervisory approval is **not needed** when:
- a. The taxpayer responds to the Letter 98-C and fully agrees with the proposed Intentional Disregard Penalty (PRN 549).
 - b. The taxpayer does not respond to the Letter 98C (no-reply).
 - c. The assessment is based on a returned undeliverable Letter 98-C where a new/better address was not found.
- (5) Written supervisory approval is **ALWAYS** required before asserting the Failure to Deposit (FTD) Penalty (TC 180). See IRM 4.19.4.7.4, Failure to Deposit Penalty (TC 180), for further information.
- (6) The written supervisory approval must be kept with the case file.

4.19.4.7.2
(04-10-2023)
**IRS—CAWR— Reply
Case Processing
Procedures**

- (1) **IRS-CAWR Assessment Needed Processing Procedures:** When a CAWR case results in a tax assessment on a Form 94X module follow the procedures below:
1. See Exhibit 4.19.4-4, Tax and Penalty Assessment Guide for determining appropriate assessment amounts.
 2. Input a TC 290 for the appropriate money amount with the applicable item adjustment codes, using blocking series 55 on the correct MFT on the last available quarter with a TC 150.
 3. Use the correct correspondence and IRS received date.
 4. Assess FTD penalty if necessary. Refer to IRM 4.19.4.7.4, Failure To Deposit Penalty (TC 180).
 5. Send closing Letter 2057-C using CAP explaining actions taken. Make sure the paragraphs used are notated on the history sheet.
 6. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen.

7. Close CAP using the appropriate closing code. See Exhibit 4.19.4-2, Closed Case Status Codes.

(2) **IRS-CAWR No Assessment Needed Processing Procedures:** When an IRS-CAWR case results in **no** assessment needed follow the procedures below:

1. See Exhibit 4.19.4-4, Tax and Penalty Assessment Guide for determining appropriate assessment amounts.
2. Input a TC 290 for .00 using blocking series 55 with the correct correspondence and IRS received date on the last available quarter with a TC 150.
3. Send a closing Letter 2057-C using CAP explaining actions taken.
4. Close CAP using the appropriate closing code. See Exhibit 4.19.4-2, Closed Case Status Codes.

Reminder: Ensure all control bases are closed even if you are adjusting another module.

4.19.4.7.3
(04-10-2023)
**SSA-CAWR —Reply
Case Processing
Procedures**

(1) **SSA-CAWR Intentional Disregard Penalty (PRN 549) Needed Processing Procedures:** When an SSA-CAWR case results in an Intentional Disregard penalty assessment follow the procedures below:

1. See Exhibit 4.19.4-4, Tax and Penalty Assessment Guide for determining appropriate assessment amounts.
2. Obtain written supervisory approval when necessary. See IRM 4.19.4.7.1, IRC 67251 - Supervisory Approval to Assess Penalties for instructions.
3. Input a TC 290 for .00 and penalty reference number (PRN) 549 for appropriate money amount using blocking series 52 on MFT 13 with the correct correspondence and IRS received date. Use blocking series 53 for other than first manual assessment.
4. Send 2057C using CAP closing letter explaining actions taken.
5. Input the amount of the penalty you are assessing on the detail screen and close CAP using the appropriate closing code. Exhibit 4.19.4-2, Closed Case Status Codes.
6. Attach copies of Forms W-2 to case file.

(2) **SSA-CAWR Late Filing Penalty (PRN 550) Needed Processing Procedures:** If the taxpayer responds filing ALL or PART of the required Forms W-2, use the following procedures to compute the Late Filing penalty (PRN 550):

1. See Exhibit 4.19.4-4, Tax and Penalty Assessment Guide, IRM 20.1.7-1, IRC 6721 & IRC 6722 Penalty Rates for Large Businesses with Gross Receipts Over \$5 Million (Average annual gross receipts for the most recent 3 taxable years), and IRM 20.1.7-2, IRC 6721 & IRC 6722 Penalty Rates for Small Businesses with Gross Receipts Less Than or Equal to \$5 Million (Average annual gross receipts for the most recent 3 taxable years) for determining appropriate assessment amounts.
2. Obtain written supervisory approval when necessary. See IRM 4.19.4.7.1, IRC 6751- Supervisory Approval to Assess Penalties for instructions.
3. Input TC 290 .00 with PRN 550 with a posting delay code 1 for the appropriate money amount using blocking series 52 on MFT 13 with the correct correspondence and IRS received date. Use blocking series 53 for other than first manual assessment.
4. If applicable, also compute the Intentional Disregard Penalty following the procedures in (1) above.

5. Send closing Letter 2057-C using CAP explaining actions taken.
6. input the amount of the penalty being assessed on the detail screen and close CAP using CC 89.
7. Attach copies of Forms W-2 to case file.

(3) **SSA-CAWR— No Penalty Needed Processing Procedures:** When as SSA-CAWR reply results in no penalty follow the procedures below:

1. Exhibit 4.19.4-4.
2. Input a TC 290 for .00 and a reference number 549 for .00 using blocking series 15 with the correct correspondence and IRS received date on MFT 13.
3. Send 2057-C using CAP closing letter explaining actions taken.
4. Close CAP using the appropriate closing code. Exhibit 4.19.4-2, Closed Case Status Codes.
5. Attach Forms W-2 to the case folder to allow for PAS review.

4.19.4.7.4
(04-10-2023)
**Failure To Deposit
Penalty (TC 180)**

- (1) The FTD penalty may be assessed whether or not the adjustment is interest free. Tiered penalty assessments for CAWR apply only to Forms 941, 943, 944, and 945. The additional penalty is assessed on TC 290 adjustments and

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See IRM 20.1.4.21.6.1, Computation of the FTD Penalty (CAWR & FUTA Notices). Then follow the procedures below:

If	Then
the FTD penalty should be assessed	<ol style="list-style-type: none"> 1. Obtain written supervisory approval for the penalty prior to inputting your adjustment. See IRM 4.19.4.7.1, Supervisory Approval to Assess Penalties for instructions. 2. Input TC 180 with PCC 018 for 10 percent of the TC 290 amount. 3. Input an IDRS control to monitor and follow-up in 45 days. 4. If the taxpayer does not respond within 45 days, input TC 180 with PCC 018 for an additional 5 percent of the TC 290 amount. <p>Note: The additional 5 percent will be a non source document.</p>

If	Then
<p>If the adjustment was done as interest free and the full payment for the TC 298 tax amount is not received by the interest computation date of the TC 298 adjustment,</p>	<ol style="list-style-type: none"> 1. Obtain written supervisory approval prior to inputting your adjustment. See IRM 4.19.4.7.1, Supervisory Approval to Assess Penalties for instructions. 2. assess a 10 percent FTD penalty (TC 180 with PCC 018) on the amount not remitted timely and input an IDRS control to monitor and follow-up in 45 days. 3. After 45 days, If the taxpayer has not paid the full amount of the TC 298 then assess (TC 180 with PCC 018) an amount equal to 5 percent of the unpaid tax (the amount of the tax increase). 4. See IRM 20.1.4.21.6.1, Computation of the FTD Penalty (CAWR & FUTA Notices). <p>Note: The additional 5 percent will be a non source document.</p> <p>Reminder: if the full amount of the TC 298 is received by the interest computation date DO NOT ASSESS an FTD penalty.</p>
<p>If the FTD penalty should not be assessed (i.e., Reasonable Cause - See IRM 20.1.4, Failure To Deposit Penalty)</p>	<p>Input a TC 180 for zero to restrict the Master File from computing an incorrect penalty, with appropriate 4th position PRC and, if applicable, RC 062.</p>
<p>If the FTD penalty needs to be abated See IRM 20.1.4, Failure To Deposit Penalty and IRM 20.1.1.3, Criteria for Relief From Penalties).</p>	<ol style="list-style-type: none"> 1. Input a TC 181 for the appropriate money amount 2. Use PRC 010 in the 4th position except if the case was assessed erroneously, in those instances use PRC 045. See IRM Exhibit 20.1.1-2, See IRM 20.1.1.3, Criteria for Relief From Penalties See 21.7.2.3.4, Deposits.

Exception: Do not assess a FTD on accounts that have been subject to wage and tax increases, resulting from information received from various govern-

ment agencies due to U.S. Department of Labor (USDOL) back wage audits, under Titles 26 USC 3121 and 40 USC 3141, etc. In addition, abate any penalty for any period that was incorrectly assessed penalties as a result of a USDOL back wage reporting, when working other issues on these modules and send the appropriate letter of apology.

Exception: Do not assess penalties on Federal or Quasi-Federal Agencies. These cases will have a BOD Code of TEGE and a Client Code F or Q which can be found on IDRS using Command Codes TXMOD or ENMOD.

Exception: Do not assess any failure to deposit penalty on state and local government Health and Welfare agencies, acting as agents under IRC Section 3504 with respect to employers for in-home domestic services for recipients of public assistance, as they are not subject to Federal tax deposit requirements. In addition, abate the penalty, on modules (for all years) with an unreversed failure to deposit penalty, when working on other issues on these modules. These types of agencies are marked with an employment code "A" on the Entity Module.

Note: The only time you will automatically assess the TC 180 for the entire 15 percent is for IRS-CAWR undeliverables or if the case is statute imminent. If the statute date is imminent for IRS-CAWR cases, write up the adjustment slip including the TC 180 for 15 percent of the TC 290 amount, if appropriate, and route to Accounting.

- For **only** undeliverable cases, input a hold code 3 to prevent the issuance of another letter to the undeliverable address.
- For all other IRS-CAWR cases, if necessary send a 2057C using CAP closing letter to the taxpayer(s) to inform them of the actions taken. If the additional 5 percent penalty assessment is made, a letter from IDRS will be automatically generated.

4.19.4.7.5
(04-14-2020)
**Failure to File A Tax
Return Penalty (TC 160)**

- (1) IRC section 6651(a)(1) imposes a penalty for failure to file a tax return by the date prescribed (including extensions) (see IRM 20.1.2.3.7, Failure to File a Tax Return—IRC 6651(a)(1)), unless it is shown that the failure is due to reasonable cause and not due to willful neglect. Follow the Failure to File penalty procedures in the chart below.

If	Then
There is a prior TC 166 or TC 167 on the module with no TC 160 or 161	Do not input a 16X, the computer will automatically assess the TC 166 on the added tax.

If	Then
There is a prior TC 16X and a corresponding TC 161 with reasonable cause (RC 062) under the adjustment.	Input a TC 160 for a zero.
There is a prior TC 160 and/or TC 161 without RC 062.	<ol style="list-style-type: none"> 1. Determine the number of months the tax return was filed late. The maximum is 5 months. 2. Calculate the percentage amount by multiplying the number of months by 5 percent (0.05). This amount will never exceed 25 percent (0.25) 3. Calculate the penalty by multiplying the Calculated Percentage Amount by the TC 290 Tax Increase Amount. For Example: TC 290 = \$200 Number of months Late = 3 (step a) 3 X 5 percent = 15 percent (step b) \$200 X 15 percent = \$30 (step c)
If abating a TC 160 (i.e., for Reasonable Cause)	Use a TC 161 (credit) with the appropriate PRC in the 4th position. The computer will not compute the TC 167 automatically.

- (2) If a 6020(b) return is present and past due (it has been 5 months or more), and a Failure to File penalty is restricted on the module, increase the penalty by 25 percent of the TC 290. For returns due after July 30, 1996 (without regard to extensions), IRC Section 6651(g) provides that a 6020(b) return is treated the same as a return filed by a taxpayer for purposes of the Failure to Pay penalty. If not restricted make the assessment and IDRS will automatically make the adjustment to the penalty. See IRM 5.18.2, Business Returns IRC 6020(b) Processing

4.19.4.7.6
(04-10-2023)

**Reconsideration (Recon)
(previously called Late
Reply) Case Processing
Procedures**

- (1) **IRS-CAWR- Recon (previously called Late Reply) Case Processing Procedures:** When an IRS-CAWR case results in an abatement of tax assessed on a Form 94X module follow the procedures below:
1. Input a TC 291 for the appropriate money amount with the applicable item adjustment codes; using blocking series 55 on previously assessed module.
 2. Use the correct correspondence and IRS received date.
 3. Abate the FTD Penalty if necessary. IRM 4.19.4.7.4, Failure To Deposit Penalty (TC 180).
 4. When the adjustment is a partial abatement send 2057C using CAP closing letter explaining the reason. When it is a full abatement a Letter 2057-C is not necessary. IRM 21.3.3.3.4(3), Quality and Timely Responses

5. Update CAP and close with SC 43 for all cases previously updated to SC 47.

(2) **SSA-CAWR- Recon (previously called Late Reply) Case Processing Procedures:** When an SSA-CAWR case results in an abatement of the penalty assessed, follow the procedures below:

1. Input a TC 290 for .00 and the applicable penalty reference number (PRN 549 or PRN 550) for appropriate negative money amount using blocking series 52 on MFT 13 with the correct correspondence and IRS received date. Use blocking series 53 for other than first manual assessment.
2. Use the correct correspondence and IRS received date.
3. If reasonable cause was considered and was either established or denied, enter RC062 in the first reason code position, and use the appropriate Penalty Reason Code (PRC) (as shown in IRM 20.1.1-2, penalty reason code chart) in the fourth reason code position.
4. Do not use Reason Code 062 if the penalty is waived/abated for something other than reasonable cause, e.g., processing errors. In this case use only the appropriate fourth position penalty reason code.
5. When the adjustment is a partial abatement send Letter 2057-C using CAP closing letter explaining the reason. When the adjustment is a full abatement a Letter 2057-C is not necessary. IRM 21.3.3.3.4(3), Quality and Timely Responses
6. When assessing the Late Filing Penalty PRN 550 in the Recon (previously called Late Reply) Phase, there is the possibility that an abatement of the Civil Penalty PRN 549 will also need to be made. When this happens: Input a HC 3 (this only holds the notice) on the abatement and a Posting Delay Code 1 (delays the notice 1 cycle so the taxpayer receives the Letter 2057-C first) on the assessment for the Late Filing Penalty PRN 550.

Note: Use a HC 2, if there is a payment on the MFT 13. (This will hold the notice and the credit.)
7. Send Letter 2057C using CAP closing letter explaining actions taken.
8. Update CAP and close with CC 43 for all cases previously updated to SC 47.

Caution: Abatement of any SSA-CAWR civil penalty should only be done after adhering to the instructions in IRM 4.19.4.6.1, Recons (previously called Late Replies) Addressing SSA-CAWR Penalties.

4.19.4.7.7
(04-10-2023)
Recons (previously called Late Replies) Referring to Hiring Incentives to Restore Employment (HIRE) Act

- (1) HIRE Wage Discrepancy Recon (previously called Late Reply) Processing Procedures: When a taxpayer responds to a HIRE assessment input by CAWR, follow the procedures below:

If	Then
the taxpayer provides Form(s) W-2C that will enable you to give the HIRE credit back to the taxpayer	<ol style="list-style-type: none"> 1. Adjust the wage amounts on the CAP money amount screen. 2. Send the Form(s) W-2-C to SSA using Form 6494 or Form 9338. 3. Reapply the HIRE exempt wages and tax on the quarters it was originally removed from using item adjustment code IRN 115 or IRN 117 for wages and 116 or 296 for tax. 4. Close CAP using closing code 43.

1. Input a TC 290 for 6.2 percent of the wage discrepancy with item adjustment code 115 for wages and 116 for tax; using blocking series 55 on the correct MFT on the last available quarter with a TC 150.
2. Use the correct correspondence and IRS received date.
3. Assess FTD penalty if necessary. See IRM 4.19.4.7.4.
4. Send Letter 2057-C using CAP closing letter explaining actions taken.
5. Input the appropriate adjustment amount you will be assessing on the CAP Detail Screen.
6. Close CAP using the appropriate closing code. See Exhibit 4.19.4-2, Closed Case Status Codes.

4.19.4.8
(04-22-2022)

Lost and/ or Extra Cases

- (1) When a TIN is assigned to a batch, but the corresponding case is missing, it is considered a "lost" case.
- (2) When a lost case is identified, provide the information to the Lead Tax Examiner who will attempt to locate the case:

If	Then
The Lead Tax Examiner locates the case	Continue Processing.
The Lead Tax Examiner cannot locate the case (response)	<ol style="list-style-type: none"> 1. Send Letter 3025-C advising the taxpayer to resubmit their response and any supporting documentation. 2. Update the IDRS control base with the activity code "LSTCSEMMDD" where "MMDD" represents the end of the 30 day suspense period. 3. Update the IDRS control base status to "S". 4. If after the 30 days suspense period has expired, input applicable assessment and close the case following normal case processing procedures.

If	Then
The lead Tax Examiner cannot locate the case (Reconsideration)	<ol style="list-style-type: none"> 1. Send letter 2057-C advising the taxpayer to resubmit their response and any supporting documentation. 2. Close the IDRS control base.

4.19.4.9
(04-10-2023)
Discovered Remittance

- (1) Discovered remittance is a response and/ or correspondence with an original form of payment attached such as a personal check, money order or cashier's check. Also, a loose check(s) discovered in an envelope or attached to a blank piece of paper.

Note: For voided or blank checks see (8) below.

- (2) If any of the items listed in (1) are discovered, both the Form 3244, Payment Posting Voucher, and Form 4287, Record of Discovered Remittance **must** be completed.
- (3) Two copies of Form 3244 must be completed for each discovered remittance and contain entries in the following fields:
- TIN
 - Form number/ MFT
 - Tax period
 - Transaction/ Received date (IRS received date)
 - Taxpayer name, address and ZIP code
 - Transaction Data, enter remittance amount next to code 640 (Advanced Payment of Deficiency)
 - Remarks (the team manager's phone number and Mail Stop)
 - Prepared by
- (4) Form 4287, Record of Discovered Remittance, must be completed to log all discovered remittances. The following fields must have entries:
- Stop number
 - Unit
 - Telephone Number
 - Today's Date - In MM/DD/YYYY format
 - Type of doc - (for example, check or money order)
 - Amount of remit - (total money amount including comma and decimal point)
 - Received Date - in MM/DD/YYYY format
 - Name (entire name)
 - TIN
 - Discoverer - Name or person who discovered the remittance and their supervisor's name
- (5) **If remittance is found attached to a case while working in the office, take the following steps:**

1. Attach one copy (original) to the remittance and give it to the manager/Lead Tax Examiner who will give it to the Clerical Manager/Lead Clerk to place in a **locked box** (lock box).
 2. Attach the second copy of Form 3244 to the response.
- (6) **If the remittance is found attached to a case while tele working, immediately take the following steps:**
1. Notify your manager immediately.
 2. Email completed Form 3244 and 4287 to your Manager and Coordinator/Assistant Coordinator.
 3. Place remittance in a **sealed envelope** and store in a secure place (locked desk or cabinet).
 4. Document remittance details (i.e., leave a case note or history item).
 5. Make an appointment to bring Discovered Remittance into the operation and deliver to the technical Manager/Lead Tax Examiner within **2 business days**.
 6. Technical Manager/Lead Tax Examiner will accept the discovered remittance, print Form 4287 and Form 3244.
 7. Manager/Lead Tax Examiner will deliver the discovered remittance to the Clerical Manager/Lead Clerk.
- (7) **IRS CHECKS** - Returned IRS refund checks are handled differently than regular discovered remittance. If an IRS refund check is found, take it to the team Manager/Lead Tax Examiner to be routed to the Refund Inquiry Unit.
- (8) **VOIDED CHECKS** - If the response has a "VOIDED" personal check attached, remove the check from the response and attach it to the Installment Agreement (IA) request. Route the "VOIDED" check with the IA to Collections.

4.19.4.10
(04-10-2024)

**Program Codes (OFP)
and Program
Completion Dates (PCD)**

- (1) For CAWR, all activity is reported under the program codes in the table below.
- a. For current (open) tax year being worked, the "X" in each program code represents the tax year being worked. For example, SSA-CAWR replies being worked for Tax Year 2020 should be reported under 18720.
 - b. For Recons (Previously called Late Replies) where the reply was received after the case was closed, the "X" in each program code represents the tax year being worked. Tax years prior to the most recent two years should all be reported under the oldest tax year. For example, SSA-CAWR Reconsiderations for Tax Year 2020 should be reported under 18920, Tax Year 2019 under 18990, and Tax Year 2018 and prior under 18980. See the table below for CAWR OFP information:

Telephone Function	TE Function	Program	CAWR Program Title	Definition
N/A	710	180X0	IRS	Starts/ Screening
700	710	182X0	IRS	Replies
N/A	710	183X0	IRS	No Replies and Undeliverables

Telephone Function	TE Function	Program	CAWR Program Title	Definition
700	710	184X0	IRS	Recons (Late Replies) and Prior Years
N/A	710	185X0	SSA	Starts/ Screening
700	710	187X0	SSA	Replies
N/A	710	188X0	SSA	No Replies and Undeliverables
700	710	189X0	SSA	Recons (previously called late replies) and Prior Years

- (2) The program completion dates and mail-out dates are outlined below:

Program	Program Start-up	Program Completion Date (PCD)
IRS-CAWR	Within one week of the HUB release date. Generally the first of April.	The last day of the following March (100 percent).
SSA-CAWR	As the cases are downloaded to CAP and/or within one week of the HUB release date. Generally the first day of April.	The last day of November (95 percent) and two weeks later (100 percent).

- (3) TY 2022 IRS-CAWR processing benchmark dates are listed on the chart below:

Benchmark Dates	Description	Action
April 1, 2024	Hub begins for TY 2022 IRS-CAWR program.	Hub site only.
April 8, 2024	The Hub is completed and the TY 2022 IRS-CAWR cases released for the campuses to work.	Campuses will begin working the TY 2022 IRS-CAWR cases.

Benchmark Dates	Description	Action
September 30, 2024	FY Closure Goal	This goal is determined by HQ and supplied to each Operation via Work Plan and the Operating Guidelines.
December 14, 2024	Terminate preparation of Form 6209 for CAWR Recon (previously called Late Reply) Program for each tax year prior to the current year	Tax year 2020 cases fall off of cap in January 2025, therefore Forms 6209 are not necessary.
December 14, 2024	All TY 2022 IRS-CAWR cases that are to be worked must have correspondence input to CAP.	All correspondence to taxpayers for TY 2022 IRS-CAWR must be input and mailed.
January 06, 2025	Begin performing Statute Searches	Statute search all inventory including new receipts. See , IRM 1.4.22.10.1.1, Statute Searches and IRM 4.19.4.3.12, Statute Issues/ Imminent Assessments.
January 2025	New CAP programs will be downloaded.	Replies and Undeliverables must be entered into the CAP system as received. IDRS dead cycles occur the last week of December thru the first two weeks of January. During dead cycles CC MFREQD must be used to control and complete adjustments when the case is not online.
February 28, 2025	Statute Awareness	Research all cases for statute implications. Refer to IRM 25.6, Statutes for further instructions.

Benchmark Dates	Description	Action
March 28, 2025	100 percent of TY 2022 IRS-CAWR cases must be completed and closed on the CAP system and IDRS.	All control bases must be closed on IDRS. Note: Any cases is active disaster will remain open in SC 10 until the disaster expires, but will be considered closed toward PCD.

- (4) TY 2021 SSA-CAWR programs processing benchmark dates are listed on the chart below:

SSA-CAWR Benchmark Dates	Description	Action
April 1, 2024	Hub begins for TY 2021 SSA-CAWR begins.	Hub site only.
April 8, 2024	The Hub completed and the TY 2021 SSA-CAWR cases released to all sites to work. TY 2018 data base remains on the CAP system.	All sites will begin working the TY 2021 SSA-CAWR cases. Weekly mass generation of Letter 98C begins.

SSA-CAWR Benchmark Dates	Description	Action
August 10, 2024	All TY 2021 SSA-CAWR cases (including Case Type 08) must have correspondence input to CAP for issuance by August 10, 2024.	No TY 2021 SSA-CAWR cases should remain in status code 88 (including Case Type 08) and must have had correspondence input or been closed in screening. Reminder: CT 08 must be entered through the Coordinators screen to be issued, except those with Compliance Indicators present. All SSA cases needing ORS research must be worked to ensure correspondence is issued by this date.
September 30, 2024	FY Closure Goal	This goal is determined by HQ and supplied to each Operation via Work Plan and the Operating Guidelines.
November 29, 2024	95 percent of TY 2021 SSA-CAWR cases must be worked and closed on the CAP system and on IDRS. No exceptions.	All control bases must be closed on IDRS.

SSA-CAWR Benchmark Dates	Description	Action
December 2, 2024	Begin performing Statute Searches	Statute search all inventory including new receipts. See IRM 4.19.4.3.12, Statute Issues/Imminent Assessments and IRM 1.4.22.2.1.1, Statute Searches.
December 14, 2024	Remaining 5 percent of TY 2021 SSA-CAWR cases must be worked and closed on the CAP system and on IDRS. No exceptions.	100 percent of all SSA-CAWR cases must be closed. All control bases must be closed on IDRS. All SSA-CAWR No Reply listings must be worked and adjustments input onto IDRS.
January 2025	Service wide Production of new CAP programs. Continue working the remaining TY 2021 SSA-CAWR Recon (previously called Late Reply) cases. All campuses must be off the CAP system if directed by HQ the weekend after the IDRS dead cycle while the old program year is purged.	Replies and undeliverable mail dates must be entered into the CAP system as received. Note: IDRS dead cycles occur the last week of December thru the first two weeks of January. During dead cycles CC MFREQD must be used to control and complete adjustments when the case is not online.

4.19.4.10.1
(04-23-2021)
**CAWR TE
Responsibilities**

- (1) All tax examiners are responsible to **monitor their CCA 4243 aged listing weekly** to ensure inventory is moved according to **first in first out (FIFO)** order. In addition, feedback is to be given to management on discrepancies between your CCA report and your physical inventory. ORCA TE can be used to manage your CCA inventory. Timely actions should be taken on the following:

- Unpostable conditions

- PNTIER cases
 - Aged Correspondence
 - STAUPS
 - Statute imminent cases
 - Interim letters
 - Erroneous/ Multiple control bases
- (2) Each TE needs to ensure they are using SERP, ORS, ERQY, IATS, and the most recent IRM to perform their duties. The IRM is to be followed precisely as written, **DO NOT** follow local procedures where they conflict with IRM guidelines. If you have any questions, on the processing procedures or clarifications needed, please forward your question through your CAWR Coordinator.
- (3) Each tax examiner needs to perform a Quarterly Physical Inventory Review, to ensure their CCA 4243 listing is verified against each case in their possession and ensure the volumes of what they actually have in their possession match the volumes listed on their CCA 4243. Adjustments are to be made accordingly and the reviews must be documented. The results of your quarterly physical inventory reviews must be maintained by your Operation for future reviews performed by HQ. See Exhibit 4.19.4-5, Physical Inventory Certification.
- (1) The CAWR program has two basic components. The two components are the BMF IRS-CAWR program and the SSA-CAWR Civil Penalty Program.
- a. The IRS-CAWR program compares the employer's data provided to the IRS on Forms 941, 943, 944, 945 or Schedule H to the data provided to SSA on Forms W-2/W-2-C and/or to the IRS on Forms 1099-R and W-2-G.
 - b. The two sets of figures are sent to Enterprise Computing Center - Martinsburg (ECC-MTB) where they are merged, sorted, and compared.
 - c. If any of the information doesn't match an entity on master file or the amounts are out of balance, a CAWR discrepancy case is generated. (This helps ensure employers correctly report all wages and employees receive Social Security (FICA) coverage).
- (2) SSA operates a companion program by comparing the same information to determine if a taxpayer has failed to file all Form(s) W-2.
- a. Correspondence is initiated to employers if there are more wages and taxes reported on the Forms 94X or Schedule H than reflected on the total of Forms W-2 filed.
 - b. SSA begins identification of the cases "missing" some or all of the Form(s) W-2 prior to IRS beginning work on the IRS-CAWR/SSA-CAWR cases.
 - c. After SSA attempts to contact the taxpayer and is unsuccessful in resolving the discrepancy, SSA refers the unresolved cases to IRS for further action. These cases become SSA-CAWR cases. A penalty for failure to file all information returns could be assessed (MFT 13, PRN 549), if the taxpayer fails to respond to the Letter 98-C.
- (3) Some of the reasons for IRS-CAWR/SSA-CAWR mismatches are:
- a. EIN problems — employers or reporting agents using incorrect or more than one EIN (i.e., filed wage statements under one EIN and Form(s) 94X under a different EIN,
 - b. Simple math errors on the tax returns or wage statements,

4.19.4.11
(03-28-2018)
IRS-CAWR/SSA-CAWR
— CSR Information

- c. Totals on tax returns not matching totals on wage statements,
- d. Third-party sick pay incorrectly reported,
- e. Returns or wage statements completed, filed, or processed incorrectly in amount or on the wrong tax period,
- f. A missing tax return,
- g. Schedule H filed with incorrect or missing EIN to cross reference for the Form W-2 information, and
- h. Missing Forms W-2/W-3.

(4) Once the CAWR Unit begins working the cases, correspondence is initiated with employers if the discrepancy cannot be resolved by internal research.

4.19.4.11.1
(04-10-2024)
**CSR - Researching
IRS-CAWR/SSA-CAWR
Issues**

- (1) **OUT OF BALANCE (OOB) INDICATOR**— If an account is identified as out of balance during the matching phase of the CAWR process, an OOB indicator appears on CC BMFOLU for MFT 88. The indicator appears as OOB CAWR on the second line directly below the name control. The accounts identified as OOB CAWR are **NOT ALL** worked. If the indicator is present, review the status code on BMFOLU to determine if correspondence or returns should be routed to CAWR.
- (2) It is important to determine the type of correspondence the taxpayer received, see the chart below for more information.

If	Then
Taxpayer states he/she only received any SSA notice. i.e., SSA-L-94–SM or SSA-L-96–SM	<ol style="list-style-type: none"> 1. The notice was issued by SSA. DO NOT prepare a referral (Form 4442) to the CAWR Unit. 2. Provide the taxpayer any information available and advise them to respond to SSA at the address shown on the notice.
Taxpayer states he/she received a CP 215 (with PRN of 549/550) or Letters 98C, 99C, or 2057C	<ol style="list-style-type: none"> 1. It was issued by the CAWR Unit. 2. Inform the taxpayer to immediately respond to the CAWR unit at the address on the letter via mail or fax. If this information is not available, determine the campus working the case and refer to the fax numbers found at <i>CAWR/ FUTA Addresses (sharepoint.com)</i>.
Taxpayer states he/she made the same mistake on numerous other information returns for which a letter has not yet been received (i.e., 3rd party payer/agent),	Inform 3rd party to report the erroneous IRs for the other entities. IRM 4.19.4.3.5, Working Replies - Cross Reference (X-Ref) Cases/Filed With Another EIN.

- (3) The taxpayer may have specific questions the CSR can answer. Research IDRS for tax return information (specific or missing). Research CAWR cases and cross reference EINs using CC BMFOL with definer U and MFT 88. If CC BMFOLU shows the discrepancy is related to Doc Type 98 (1099–R), ask the taxpayer if withholding could have been reported under the plan administrator’s EIN. See the table below.

Note: Be aware that CC BMFOLU may show the taxpayer is in balance. This does not mean that there is not an issue. CAWR may have made an assessment which balanced the BMFOLU MFT 88 screen. A **Blocking Series of 55** on the last available quarter with a TC 150 present indicates CAWR made an adjustment to the account.

If	And	Then
Taxpayer states he/she needs copies of his/her Forms W-2	There are amounts in the W-2 column of CC BMFOLU	Inform the employer that he should contact SSA to obtain copies of the W-2s.
N/A	All of the amounts are ZERO in the W-2 column of CC BMFOLU	<ol style="list-style-type: none"> The zeros indicate there is no record of Forms W-2 being filed. Inform the taxpayer to immediately respond to the CAWR unit at the address on the letter via mail or fax. If this information is not available, determine the campus working the case and refer to the fax numbers found at <i>CAWR/FUTA Addresses (sharepoint.com)</i>.
Taxpayer states he/she needs a copy of his/her tax return(s)	N/A	<ol style="list-style-type: none"> Probe to determine if a tax return transcript or tax account info fulfills the requirements of the taxpayer. (There is no charge for a tax return transcript or tax account information.) If the taxpayer still wants a copy of the return(s), provide Form 4506.

(4) The taxpayer may state they have previously sent information in response to the correspondence from SSA or IRS. If so, verify whether taxpayer has sent information to SSA or IRS. Follow the table below.

If	And	Then
Taxpayer states he/she previously sent info to SSA	It was in response to an SSA notice. (e.g., SSA-L-94-SM or SSA-L-96-SM)	Advise taxpayer the IRS has no connection to the processing of that information.
Taxpayer states he/she previously sent info to SSA	It was in response to Letters 98C, 99C, 5825C or 2057C	Advise taxpayer to send the info to the IRS address shown on the notice or letter or via fax. If this information is not available, determine the campus working the case and refer to the fax numbers found at <i>CAWR/FUTA Addresses (sharepoint.com)</i> .

If	And	Then
Taxpayer states he/she previously sent info to IRS	It was in response to an SSA notice. (e.g., SSA-L-94-SM or SSA-L-96-SM)	<ol style="list-style-type: none"> 1. Research the Form 94X modules and the civil penalty module for the tax year in question. for an open control or completed action on IDRS. Do NOT prepare a referral (Form 4442) to the CAWR Unit. 2. When there is an open module inform the taxpayer that the case still open. 3. When there is a closed control inform the taxpayer of the actions taken on the account and if necessary, advise the taxpayer to respond to the appropriate CAWR site that worked the case. Refer to the SBSE Document Matching web page for the correct address. See <i>CAWR/FUTA Addresses (sharepoint.com)</i>.
Taxpayer states he/she previously sent info to IRS	It was in response to Letters 98C, 99C, 5825C or 2057C	<ol style="list-style-type: none"> 1. Determine when the taxpayer submitted the information. 2. If it has been more than 30 days and you cannot resolve the taxpayer's issue the same day, prepare a Form 911 and forward to the local call site Taxpayer Advocate, per IRM 13.1.7.4, Same Day Resolution by Operations. Note: For the definition of "same day" IRM 4.19.4.1.8(2). 3. If it has been less than 30 days, explain it takes at least 30 days to process the response.

- (5) Advise the taxpayer that **failure to respond to the CAWR Unit** or provide the requested information within the time period indicated in the letter/notice he/she received can result in additional tax due and/or a penalty assessment for failure to file Form(s) W-2.
- (6) The taxpayer must respond immediately to the address shown on the notice/letter with a clear and complete explanation of the reason for the discrepancy and the appropriate correcting documents. **You may provide the fax number of the CAWR unit if the taxpayer wants to fax his reply. Never provide the voice number of the CAWR unit to the taxpayer or transfer the call to the CAWR unit.** See the prior sections of this IRM for specific CAWR information.
- (7) Schedule H CAWR cases have special problems. The notices and letters issued to the taxpayer may only contain the EIN that the SSN on the Schedule H has been associated with. Verify the EIN and SSN (shown on CC BMFOLU) belong to the same taxpayer.
 - a. If they do, the taxpayer needs to return the notice or letter to the CAWR Unit with information to balance the Schedule H with the Forms W-2.
 - b. If they do NOT, the taxpayer needs to contact the CAWR Unit in writing or by fax. (The IRS address and CAWR fax number is printed on the notice/letter the taxpayer received.)
 - c. If the notice does not have a fax number printed on it, the CAWR unit fax numbers are found at *CAWR/FUTA Addresses (sharepoint.com)*. **Never** transfer the call to the CAWR Unit and **NEVER** provide the taxpayer with any CAWR Unit voice telephone numbers. **You may only provide the taxpayer with the Fax number to the appropriate campuses' CAWR unit.**

4.19.4.11.2
(04-10-2024)
**CSR CAWR/SSA-CAWR
Information and
Procedures**

- (1) Recon (previously called Late Reply) Responsibilities
 - a. Only taxpayer inquiries identified as addressing solely CAWR issues are to be routed to the CAWR unit for resolution. These are worked in CAWR regardless of which portion of the CAWR program is addressed by the taxpayer (IRS-CAWR/SSA-CAWR).
 - b. An IRS-CAWR issue will also include any tax adjustment (TC 290/291) input with the CAWR Blocking Series 55 on the last available quarter with a TC 150 present.
 - c. If the taxpayer **is responding** to the CAWR tax assessment or abatement, it **is** a CAWR issue.
 - d. If the Recon (previously called late reply) involves the abatement of the *Intentional Disregard* Civil Penalty (PRN 549 on MFT 13) or the *Late Filing Penalty* (PRN 550 on MFT 13), the information should **always** be discussed with the appropriate campus SB/SE CAWR Unit.
 - e. If necessary, route the reply after contacting the appropriate campus SB/SE CAWR Unit to discuss the resolution of the case.
- (2) If the taxpayer **is not addressing** a CAWR issue, it is to be worked in AM regardless of the fact that a CAWR case is or was worked for the tax period of the taxpayer inquiry. If AM receives a CAWR reply, AM must address Policy Statement P-21-3 requirements if the taxpayer response is 14 days or older before forwarding it to the appropriate campuses' CAWR unit. For more information see IRM 21.3.3.1.8, Policy Statement P-21-3 (formerly P-6-12).
- (3) Inquiries or replies addressing issues unrelated to the IRS-CAWR/SSA-CAWR issues must be worked in AM.

Example: The taxpayer is requesting an abatement of the Failure to File, Failure to Pay, or Failure to Deposit issues (except Reason Codes 549 or 550), and no CAWR issue is being addressed.

- (4) CAWR Interest Free Adjustments
 - a. Based on a ruling from Chief Counsel, no interest free adjustment can be made to CAWR cases **after the CAWR assessment has been made.**
 - b. Interest free adjustments may be made prior to the actual CAWR assessment.
 - c. Once the CAWR Unit assesses additional tax under the CAWR program, no interest free adjustment of such tax can be made by filing Form 94X-X.
- (5) Manually input an IDRS control, using "TPCI" in the Category Code. Be sure to close the control base after resolving the taxpayer inquiry.

4.19.4.11.3
(04-22-2022)
**CSR - CAWR Related
Forms 941-X**

- (1) Generally, Form 941-X is filed to make corrections to CAWR related cases. A Form 941-X is not always necessary to correct the CAWR related case. Missing Forms W-2/W-2-C may be needed to balance the case and ensure the taxpayer's employees received their earnings credits with SSA.
- (2) If a Form 941-X is received and there is no CAWR issue, process using normal Form 941-X guidelines. (More information on Form 941-X can be found in IRM 21.7, Business Tax Return and Non-Master File Accounts.)
 - a. Math verify taxpayer's computation on Form 941-X.

Caution: DO NOT ALLOW THE TAXPAYER TO ADJUST THE LIABILITY BELOW THE FORMS W-2/W-2-C TOTALS.

- b. Determine correct net adjustment to FICA wages and tax for each calendar year being corrected.
- c. Input appropriate TC 29X and appropriate Item Adjustment codes.

4.19.4.11.4
(02-01-2008)
**CSR - Employer Files
Forms W-2/W-2C**

- (1) If an employer files Forms W-2/W-2-C, route the Forms W-2/W-2-C to the CAWR unit. Indications that the case is CAWR related could be:

- CAWR notice or letter attached
- Statement by taxpayer may indicate a CAWR case
- Previous assessment with Blocking Series 55 or PRN 549 on MFT 13
- OOB indicator present on CC BMFOLU MFT 88

Note: Chief Counsel determined IRS cannot hold employers liable for the federal income tax withholding shown on the original Forms W-2 if the amounts on the Forms W-2C are correct, even if employees received credit based on erroneous Forms W-2.

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Exhibit 4.19.4-1 (04-14-2020)
Assigned Case Status Codes

Status Code	IRS-CAWR
08	OPEN_ASSIGN_SSA_1
16	OPEN_LTR_99_AUTO
24	OPEN_UNDELIVERABLE-IRS
28	OPEN_LTR_99 (Manually generated Letter 99C)
37	OPEN_NO_RESPONSE (Open No Reply - IRS-CAWR)
44	OPEN_REPLY_RECV (Open Reply Received - IRS CAWR)

Status Code	SSA-CAWR
13	OPEN_NO_RESPONSE (Open No Reply - SSA CAWR)
69	OPEN_LTR_98 (Open Manually generated Letter 98C)
87	CLS_BMF_IN_BALANCE (Closed SSA Indicator 2 in Balance)
90	OPEN_LTR_98_AUTO (Open Auto Letter 98C issued - SSA CAWR)
92	OPEN_REPLY_RECV (Open Reply Received - SSA CAWR)
93	OPEN_UNDELIVERABLE - SSA

Status Code	Both IRS and SSA-CAWR
10	OPEN_SUSPENSE_MISC
21	OPEN_FED_CORRESP (Federal Entity w/Correspondence)
25	OPEN_TXFER_EXAM (open Transfer to Exam)
26	OPEN_ERR_NOREPLY (Open No Reply Error Case)
27	OPEN_TXFER_CI (Open transfer to Criminal investigation)
29	OPEN_TXFER_COLL (Open transfer to Collection)
42	OPEN_LTR_2057 (Open Letter 2057C Issued)
45	OPEN_MOD_REQ (Open Re-analysis Requested)
47	OPEN_LATE_REPLY
55	Letter 1543C Issued (obsolete letter)
67	OPEN_LTR_INT (Open Reply First Interim letter Issued)
68	OPEN_LTR_INT_LATE (Open Recon (previously called Late Reply) Interim letter issued)
70	OPEN_LTR_INT2 (Open Reply Second interim letter issued)

Exhibit 4.19.4-1 (Cont. 1) (04-14-2020)
Assigned Case Status Codes

Status Code	Both IRS and SSA-CAWR
71	OPEN_LTR_INT2_LATE (Open Recon (previously called Late Reply) Second interim letter issued)
86	REOPEN (Reopened Case)
88	OPEN (Opened Out Of Balance Case)

Exhibit 4.19.4-2 (03-28-2019)**Closed Case Status Codes**

Status Code	Screening Closures
11	CLS_BMF_DELETE
31	CLS_TXFER_EXAM (Closed To EXAM)
32	CLS_TXFER_COLL (Closed to Collections)
33	CLS_TXFER_CI (Closed to CI)
36	CLS_NO_CHANGE (Closed in Screening - In Balance IRS CAWR)
38	CLS_BMF_MERGE (Closed BMF Merge)
97	CLS_HQ (Closed by HQ Direction)
98	CLS_UNRECONCILED (Closed Unreconciled IRS CAWR/SSA CAWR or TC 520/530)
99	CLS_NO_CHANGE (Closed in Screening - In Balance SSA CAWR)

Status Code	No Reply Closures
30	CLS_NO_RESPONSE (Closed No Reply IRS CAWR)
40	CLS_549_VERIFIED (SSA Adjustment - 549 posted)
41	CLS_DEFUNCT (SSA Adjustment Bankruptcy/Defunct)
91	CLS_NO_RESPONSE (Closed No Reply SSA CAWR)
94	CLS_TOLERANCE (Closed No Reply (549 Tolerance) - SSA CAWR)
98	CLS-UNRECONCILED (Closed Unreconciled IRS CAWR/SSA or TC 520/530)

Status Code	Correspondence Issued Closures
39	CLS_UNDELIVERABLE (Closed Undeliverable - IRS CAWR)
46	CLS_UNDELIVERABLE (Closed Undeliverable - SSA CAWR)

Status Code	Taxpayer Response Closures
34	CLS_TOL_REPLY_RCVD (Closed TC 290 .00 - IRS CAWR)
35	CLS_NON_AGREED (Closed TC 290 \$\$ - IRS CAWR)
48	CLS_AGREED (Closed Agreed Assessment - IRS CAWR)
49	CLS_RTN_SECURED (Closed Tax Return Secured - IRS CAWR)
89	CLS_PENALTY_550 (Closed PRN 550 \$\$-SSA CAWR)
95	CLS_TOL_REPLY_RCVD (Closed PRN 549.00 - SSA CAWR)

Exhibit 4.19.4-2 (Cont. 1) (03-28-2019)
Closed Case Status Codes

Status Code	Taxpayer Response Closures
96	CLS_NON_AGREED (Closed PRN 549 \$\$ - SSA CAWR)

Exhibit 4.19.4-3 (04-23-2021)**Glossary of Acronyms and of Terms**

The following is a listing of descriptions for acronyms used in this IRM:

Term	Definition/Explanation
Account	A tax record at the Electronic Computing Center (ECC-MTB) in Martinsburg, West Virginia. Tax Data is identified by Social Security number (SSA) or by Employer Identification number (EIN).
ACS	Automated Collection System - A paperless inventory system that maintains most delinquent accounts.
ADJ	Adjustment: A change to what was originally input or posted to an account on IDRS. Usually caused by performing additional research of an account, taxpayer contact or receipt of additional correspondence.
AEIC	Advanced Earned Income Credit - Part of a Refundable Credit paid in advance to eligible employees who have filed a Form W-5, Earned Income Credit Advance Payment Certificate. Discontinued after 2010.
AM	Accounts Management has many responsibilities, including Toll Free.
ASED	Assessment Statute Expiration Date: three years from the filing of the return, unless the return is filed before the due date (determined without regard to any extension of time to file), in which case the ASED is three years from the due date. Certain exceptions may extend this date.
BMF	Business Master File - Master File processing done at the ECC-MTB.
BMFOL	Business Master File On-Line — An IDRS CC which provides access to the Business Master File. See the definition of CFOL.
BRTVU	Business Return Transaction On-Line — An IDRS CC which provides access to the Line Items transcribed from forms as they are processed at a campus.
BUWH	Back Up Withholding as displayed on PMFOL.
CAF	Central Authorization File (Power of Attorney File): A computerized system of records which houses authorization information from both powers of attorney and tax information authorizations. The CAF system contains several types or records, among them taxpayers, representatives, tax modules, and authorizations.
CAP	CAWR Automated Program — A program that resides on the CATRS platform used to process and track all CAWR cases. Weekly updates are received from the ECC-MTB.
Case File	The examined return, related work paper, correspondence, etc.
Case Type	Distinguishes CAWR Cases according to specific Out-of-Balance Conditions.
CATRS	Combined Annual Tax Reporting System - Combined platform that houses both the CAWR and FUTA programs.
CAWR	Combined Annual Wage Reporting which evolved from Public Law 94-202.

Exhibit 4.19.4-3 (Cont. 1) (04-23-2021)
Glossary of Acronyms and of Terms

Term	Definition/Explanation
CC	a. Closing Code: CAWR Closing codes are listed in Exhibit 4.19.4-3 and are to be input into CAP which will be reflected on IDRS CC BMFOLU. b. Command Code: A five character code used to tell the IDRS system what function to perform.
CDC	CAWR Discrepancy Case - A computer identified out-of-balance case or a case identified by the SSA as missing any or all Forms W-2. The CDC shows the Form 94X Amounts and the Forms W-3/W-2 Amounts that have posted to the CAWR Module. This information allows you to see where the discrepancy exists.
CFINK	An IDRS CC used to display a list of tax periods the Power of Attorney (POA) is authorized to represent.
CFOL	Corporate Files On-Line - Provides on-line access to current Master File Data for IDRS users through the telecommunications network. The CFOL CCs reduce the suspense time and Unpostable Transactions, decrease return and transcript pulls, result in a better quality product, and reduce taxpayer burden.
Claims	Requests for credit, refund or abatement
CNC	Currently Not Collectable displays if any module in the account has an unreversed TC 530
Credit Transfers	Moving payments or credits to the correct TIN, MFT, quarter or tax year.
CSR	Customer Service Representative: Employee who works for Account Management responding to inquiries from taxpayers calling into the Toll Free Customer Service Phone Lines.
Cycle	A seven-day processing period (usually Sunday-Saturday) at a Campus and the ECC-MTB. The cycle is expressed by a 6 digit code; the first four digits, the Processing Year and the second two digits, the Processing Week in that year.
DLN	Document Locator Number - A controlled number assigned to every return or document. The DLN is used to control, identify and locate processed documents.
Dummy Module	A module created on IDRS in order to record case control information when the Tax Module is not present. It contains Name Control, TIN, MFT, and Tax Period information. The Dummy Module will be replaced by the true Tax Module, when a generated TC 902 finds a match on the Master File.
ECC-MTB	Enterprise Computing Center - Located in Martinsburg, WV this center houses the master file records for the entire nation. Previously known as the Martinsburg Computing Center
EIC	Earned Income Credit is a Refundable Credit received on an Employee's Form 1040 or provided on each pay period by the employer. (See AEIC)
EIN	Employer Identification Number. A nine-digit number, also referred to as the EIN number, used to identify business taxpayers on the Business Master File. The first two digits are determined by the AM Campus assigning the EIN unless the EIN was obtained via the Online EIN Assistant. See IRM 21.7.13.2.4(2), How an EIN is Assigned.

Exhibit 4.19.4-3 (Cont. 2) (04-23-2021)
Glossary of Acronyms and of Terms

Term	Definition/Explanation
ENMOD	An IDRS CC that will provide name, address, and any other Entity Information from an input of the Taxpayer Identification Number (TIN).
Entity Module	The portion of the Master File Record which identifies the taxpayer. It contains his/her name, address, Social Security or employer identification number, Employment Code if applicable, Name Control, Location Codes, Filing Requirement Codes, Tax Period, and date of establishment.
ERQY	The Employer Report/Adjustment Query (ERQY) is used to obtain employer report and adjustment information from the SSA Employer Control Data Base and covers years 1937 to present.
FICA	Federal Insurance Contribution Act provides for a Federal System of old age, survivors, disability, and hospital insurance.
Fiscal Year	A twelve month accounting period.
FIT	Federal Income Tax Withheld: The employer should withhold income tax from employees' pay. Tax also may be withheld from certain other income, including pensions, bonuses, commissions, and gambling winnings. In each case, the amount withheld is paid to the Department of the Treasury in the employees' name.
Form 94X Amounts	The amounts accumulated by the IRS from the Employment Tax Returns posted on the BMF. Note: This includes amounts from a filed Schedule H.
Form W-2 Amounts	The amounts accumulated by the SSA for all Forms W-2 filed under a Form W-3.
Form W-3 Amounts	The amounts shown by the employer on Form W-3. These represent the employer's totals of the associated Form W-2 Amounts.
Freeze Code	A Freeze Code places a Taxpayer's Account in a condition which requires additional action before the account can be settled. There can be more than one Freeze Code present on an account.
Freeze Conditions/Releases	Affect normal refund operations and normal credit offset. Freeze codes conditions should be considered when researching and inputting adjustment transactions.
FTD	Federal Tax Deposit. Under the Federal Tax Deposit System, a taxpayer does not make payments to the Internal Revenue Service. Instead, taxpayers deposit payments with a Federal Reserve Bank (FRB) or an authorized commercial bank. after December 31, 2010, all deposits are made electronically, generally through Electronic Federal Tax Payment System (EFTPS).
HIRE	Hiring Incentives to Restore Employment (HIRE) Act, enacted for the period of March 18, 2010 through December 31, 2010, employers are provided a payroll tax exemption from the employer's 6.2 percent share of social security tax on wages paid to qualifying employees.
Hold Codes	Used with TC 29X or TC 30X when it is desired to prevent or delay the issuance of a refund and/or notice.

Exhibit 4.19.4-3 (Cont. 3) (04-23-2021)
Glossary of Acronyms and of Terms

Term	Definition/Explanation
IAT	<p>Integrated Automation Technologies (IAT) is a program that can read information from the IDRS screen and automates the initiation of command codes to the IDRS system. It checks the input for accuracy to avoid an unposted transaction and contains convenient links to IRM references and other information for faster research.</p> <p>Example: The Address Change tool pulls up a menu where the user types in the updated address and the tool will initiate all the necessary command codes and complete the applicable fields.</p>
IDRS	<p>Integrated Data Retrieval System - A computer system with the capability to instantaneously retrieve or update stored information. IDRS works in harmony with the master file of taxpayer accounts. This system is aimed at quick resolution of problems and queries concerning current taxpayer accounts. It is used to perform case research, case control, data requests, account updates and/or adjustments, and generation of letters and/or notices.</p>
IMF	<p>Individual Master File/ A file containing information about taxpayers who file individual income tax returns (1040 series) and related documents.</p>
IMFOL	<p>Individual Master File On-Line: An IDRS CC which provides access to the Individual Master File. See the definition of CFOL for capabilities.</p>
INOLE	<p>Information National On-Line Entity: An IDRS CC which enables employees to access a nationwide file of selected Master File Entity Data.</p>
IRC	<p>Internal Revenue Code: Federal tax law begins with the Internal Revenue Code (IRC), enacted by Congress in Title 26 of the United States Code (26 U.S.C.).</p>
IRM	<p>Internal Revenue Manual: Outlined procedures to ensure a program is worked correctly, efficiently, and consistently throughout all campuses and with other programs. FOIA allows IRMs to be public documents unless it states OOU (Official Use Only)</p>
IRP	<p>Information Returns Processing: The processing of the tax documents businesses are required to file to report certain business transactions to the Internal Revenue Service (IRS). The requirement to file Information Returns is mandated by the Internal Revenue Service and associated regulations.</p>
IRPTR	<p>Information Returns Processing Transcripts An IDRS CC used to request computer transcripts of an Employer's Information Returns filed with the IRS.</p>
IRS-CAWR	<p>Internal Revenue Service Case - Cases identified by the IRS for not filing any or all required Forms 94X or Schedules H.</p>
Medicare tax	<p>The tax that finances the hospital insurance portion of FICA (Social Security).</p>
MFREQ	<p>An IDRS CC used to request an Entity Module or a Tax Module and its related Entity Data from IMF, BMF, IRAF, or EPMF, when case control is not required.</p>
MFT	<p>Master File Tax is a two-digit number code that identifies the type of return filed by the taxpayer.</p>

Exhibit 4.19.4-3 (Cont. 4) (04-23-2021)
Glossary of Acronyms and of Terms

Term	Definition/Explanation
MFTRA	Master File Transcripts - An IDRS CC used to order computer transcripts for accounts.
Name Control	The first 4 letters of the Taxpayer's Last Name (in the case of individuals) and the first 4 letters of the Business Name (in the case of Partnerships, Corporations etc.). The Name Control is used to check the Master File and assure that the TIN corresponds with the proper taxpayer.
NAMEE	An IDRS CC used to search for EINs for both the Primary and the Doing-Business-As (DBA) Names.
NAMES	An IDRS CC used to search for SSNs for both the Primary and the Secondary Filer.
OIC	An "Offer in Compromise" (OIC) is negotiated with a taxpayer in certain situations. Under an OIC, the IRS is willing to accept a lesser amount on a taxpayer debt to retire the debt and generally reduce collections costs.
ORS	Online Retrieval System: ORS (On Line Retrieval System) The system in which the SSA uses to maintain data. ORS is used to research information from the SSA data base within 7 days of receipt to SSA. In the future, ORS will supply the CAWR tax examiner with an image of what the taxpayer submitted to the SSA.
OUO	Official Use Only (OUO) information not to be viewed or discussed with the public, now imbedded within the IRM shown as information surrounded by ## signs.
PCD	Program Completion Date - The date determined by Headquarters for the completion of a specific program.
PCC	Penalty Computation Code: is used to show why a Master File computed or manually computed penalty is on the account. See IRM 20.1.4.14.3, Penalty Computation Codes (PCC).
PMFOL	Payer Master File On-Line: An IDRS CC used to provide full transcript data on-line for filed Forms 1096. The payer transmittal information includes payments, withholding, number of documents filed by the payer, and the document type.
PN	A Pending Transaction input to IDRS but not yet effective at the Master File Account.
POA	Power of Attorney: Section 6103 of the Internal Revenue Code, prohibits IRS employees from disclosing federal tax returns and return information unless there is a legal exception that permits the disclosure. Form 2848 is commonly used when a taxpayer wishes to appoint an individual to serve as a POA and act on the taxpayer's behalf before the IRS.
Posting Delay code	Used when multiple transactions are required to adjust an account and some must post in a later cycle than others. A posting delay code may be input with the adjustment transaction to be cycled.
PRC	Penalty Reason Code: are entered to indicate why a penalty was abated. For a complete listing of PRCs see IRM Exhibit 20.1.1-2.

Exhibit 4.19.4-3 (Cont. 5) (04-23-2021)
Glossary of Acronyms and of Terms

Term	Definition/Explanation
Priority Codes	Used in order to post adjustments (Doc. Code 47 and 54) to the Master File when certain module conditions exist.
RC	Reason Code - A three-digit code used when adjusting an account to denote which item on the tax return is affected by the adjustment. It can also stand for Reference Code.
Recon	Reconciliation - The program designed to reconcile Forms W-2 and W-3 Amounts filed with the SSA to the information filed on Form 94X, Schedule H, Form 1096, Form 1099-R, or Form W-2-G with the IRS.
Refund	Money returned to the taxpayer as a result of overpayment of a tax liability.
REL	Reference Employer Listing - The REL is a tape file that contains additional information, which can verify the information sent for case processing. The REL will show the Tax Year, the EIN, and (in one column) the Medicare wages, Social Security wages, and Social Security tips. It will also give an indicator as to which type of wages the amount is and the RLN.
RFINK	An IDRS CC used to research the Reporting Agent File.
RLN	Report Locator Number is assigned by SSA and is used to request AWR microfilm replacement document stored in ORS (Online Retrieval System). It is a 14 position number replacement for the 11 position microfilm reference number (MSN). The RLN is derived as follows: a. Positions 1-4: Year Assigned: CCYY b. Positions 5-7: Day Assigned: Julian Date c. Positions 8-9: Camera Number: AA-ZZ (electronic) or 01-99 (paper) d. Positions 10-14: Sequence number: 00001-99999
RN	Reference Number/ Item Adjustment Code. The code used on the REQ 54 to adjust wage and tax fields. See Document 6209
RSED	Refund Statute Expiration Date: A claim for credit or refund must be filed 3 years from the time the return was filed or two years from the time the tax was paid, whichever is later. IRM 4.19.4.3.12.
RTVUE	Return View - An IDRS CC used to access the Return Transaction File (RTF). Provides on-line access to Forms 1040, 1040A and 1040EZ and their accompanying schedules and forms for three processing years. (Current Year and Two Prior Years) Provides only the Line Items transcribed from these returns during initial campus processing. Note: It does not provide information on Amended or on Duplicate Return Data.
Social Security Tax	The tax that finances the old age, the survivors, and the disability part of FICA. (Social Security)
Source Document	Backup documentation used by Service Personnel to explain an adjustment to a Taxpayer's Account; for example, taxpayer correspondence.

Exhibit 4.19.4-3 (Cont. 6) (04-23-2021)
Glossary of Acronyms and of Terms

Term	Definition/Explanation
SSA	The Social Security Administration is the nation's primary income security agency. It pays retirement, disability and survivors benefits to workers and their families, administers the Supplemental Security Income program, and issues Social Security numbers.
SSA-CAWR	Social Security Administration Case - Cases identified by the SSA and referred to the IRS to obtain any Forms W-2 not filed from the taxpayer.
SSN	Social Security Number- nine digit number used to identify an Individual Taxpayer Account in NNN-NN-NNNN format issued by the SSA.
Status Code (SC)	Two digit number code indicating the Master File and/or IDRS Status on a Tax Module.
Status Code Date (SCD)	The date the last status code was updated on CAP
STAUP	Used to interrupt normal balance due notice routine by delaying, accelerating or skipping notices.
TAS	Taxpayer Advocate Service: An independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.
Tax Module	Part of a taxpayer's account which reflects tax data for one tax class (MFT) and one tax period. For example: A taxpayer has filed 12 Forms 941 and 3 Forms 940 within a three year period. He has only one account on the Master File, but 15 modules.
Tax Period	The period of time for which a return is filed. The IRS uses a six digit code to indicate the end of the tax period for a given return. The first four digits represent the year and the next two digits represent the month.
TC	Transaction Code - A three digit code used to identify actions being taken to a taxpayer's Account on IDRS.
TC470	Used to delay issuance of a TDA notice and to stop offsets into an account because of a pending claim or adjustment.
TDA	Taxpayer Delinquent Account: A computer generated printout indicating that the taxpayer's account has reached a delinquent status. TDAs are sent to the respective districts for collection action.
TDI	Taxpayer Delinquency Investigation: A computer generated printout indicating that a taxpayer is delinquent filing a return. TDIs are sent to the District Areas for collection.

Exhibit 4.19.4-3 (Cont. 7) (04-23-2021)
Glossary of Acronyms and of Terms

Term	Definition/Explanation
TIN	Taxpayer Identification Number: Every taxpayer on the master file has a permanent number for identification of the tax account. The employer identification number (EIN) is used to identify a taxpayer's business account. The Social Security number (SSN) is used as the account number for an individual taxpayer. Other identification numbers are issued to individuals who cannot obtain an SSN.
TY	A tax year is an annual accounting period, usually made up of 12 consecutive months.
URI	An abbreviation the SSA uses internally to indicate the only change on a Form W-3/W-2 is an EIN or an SSN. The SSA has asked the IRS to notate this on forms it identifies and forwards to them.

Exhibit 4.19.4-4 (04-14-2020)
Tax and Penalty Assessment Guide

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Note: For all tax years except 2011 and 2012 the Social Security tax rate is 12.4 percent. For 2011 and 2012 the Social Security rate is 10.4 percent.

**Exhibit 4.19.4-5 (04-04-2016)
Physical Inventory Certification**

Tax Examiner Name:
IDRS number:
Date of CCA 4243:
Number of cases listed on your CCA 4243:

Action Taken	Yes/No
Verified received dates are correct.	Y/N
Verified the case was classified as the correct program.	Y/N
Ensured the correct MFT Code was input.	Y/N
If the case is missing, have you followed the missing case procedures?	Y/N
Ensured all appropriate interim letters have been issued.	Y/N
Verified the need for STAUPS or TC 470s and input if necessary.	Y/N
Ensured you are working your cases in FIFO (First in, First out) order according to IRS earliest received date.	Y/N
Are your cases in the correct status? (A-Assigned, M-Monitored, S-Suspense, etc.)	Y/N

Program (IRS-CAWR, SSA, FUTA)	Number of cases
Cases listed on your CCA 4243	-
Missing	-
Closed	-
Added (newly controlled)	-
TOTAL	-

Number of cases currently in your possession:
I certify I have taken all actions as stated above.
Print Name:
Sign Name:
Date:

Exhibit 4.19.4-6 (04-10-2023)

Codes Used on IDRS for CAWR Processing

Category Codes	Description
SSA-	SSA-CAWR controls opened when a Letter 98C is generated during screening.
CAWR	IRS-CAWR controls opened when a Letter 99C is generated during screening.
UNDL	Used on CAWR Undeliverables.
TPRR	Used on CAWR Replies.
TPLR	Used on all CAWR Recons (previously called late replies).
IRRQ	Used on pending 5 percent TIER and Form 2859 cases only.
3870	Used on Form 3870 cases.
ATAO	Used on TAS cases.
NLUN	Used on Unpostable cases.
NRPY	Used on No Reply cases.

Status Codes	Description
A	Initial Case control on taxpayer response. Case has not yet been worked by a TE.
M	Other- Long Term delay. Examples: <ul style="list-style-type: none"> Case is being monitored for Form 2859 to post. Initial screening letter was issued and case is awaiting the next phase.
S	Suspense. Taxpayer response is being worked. Examples: <ul style="list-style-type: none"> Left message for taxpayer. Ordered document. Referred case to other area. FEMA cases per IRM 4.19.4.3.45, Replies with Disaster Cases on CAP.

Activity	Status	Description
EXTEND MMDD	S	Taxpayer granted an extension
FEMA-OMMDD	S	Disaster case identified
LSTCSEMMDD	S	Requesting a copy of lost case
ESTABMMDD	S	Requesting a CC ESTAB
2275#1MMDD	M	1st Form 2275 request period
2275#2MMDD	M	2nd Form 2275 request period
ATAO_MMDD	S	Waiting for info from TAS rep
3870_MMDD	S	Waiting for info from RO
PND5%MMDD	M	5 percent Tier period

Exhibit 4.19.4-6 (Cont. 1) (04-10-2023)**Codes Used on IDRS for CAWR Processing**

Activity	Status	Description
WT4TP_MMDD	S	Waiting for info from Taxpayer
F2859_SENT	M	Form 2859 sent for quick assess
REFER2LEAD	S	Question/case given to Lead
REFER2MGR	S	Case given to Manager
REFER2TECH	S	Case given to Technical Advisor/ Coordinator
REFER2DM	S	Case given to Dept. Manager
RETURN2TE	S	Case returned to Tax Examiner

- All dates used on these activities are for the end of the expiration period.