



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.19.13

JANUARY 23, 2026

EFFECTIVE DATE

(01-23-2026)

PURPOSE

- (1) This transmits revised IRM 4.19.13, Liability Determination, General Case Development and Resolution.

MATERIAL CHANGES

- (1) IRM 4.19.13.1.7, Related Resources - Updated paragraph to clarify when related resources should be used.
- (2) IRM 4.19.13.2.4, Standard Suspense Periods for Correspondence Examination - Added suspense periods to the chart for combination initial contact letters with report.
- (3) IRM 4.19.13.11, Taxpayer Replies - Revisions made to wording to further clarify existing procedures regarding signed agreed cases. Added guidance to paragraph 3, in the second 'Then' box of the 'IF Then' table, to route installment agreements to Collections via efax.
- (4) IRM 4.19.13.11.6, Correspondence or Return Received on Closed Examinations Not Meeting Audit Reconsideration Criteria - Revisions made to clarify an IDRS control should be open on Closed Case correspondence for monitoring purposes.
- (5) IRM 4.19.13.17(3), Appeals - Non-Docketed Cases - Added guidance to the If Then chart to digitally route Non-Docketed cases using the Independent Office of Appeals Electronic Case Receipts Sharepoint.
- (6) IRM 4.19.13.17(4), Appeals - Non-Docketed Cases - Removed the Note. Original returns no longer need to be secured when transferring cases to Appeals.
- (7) IRM 4.19.13.18, Appeals - Docketed Cases - Added guidance to digitally route Docketed cases using the Independent Office of Appeals Electronic Case Receipts Sharepoint. Also added guidance how to forward information that was received from the taxpayer after transfer was complete, using the Appeals sharepoint site.
- (8) IRM 4.19.13.18(8), Appeals - Docketed Cases - Removed requirement for sending any IDRS prints to Appeals. Added guidance how to communicate with Appeals through the Independent Office of Appeals Electronic Case Receipts Sharepoint to alert them a case has been reestablished on AIMS.
- (9) IRM 4.19.13.18.1, Docketed Cases - No Change - Added clarification for uploading digitized documents to send to Appeals.
- (10) IRM 4.19.13.18.2, Docketed Case Review - Added clarification for uploading digitized documents to send to Appeals.
- (11) IRM 4.19.13.22.1, Bankruptcy Procedures - Examination Bankruptcy Coordinator Instructions - Added link to SERP Job Aid, Bankruptcy Case Processing Petitioning and Non-Petitioning Spouse (MFT 31). Removed instruction to use the IAT Bankruptcy tool.
- (12) IRM 4.19.13.24, Information Referrals - Form 3949-A - Added DUT link as a Form 3949-A submission option for the taxpayer.

- (13) IRM 4.19.13.25, Innocent Spouse Relief/Joint and Several Liability - Updated name of the program from Cincinnati Centralized Innocent Spouse (CCISO) to Cincinnati Innocent Spouse (CISO). Updated address where to send Form 8857. Removed reference to IRM 25.15.7.3, Campus Compliance Examination Operations/Automated Underreporter, (CCEO/AUR) Overview since the section was removed.
- (14) IRM 4.19.13.27.3, Taxpayer Replies During the Postponement Period - Removed Notice 1155 and replaced with Notice 1462 to be included with letter and reports to the taxpayer.
- (15) IRM 4.19.13.27.6, Disaster Telephone Procedures - Added information to provide taxpayers different vehicles for submitting information including the Document Upload Tool and Secure Messaging (TDC).
- (16) IRM 4.19.13.28.2, Requesting Documentation - Removed all duplication of guidance and provided the link containing the information on how to handle extension requests received during a phone call.
- (17) IRM 4.19.13.30, Campus Exam Closing Actions - Revisions made to wording to further clarify existing procedures regarding joint signed agreed cases. Removed references to IRM 4.4 and 4.38.1.7.3 for closing procedures.
- (18) IRM 4.19.13.34, Taxpayer Digital Communications (TDC) - Text Chat Assistance - Added new section to provide procedures and guidance when working Text Chat Assistance.
- (19) Editorial edits made in several sections and updated links as needed.

EFFECT ON OTHER DOCUMENTS

IRM 4.19.13 dated September 16, 2024 is superseded.

AUDIENCE

Small Business/Self-Employed (SB/SE) and Taxpayer Services (TS) Campus Examination Operations.

Heather J. Yocum
Director, Examination Field and Campus Policy
Small Business/Self-Employed

4.19.13

General Case Development and Resolution

Table of Contents

4.19.13.1 Program Scope and Objectives

4.19.13.1.1 Background

4.19.13.1.2 Authority

4.19.13.1.3 Roles and Responsibilities

4.19.13.1.4 Program Management and Review

4.19.13.1.5 Program Controls

4.19.13.1.6 Terms/Definitions/Acronyms

4.19.13.1.7 Related Resources

4.19.13.2 Standard Procedures

4.19.13.2.1 Program and Source Codes

4.19.13.2.2 Integrated Automation Technologies (IAT) Tools

4.19.13.2.3 Correspondence Examination Letters

4.19.13.2.4 Standard Suspense Periods for Correspondence Examination

4.19.13.2.5 Campus Return Selection

4.19.13.3 Seven Auditing Standards

4.19.13.3.1 Standard 1 - Adequate Consideration of Significant Issues

4.19.13.3.2 Standard 2 - Examination Depth and Conclusions Reached

4.19.13.3.3 Standard 3 - Workpapers Support Conclusions

4.19.13.3.4 Standard 4 - Report Writing Procedures Followed

4.19.13.3.5 Standard 5 - Penalties Properly Considered

4.19.13.3.6 Standard 6 - Timely Actions

4.19.13.3.7 Standard 7 - Case Administration

4.19.13.4 Researching Cases

4.19.13.4.1 Requesting Amended Returns

4.19.13.4.2 Exam Cases with Automated Underreporter (AUR) Involvement

4.19.13.5 Report Generation Software (RGS) System

4.19.13.6 Workpapers for All Cases

4.19.13.7 Penalties

4.19.13.7.1 Supervisory Approval of Penalties

4.19.13.7.1.1 Supervisory Approval of Bans

4.19.13.7.2 IRC 6676, Erroneous Claim for Refund or Credit Penalty

4.19.13.7.3 Penalty Lead Sheet Documentation

4.19.13.7.4 Reasonable Cause/Good Faith Criteria and Penalty Abatements

4.19.13.7.5 Additional Information

4.19.13.8 Initial Contact

-
- 4.19.13.9 Power of Attorney and Other Third-Party Authorizations
 - 4.19.13.10 IRC 7602(c)(1) Third Party Contacts
 - 4.19.13.11 Taxpayer Replies
 - 4.19.13.11.1 Taxpayer Responses — Prior to Status 24
 - 4.19.13.11.2 Taxpayer Responses - After Status 24
 - 4.19.13.11.3 Evaluating Taxpayer Responses
 - 4.19.13.11.4 Fax Signatures
 - 4.19.13.11.5 Specific Guidance on Use of Faxes in Tax Administration Processes
 - 4.19.13.11.6 Correspondence or Return Received on Closed Examinations Not Meeting Audit Reconsideration Criteria
 - 4.19.13.11.6.1 Replies Received as Closed Case Mail
 - 4.19.13.11.6.2 Replies Received on Full Paid Examination Assessments
 - 4.19.13.11.6.3 Replies Received on Closed Claims, Including to Letter 105C / Letter 106C
 - 4.19.13.11.6.4 Additional Information
 - 4.19.13.11.7 Taxpayer Requests Additional Time to Respond
 - 4.19.13.11.8 Shared Responsibility Payment (SRP)
 - 4.19.13.11.9 Repetitive Audits
 - 4.19.13.12 Monitoring Overaged Replies
 - 4.19.13.12.1 CP 3500, Interim Notice, When Additional Time to Reply is Needed
 - 4.19.13.13 No Response Cases
 - 4.19.13.14 Statutory Notices
 - 4.19.13.14.1 RRA 98 Section 3201(d) Joint Notices
 - 4.19.13.15 Undeliverable Mail
 - 4.19.13.16 Transfer to Area Office
 - 4.19.13.17 Appeals - Non-Docketed Cases
 - 4.19.13.17.1 Non-Docketed Cases Returned from Appeals
 - 4.19.13.18 Appeals - Docketed Cases
 - 4.19.13.18.1 Docketed Cases - No Change
 - 4.19.13.18.2 Docketed Case Review
 - 4.19.13.18.3 Docketed Examination Assistance (DEA)
 - 4.19.13.19 Special Handling Notice for Examination Case Processing, Form 3198
 - 4.19.13.20 RGS Case File Assembly
 - 4.19.13.21 Offers in Compromise
 - 4.19.13.22 Bankruptcy Procedures - Tax Examiner Instructions
 - 4.19.13.22.1 Bankruptcy Procedures - Examination Bankruptcy Coordinator Instructions
 - 4.19.13.23 Combat Zone
 - 4.19.13.24 Information Referrals - Form 3949-A
 - 4.19.13.25 Innocent Spouse Relief/Joint and Several Liability
 - 4.19.13.26 Taxpayer Advocate Service (TAS) Procedures

- 4.19.13.26.1 Referrals to TAS
- 4.19.13.26.2 Referrals from TAS
- 4.19.13.26.3 Responsibilities of the TAS Case Advocate
- 4.19.13.26.4 Responsibilities of the Operational Liaison/Exam Coordinator
- 4.19.13.26.5 Premature Referral Cases, AIMS Status 00 – 09
- 4.19.13.26.6 Closing Procedures for Operational Liaison
- 4.19.13.26.7 Clerical Procedures
- 4.19.13.26.8 General Examination Procedures for Tax Examiner
- 4.19.13.27 Disaster Relief
 - 4.19.13.27.1 Disaster Indicators and IDRS Freeze Codes
 - 4.19.13.27.2 Disaster Procedures - Beginning Postponement Period
 - 4.19.13.27.3 Taxpayer Replies During the Postponement Period
 - 4.19.13.27.3.1 No Replies and Undeliverables
 - 4.19.13.27.4 Claims and Amended Returns
 - 4.19.13.27.5 Statute Awareness
 - 4.19.13.27.6 Disaster Telephone Procedures
 - 4.19.13.27.7 Identity Theft/Return Preparer Misconduct Disaster Procedures
 - 4.19.13.27.8 Disaster Postponement Period Ends
 - 4.19.13.27.9 Reviewing Documentation after the Postponement Period Ends
 - 4.19.13.27.10 Taxpayer Requests Rescission of the Statutory Notice of Deficiency
- 4.19.13.28 Campus Exam Identity Theft
 - 4.19.13.28.1 Research
 - 4.19.13.28.2 Requesting Documentation
 - 4.19.13.28.3 Taxpayer Replies
 - 4.19.13.28.4 Masterfile shows a Service Center Address as the Taxpayer's Address
 - 4.19.13.28.5 No Response to our Request for Documentation
 - 4.19.13.28.6 IDTVA Returns a Case to Exam as not a True IDT
 - 4.19.13.28.7 Reporting Time with Identity Theft Involvement
- 4.19.13.29 Mixed Entity and Multiple Filer Condition Procedures
- 4.19.13.30 Campus Exam Closing Actions
- 4.19.13.31 Victims of Terrorist Attacks
 - 4.19.13.31.1 Disabled Victims of Terroristic Actions - Cases Identified in Campus Examination Inventory
- 4.19.13.32 Campus Exam Return Preparer Misconduct (RPM) Referrals
 - 4.19.13.32.1 Requesting Supporting Documentation
 - 4.19.13.32.2 Taxpayer Replies
 - 4.19.13.32.3 No Response to our Request for Documentation
 - 4.19.13.32.4 IDTVA Returns a Case to Exam as not a true RPM
 - 4.19.13.32.5 Reporting Time
- 4.19.13.33 Taxpayer Digital Communications (TDC) - Secure Messaging

-
- 4.19.13.33.1 Letters Sent for TDC Correspondence Examination
 - 4.19.13.33.2 Tracking Codes for TDC Cases
 - 4.19.13.33.3 Deviations From Standard Procedures on TDC Cases
 - 4.19.13.33.4 Working a TDC Case
 - 4.19.13.34 Taxpayer Digital Communications (TDC) – Text Chat Assistance
 - 4.19.13.34.1 Processing Live Chats - Unauthenticated
 - 4.19.13.34.2 Processing Live Chats - Authenticated
 - 4.19.13.35 Qualified Business Income Deduction (QBID)

Exhibits

- 4.19.13-1 Transfer Alert Checklist
- 4.19.13-2 Related Resources

4.19.13.1
(07-30-2020)
Program Scope and Objectives

- (1) **Purpose:** This IRM contains procedural steps for Campus Exam employees when reviewing taxpayer's correspondence in response to examination notices or letters. It provides instructions to help examiners accurately review individual income tax returns, and ensure taxpayers are in full compliance of tax laws and regulations, especially in regard to reporting all income, claiming dependents, and claiming allowable deductions and valid credits. This section provides information on Examination procedures for administrative matters relative to General Case Development and Resolution. It provides a reference for common issues and related items that might be found on tax returns that are not compliant with the current tax laws and regulations for individual tax returns and their related schedules. Throughout this revision are references to other IRMs which may contain related information needed when working cases.
- (2) **Audience:** These procedures apply to IRS employees who are responsible for processing Campus Exam responses, in SB/SE and TS Campus Exam.
- (3) **Policy Owner:** The Director, Examination - Field and Campus Policy, who is under the Director, Headquarters Examination, owns the policy in this IRM.
- (4) **Program Owner:** Campus Exam and Field Support (CEFS), which is under the director of, SB/SE Headquarters Examination, Field and Campus Policy.
- (5) **Primary Stakeholders:** The primary stakeholders are SB/SE Campus Examination and TS Campus Examination.
- (6) **Contact Information:** To recommend changes or make any other suggestions to this IRM section, see IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance.

4.19.13.1.1
(07-30-2020)
Background

- (1) This section contains information on examination procedures and administrative matters relative to the General Case Development and Resolution. It also provides a reference for common issues and related items that might be found on tax returns that are not compliant with the current tax laws and regulations for individual income tax returns and their related schedules.

4.19.13.1.2
(08-20-2020)
Authority

- (1) There are various code sections providing IRS authority to examine individual tax returns for correctness. By law, the IRS has the authority to conduct examinations under Title 26, Internal Revenue Code, Subtitle F - Procedure and Administration, Chapter 78, Discovery of Liability and Enforcement of Title, Subchapter A, Examination and Inspection, which includes, but is not limited to, the following Internal Revenue Code (IRC) sections:

- IRC 7602, Examination of books and witnesses
- IRC 7605, Time and place of examination

Note: Additional information related to conducting examinations is contained in the 26 CFR (Code of Federal Regulations) 601, 105, Statement of Procedural Rules. See IRM 1.2.1.5, Policy Statements for the Examining Process.

4.19.13.1.3
(04-06-2022)

**Roles and
Responsibilities**

- (1) General Case Development and Resolution is used in Campus Examination Operations by managers, coordinators, examiners, and clerical staff to work, control, and monitor inventory for discretionary tax issues in both SB/SE and TS.
- (2) The Director is the executive responsible for the programs that come under General Case Development and Resolution.
- (3) The Program Manager is responsible for developing and implementing necessary plans and schedules for the accomplishment of the organization's objectives
- (4) The Department Manager is responsible for planning work to be accomplished by subordinates, setting/adjusting long and short-term priorities, and preparing schedules for completion of work. They assign work to subordinates based on priorities, and uses frontline managers to direct, coordinate, and oversee the work.
- (5) The Inventory Control Manager is responsible for helping managers, directors, and office chiefs with a variety of processing, adjustments and computational issues including those affecting returns and cases, which may represent all significant divisional work streams.
- (6) The Bankruptcy Coordinator is responsible for advising, initiating, and reviewing the full range of collection activities relative to the complicated procedures covered by the Bankruptcy Act.
- (7) The Frontline Manager is responsible for assigning, directing, and reviewing the work of subordinate employees. They also plan and carry out training and development of employees, evaluate employees' work performance, and perform all other related administrative functions.
- (8) The Clerical Manager is responsible for assigning, directing, and reviewing the work of clerical employees whose responsibilities include processing incoming faxes and correspondence, controlling the work to correspondence units, and other related clerical duties.
- (9) The tax examiners are responsible for contacting the taxpayer through correspondence or phone contact to obtain information, explain liability and encourage compliance.

4.19.13.1.4
(04-06-2022)

**Program Management
and Review**

- (1) **Program Reports:**
 - AIMS Centralized Information System (ACIS) reports are used by Headquarters Policy to review closure statistics and determine the effectiveness of each program.
 - Embedded Quality Review System (EQRS) Reports are used by program analysts to identify error trends.
 - National Quality Review System (NQRS) Reports are used by managers to identify error trends.
 - The Statistical Sampling Inventory Validation Listing (SSIVL) allows a campus operation to perform validations of random samples of returns on AIMS, generates reports showing certain error conditions, and loads extracted information from AIMS into the Microsoft Access database application for further analysis. Use of the SSIVL system is required to validate AIMS inventory.

- Campus Operations Business Results (COBR) Reports provide year to date information on resource usage and inventory activity for major operational objectives. There are three COBR Reports for Examination, EITC, Discretionary and Quality. These reports are reviewed to determine if the operation is on target to meet their Plan.
- Target at a Glance (TAAG) Reports are a summary of the monthly COBR for the current Fiscal Year. The TAAG is used by the SB/SE Campus Exam Director for discussions with Campus Exam Operation Managers to address business measure targets not currently being met.

(2) **Program Reviews:**

- Operational reviews are conducted by Lead Tax Examiners and Frontline Managers to ensure case actions are in accordance with IRM procedures.
- Examination quality reviews are conducted using IRM 21.10.1, Embedded Quality (EQ) Campus Compliance.
- Program reviews are conducted by CEFS.

4.19.13.1.5
(04-06-2022)
Program Controls

- (1) Automated Correspondence Exam (ACE) is an IRS developed, multifunctional software application that fully automates the initiation and movement of Earned Income Tax Credit (EITC) and non-EITC cases through the audit process. See IRM 4.19.20, Automated Correspondence Exam (ACE) Processing Overview.
- (2) Report Generation Software (RGS) is a comprehensive system used by SB/SE, TS campus and LB&I examiners throughout the audit process. Cases are worked, closed and processed electronically via RGS.
- (3) Audit Information Management System (AIMS), under IDRS command code AMDIS is a computer database system used by IRS Independent Office of Appeals (Appeals), Examination and TE/GE to control returns and input assessments/adjustments to Masterfile and provide management reports.

4.19.13.1.6
(08-10-2023)
**Terms/Definitions/
Acronyms**

- (1) Although it is best not to use words that require interpretation, there may be times when you may have to use them. If you do, you should include definitions for words which require interpretations. Consistency in preparing workpapers is critical in the examination process. The use of standard abbreviations and acronyms aids in consistency. The abbreviations and acronyms listed below may be used when preparing examination workpapers. When abbreviating, acronyms not listed below can be used if the definition is written out with the acronym next to it in parenthesis the first time used. Then, the acronym can be applied throughout the workpaper.

Abbreviation/Acronym	Definition
AC	Action Code or Activity Code
ACCT	Account
ACE	Automated Correspondence Exam
ACM	Alternative Calculation for Marriage
ACTC	Additional Child Tax Credit
ADDL	Additional

Abbreviation/Acronym	Definition
ADDR	Address
ADJ	Adjustment
AGI	Adjusted Gross Income
AIMS	Audit Information Management System
AIS	Automated Insolvency System
AM	Accounts Management
AMS	Account Management Services
AMT	Alternative Minimum Tax
Amt.	Amount
AO	Area Office
AOTC	American Opportunity Tax Credit
AP	Adjustment Pending
APTC	Advance Premium Tax Credit
ASED	Assessment Statute Expiration Date
ASFR	Automated Substitute for Return
ATAA	Alternative Trade Adjustment Assistance
ATAO	Application for Tax Assistance Order
ATIN	Adoption Taxpayer Identification Number
ATTY	Attorney
AUR	Automated Underreporter
AVS	Affordable Care Act Verification System
BC	Birth Certificate
BOD	Business Operating Division
BOE	Business Objects Enterprise
CA	Case Advocate (TAS)
CAF	Centralized Authorization File
CAT A	Category A
CC	Closing Code/Command Code (will depend on context)
CCC	Child and Dependent Care Credit

Abbreviation/Acronym	Definition
CCEO	Compliance Campus Examination Operations
CCISO	Cincinnati Centralized Innocent Spouse Operations
CDR	Coverage Data Repository
CEAS	Correspondence Examination Automation Support
CET	Correspondence Examination Technician
CHG	Change
CI	Criminal Investigation
CII	Correspondence Imaging Inventory
CLCS	Closing Cover Sheet
CK	Check
CN	Common Number
COBR	Campus Operation Business Results
COMP	Compensation
CORR	Correspondence
CPA	Certified Public Accountant
CRD	Correspondence Received Date
CRN	Credit Reference Number
CSED	Collection Statute Expiration Date
CTC	Child Tax Credit
CY	Calendar Year
CZ	Combat Zone
DC	Disposal Code
DECD	Deceased
DEF	Deferred
DEP	Dependent
DOB	Date of Birth
DOC/DOCS	Document(s)
DOD	Date of Death/Department of Defense
DOL	Department of Labor
DUPTIN	Duplicate TIN

Abbreviation/Acronym	Definition
DV	Disclosure Verified
EBE	Employee Business Expense
EDU	Education
EGC	Employee Group Code
EIC	Earned Income Tax Credit
EITCRA	Earned Income Tax Credit Referral Automation
EIN	Employer Identification Number
EMP	Exam Mail Process
EMT	Exam Mail Tool
EUP	Employee User Portal
EXAM	Examination
EXEMP	Exemption
EXP	Expense
EXT	Extension
F	Form
FEMA	Federal Emergency Management Agency
FERDI	Federal Employee/Retiree Delinquency Initiative
FFC	Functional Fraud Coordinator
FIFO	First-In First-Out
FOIA	Freedom of Information Act
FMV	Fair Market Value
FPL	Federal Poverty Level
FRV	Frivolous Filer
FS	Filing Status
FSA	Flexible Spending Account
FTC	Fuel Tax Credit
FTF	Failure to File
FTHBC	First Time Homebuyer Credit
FTP	Failure to Pay
FY	Fiscal year
HC	Hold Code

Abbreviation/Acronym	Definition
HCTC	Health Coverage Tax Credit
HHI	Household Income
HHS	Health and Human Services
HIP	Health Insurance Premium
HOH	Head of Household
HQ	Headquarters
HSA	Health Savings Account
HSN	Household Help
HUD	Department of Housing and Urban Development
IA	Installment Agreement
IAT	Integrated Automation Technologies
ICL	Initial Contact Letter
ID	Identification
IDRS	Integrated Data Retrieval System
IDT	Identity Theft
Immun.	Immunization
IMF	Individual Master File
INC	Income
INCL	Including
INFO	Information
INT	Interest
IRA	Individual Retirement Account
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
ITIN	Individual Taxpayer Identification Number
K	Thousand dollars Example: 2K = \$2,000
KITA	Killed in Terrorist Attack
LEM	Law Enforcement Manual
LTR	Letter
LTRC	Long-Time Resident Credit

Abbreviation/Acronym	Definition
LUQ	Large Unusual Questionable
ME	Math Error
MEC	Minimal Essential Coverage
MED	Medical
MeF	Modernized E-File
MF	Master File
MFJ	Married Filing Joint
MFS	Married Filing Separately
MFT	Master File Transaction
MIC	Mortgage Interest Credit
MOIC	Monitoring Offers in Compromise
MSA	Medical Savings Account
MSG	Message
MTG	Mortgage
MWPC	Making Work Pay Credit
NA	Not Applicable
NEC	Non-Employee Compensation
NF	Non-filer
NM CHG	Name Change
OAR	Operations Assistance Request
ODC	Other Dependent Credit
OIC	Offer in Compromise
ORG	Organization
PACER	Public Access to Court Electronic Records
PBGC	Pension Benefit Guaranty Corporation
PC	Project Code
PD	Paid
PH NUM	Phone Number
PIEVC	Plug-In Electric Vehicle Credit
PN	Pending
POA	Power of Attorney

Abbreviation/Acronym	Definition
PREV ADJ	Previously Adjusted
PSSN	Primary SSN
PTC	Premium Tax Credit
PUB	Publication
PY	Prior Year
QBID	Qualified Business Income Deduction
QC	Qualifying Child
QDRO	Qualified Domestic Relations Order
QFM	Qualifying Family Member
QMS	Quality Measuring System
QREL	Qualifying Relative
QRP	Questionable Refund Program
RCPT	Receipt
RECD	Received
RECON	Audit Reconsideration
REG	Regulation
REIT	Real Estate Investment Trust
REQ	Request
RES	Residency
REV	Revenue
Rev. Rul.	Revenue Ruling
RPAT	Return Preparer Analysis Tool
RPM	Return Preparer Misconduct
RRC	Recovery Rebate Credit
RTN	Return
RTAA	Reemployment Trade Adjustment Assistance
SC	Status Code/Source Code (will depend on context)
SCH	Schedule
SDC	Scheme Development Center
SE	Self-employed

Abbreviation/Acronym	Definition
SEHID	Self-Employed Health Insurance Deduction
SERP	Servicewide Electronic Research Program
SET	Self-Employment Tax
SFR	Substitute For Return
SLCSP	Second Lowest Cost Silver Plan - SLCSP
SNOD	Statutory Notice of Deficiency
SP	Submission Processing
SPS	Spouse
SQP	State Qualified Plan
SRP	Shared Responsibility Payment
SS	Social Security
SSA	Social Security Administration
SSIVL	Statistical Sampling Inventory Validation
SSN	Social Security Number
SSSN	Secondary Social Security Number
ST	Status
STAT	Statutory
STMT	Statement
SWA	State Workforce Agency
TAA	Trade Adjustment Assistance
TAC	Taxpayer Assistance Center/Tax Administrative Council
TAS	Taxpayer Advocate Service
TC	Transaction Code
TE	Tax Examiner
TETR	Telephone Excise Tax Refund
TIA	Taxpayer Information Authorization
TIN	Taxpayer Identification Number
TDC	Taxpayer Digital Communication
TP	Taxpayer

Abbreviation/Acronym	Definition
TPA	Third Party Administrator or Third-Party Authorization
TPH	Taxpayer's husband
TPW	Taxpayer's wife
TPXH	Taxpayer's Ex-husband
TPXW	Taxpayer's Ex-wife
TREAS	Treasury
TXI	Taxable Income
TXPD	Tax Period
TY	Tax year
UA	Unallowable Code
UNDEL	Undeliverable
UCP	Unattended Case Processing
UP	Unpostable
UPC	Unpostable Code
UTIL	Utilities
VEBA	Voluntary Employees' Beneficiary Association
W/H	Withholding
W/O	Without
XREF	Cross Reference
XSPS	Ex-Spouse
YR	Year

4.19.13.1.7
(01-23-2026)
Related Resources

- (1) Related resources should be used as appropriate, when a procedure is not addressed in this IRM. See Exhibit 4.19.13-2, Related Resources that contains a list of suggested related resources but may not be all inclusive.

4.19.13.2
(07-30-2020)
Standard Procedures

- (1) Standard examination procedures apply to all cases and include:

Initiating examinations (including the issuance of initial contact letters).

Dealing with Power of Attorney requests and communication.

Preparing audit forms: Form 4549, Income Tax Examination Changes, Form 886 series, etc.

Initiating examinations (including the issuance of initial contact letters).
Handling undeliverable correspondence.
Responding to taxpayers' replies.
Following workpaper guidelines.
Handling special situations.
Imposing and adjusting penalties.
Performing follow-up actions.
Resolving No Response and Unagreed cases.
Issuing Statutory Notices.
Performing close out procedures.
Following Statute control procedures.
Monitoring QMS (Quality Measuring System) responsibilities (Manager, Examiner, Clerk).
Following Fraud Referral procedures.
Following Identity Theft Referral procedures.
Following Taxpayer Advocate Referral procedures.
Following established procedures to protect and communicate taxpayer rights and consider the taxpayer right implications of all their actions.

4.19.13.2.1
(08-10-2023)

**Program and Source
Codes**

- (1) The following are Correspondence Examination Programs with corresponding Source Codes:

Correspondence Examination Program	Source Code
Alternative Minimum Tax	26
Alimony	06
Claims	30, 31, 32, 35
Criminal Investigation (CI) Referrals, i.e., Preparer Schemes	06, 08, 11, 70
Dependent Database (DDB)/Discretionary Exam Business Rules (DEBR) Inventory	06
DIF (Discriminant Function) CORR (Correspondence) Source	02 or 06
DUPTIN (Duplicate Taxpayer Identification Number) (EITC (Earned Income Tax Credit) and Non-EITC)	06

Correspondence Examination Program	Source Code
EITC, CTC/ACTC/Refundable CTC, and AOTC Ban Penalties (2 and 10)	06
EITC Certification Programs	06
EITC Recertification (Non-Claims – i.e., Project Code 0027, 0028, 0257, or 0694) CTC/ACTC/ Refundable CTC, and AOTC Re-certification	06
Employee Returns	46
Erroneous Refund	20
Estate and Gift Tax	No Source Code
Federal/State Cooperative	77
Health Coverage Tax Credit Advance Credit and Year End	06
Health Coverage Tax Credit Claims	30
Health Coverage Tax Credit Unallowables	03
High Underreporter Referrals	14
(EITCRA) (Earned Income Tax Credit Referral Automation)	70
Informants	70
Information Returns	85
Manually Classified Returns	20
Math Clerical Abatement	06
Math Error Program	06
Married Filing Separately	06
Multiple Filer Source	04
Non-Filers (i.e., TDI (Taxpayer Delinquency Investigation) Non-Filers, AEITC (Advance Earned Income Tax Credit) Non-Filers)	24
Non-Filers – High Income Non-Filers Only (>\$200K in Income)	25
Qualified Personal Service Corporation	No Source Code
Research Programs and Tests	11
Return Preparer Analysis Tool (RPAT)	49
Self-Employment Tax	08
Shared Responsibility Payment - MFT 35 (SRP)	No Source Code

Correspondence Examination Program	Source Code
Substitute For Return	24
Taxable Gain on Sale of Residence	11
Taxpayer Requests (i.e., Prompt Assessment Requests)	73
Tip Income (Filed Returns)	06
Tip Income (Non-Filers)	24
Unallowable Items	03 or 48

- (2) For QRP source codes, see IRM 4.19.14.9.2, QRP Source Code and Project Codes.
- (3) For more information relating to source codes, please refer to IRM 4.4.34.4.16, Source Codes, and Document 6209, IRS Processing Codes and Information.

4.19.13.2.2
(08-04-2022)

Integrated Automation Technologies (IAT) Tools

- (1) Integrated Automation Technologies (IAT) tools are desktop productivity enhancing tools that simplify taxpayer account processing. The IAT Website has a list of all available tools as well as a description and job aid for each tool. *The IAT Home Page* provides a list/description of all available tools and a job aid for each tool.
- (2) Exam employees are mandated to use some IAT Tools while other IAT Tools are suggested for use.
- (3) The mandatory IAT tools that must be used and the programs they are used for are listed below:

Mandatory Tools	Exam Programs
Address	All programs or actions requiring address updates such as Discretionary, EITC, Audit Recon, Non-Filers, QRP, TAS, Telephone.
Credit Transfer	All programs or actions requiring credit transfer such as Audit Recon, Non-Filers, TAS, Frivolous Return.
Disclosure	Telephone.
Erroneous Manual Refund (EMT)	All programs or actions requiring monitoring manual refunds such as Audit Recon, TAS.
Erroneous Refund	Automates processes related to Category D (Cat D) erroneous refund processing as outlined in IRM 21.4.5, Erroneous Refund.

Mandatory Tools	Exam Programs
ESTAB	All programs requiring ordering original returns, other source documents, and administrative files, such as Audit Recon, Classification, Non-Filers, and Frivolous Return.
Fill Forms	All programs or actions requiring completion of forms, including Form 4442 Inquiry Referral, Form 8758, Transfer to Excess Collection, and Form 9856, Attachment Alert, to associate documents to returns in Files.
Letters	All programs or actions requiring C letters are correspondex letters generated by IDRS.
Refund Suite	All programs or actions requiring manual refunds such as Audit Recon, TAS.
REQ54	All programs or actions requiring on-line adjustments to an account such as Audit Recon, Frivolous Return.
REQ77	All programs requiring input of TC 971 with action codes, TC 470 for collection activity holds, and TC 560 updating the ASER such as Audit Recon, Non-Filer, Frivolous Return.
Stop Refund (CC NOREF)	Stops a Refund.
Manual Refund	All programs requiring manual refunds such as Audit Recon, TAS. This tool automates the manual refund process and auto-fills Form 5792, Request for IDRS Generated Refund (IGR) or Form 3753, Manual Refund Posting Voucher.
xMend	All programs or actions requiring the processing of original delinquent returns received as reconsideration, amended returns or zeroing out an account such as Audit Recon, Frivolous Return, QRP, TAS.

- (4) The suggested IAT tools to be used by examination employees, and a brief description of each tool, are listed below:

Suggested Tools	Exam Programs
Quick Command Code (CC) tool	Initiate command codes on IDRS, navigate through tax periods, etc.
Clerical	To generate Correspondence letters in addition to opening control bases, inputting STAUPs and requesting (ordering) documents with command code ESTAB.
CSI (Code Search Index)	To research more than 30 codes. CSI will even allow for multiple codes to be researched at one time.
Mixed Entity Scrambled	Used for all programs when there is a need to determine the valid TIN assigned to the correct taxpayer.
Exam Batch	To determine if an IMF account meets Exam Batch criteria.
Phone Number	All programs requiring adding, changing, or deleting phone numbers in ENMOD while on the phones or while working a case where a number was provided.
AIMS Closure Tool	The tool researches IDRS using AIMS closure command codes, fills Form 5344/5403 and other AIMS case related forms for Exam, CCP and Appeals.
Managers Tool	To complete all the routine IDRS security tasks.

4.19.13.2.3
(09-16-2024)

Correspondence Examination Letters

- (1) Letters used for correspondence issues are referenced and linked in the program procedures.
- (2) The names for the Content Point of Contact (POC) and Publishing Specialist for a letter can be found by researching the Electronic Publishing web site, *Find a Product*. Any revisions must be discussed with the Content POC.
- (3) Computer Paragraph (CP) Notices can be viewed on the *Servicewide Notice Information Program (SNIP)*.
- (4) New and revised letters must be approved by the Office of Taxpayer Correspondence (OTC), prior to publication. All letter headers will contain:

- Taxpayer Identification Number
- Form
- Year
- Person to Contact Name
- Contact Person Identification Number
- Contact Telephone Number
- Contact Fax Number
- Contact Hours

- (5) Correspondence letters can be prepared by the clerical staff or Tax Examiners (TE)/Correspondence Examination Technicians (CET).
- (6) Letters mailed for cases in the corporate inventory will include the appropriate Business Operating Division (BOD) toll-free number, **Tax Examiner** as person to contact, and the site-specific identification number. If the letter being sent is in reply to taxpayer correspondence, then the letter, case history, and all letter attachments must identify the originating tax examiner to provide information for any subsequent contact, if needed.

4.19.13.2.4
(01-23-2026)
**Standard Suspense
Periods for
Correspondence
Examination**

- (1) The following table lists the suspense period requirements for all EITC and Non-EITC cases being worked in Correspondence Examination and the earliest day for mailing the next letter. The information in the table covers manually issued letters and those issued through the Automated Correspondence Exam (ACE) System (formerly RGS Batch).

Letter/Notice being issued	AIMS/ CEAS letter status	ACE (RGS/ BATCH) Suspense Period	Manual mailing/ closing allowed on:	Letter/Notice being issued: days = the days from the previous letter date
EITC, TS Non-EITC, and the single-issue Premium Tax Credit (PTC)-Initial Contact Letters (ICLs), without report	10	30 days	day 31	<ul style="list-style-type: none"> • ACE – day 42 • Manual – No earlier than day 31
SB/SE Non- EITC - Initial Contact Letter (ICL) without report	10	45 days	day 46	<ul style="list-style-type: none"> • ACE - day 63 • Manual-No earlier than day 46
30-day letter with report	22	45 days	day 46	<ul style="list-style-type: none"> • ACE – day 63 • Manual – No earlier than day 46
45-day letter with report (ICL combo letter)	22	60 days	day 61	<ul style="list-style-type: none"> • ACE - day 78 • Manual - No earlier than day 61

Letter/Notice being issued	AIMS/ CEAS letter status	ACE (RGS/ BATCH) Suspense Period	Manual mailing/ closing allowed on:	Letter/Notice being issued: days = the days from the previous letter date
15-day letter with report (i.e., Letter 692-M)	23 or 25	30 days	day 31	<ul style="list-style-type: none"> • ACE – day 42 • Manual – No earlier than day 31
Statutory Notice of Deficiency (Within USA) – Certified Mail	24	105 days	day 106	N/A
Statutory Notice of Deficiency (Outside of USA) – Registered Mail	24	165 days	day 166	N/A

- (2) Generally, a manually prepared letter/notice may be mailed on the 16th day after the taxpayer's reply due date. If a letter has given a taxpayer 30 days to respond, the subsequent letter may not be mailed earlier than the 46th day from the date of the letter. The only exceptions to this are:

- For the EITC, TS Non-EITC, and the single-issue PTC ICLs (with no report), the 30-day letter with report may be mailed no earlier than the 31st day following the ICL.
- The Letter 692-M, Request for Consideration of Additional Findings (Manual Letter), providing the taxpayer with a response/determination on submitted documents, may be mailed prior to the suspense period end date of an ICL or a 30-day letter. A manually prepared Statutory Notice of Deficiency may be mailed no earlier than the 31st day following a Letter 692-M.

- (3) A letter cannot be transmitted to Correspondence Production Services (CPS) until the prior ACE suspense period has expired.

4.19.13.2.5
(09-16-2024)
Campus Return Selection

- (1) Information on the audit return selection processes for TS and SB/SE is found in IRM 4.1.26. Campus Exam Return Selection, Delivery and Monitoring. Information for Compliance initiative projects is found in IRM 4.17, Compliance Initiative Projects.

4.19.13.3
(01-01-2012)
Seven Auditing Standards

- (1) The seven auditing standards outline the criteria determined to produce a quality examination and are guidelines to assist examiners in completion of all cases. The seven auditing standards are used in conjunction with the applicable program procedures for evaluating case quality.

4.19.13.3.1
(04-06-2022)
Standard 1 - Adequate Consideration of Significant Issues

- (1) Purpose: This standard measures whether consideration is given to the Classified/Program as well as large, unusual or questionable (LUQ) items during the course of the examination.
- (2) Overview: Consideration of all significant tax issues during the examination is required.

(3) The following table shows the key elements of Auditing Standard 1.

Key Elements	Details
Classified/Program Items Considered	All Classified/Program Items (including flow-through adjustments under the Bipartisan Budget Act (BBA)/Non-BBA, formerly TEFRA (Tax Equity and Fiscal Responsibility Act)/Non-TEFRA) were considered.
Scope of Examination was Appropriate	Scope of Examination was limited or expanded to the point that all LUQ (Large Unusual Questionable) items were properly considered for the correct determination of tax liability. The scope of the examination should stay within the scope of the issues identified by Headquarters or the issues identified during manual classification. Consult your manager and secure approval to expand or limit the scope of the examination when other LUQ issues are present. The workpapers must reflect this decision. Sound judgment must be exercised when, during the examination, additional issues appear to warrant expanding the examination.

Key Elements	Details
Consideration of Prior/ Subsequent Year Returns	<p>Prior/Subsequent year returns containing the same or correlative issues as in the year examined were considered and/or pursued when appropriate. During an examination, if additional years warrant consideration, you must discuss all factors with your manager for approval. Examiners should reference specific project code guidance on prior/subsequent year audit expansion, when warranted. Therefore, examiners typically do not need to consider the subsequent year simply because the same issue is present.</p> <p>Note: Expansion determinations should be limited due to the systemic environment in Correspondence Examination. To ensure fair and equitable taxpayer treatment, subsequent year returns will generally be selected after closure of the initial year, using an automated selection process in Campus Case Selection which considers all case selection criteria.</p>

#4.19.13.3.2
(01-01-2012)**Standard 2 -
Examination Depth and
Conclusions Reached**

- (1) Purpose: This standard measures whether the examined issues are completed to the extent necessary to provide the examiner sufficient information to determine the substantially correct tax based on the correct application of tax law.
- (2) Overview: The depth of the examination is determined through inquiry, observation, and analysis of appropriate source documents, oral testimony, contacts etc., to ensure full development of relevant facts concerning significant issues. Conclusions are supported by applicable law, which includes the Internal Revenue Code, Treasury Regulations, court cases, Revenue Rulings, etc.
- (3) The following table shows the key elements of Auditing Standard 2.

Key Elements	Details
Adequate Examination Techniques Used	Appropriate examination techniques were utilized (e.g., oral testimony, inquiry, observation or analysis). The taxpayer's records were reconciled to the tax return: taxpayer's Schedule K-1 was reconciled to the tax return; sampling techniques were used; proper source documents were requested and evaluated; and taxpayer and/or third party contacts were made when appropriate.
Correct Conclusions Reached	The case file reflected application, interpretation, and explanation of applicable law, derived from developed facts and circumstances.

4.19.13.3.3
(04-06-2022)

**Standard 3 - Workpapers
Support Conclusions**

- (1) Purpose: This standard measures documentation of the scope, depth, and conclusions reached in the examination.
- (2) Overview: The workpapers provide the principal support for the examiner's report and document the procedures applied, information obtained, and conclusions reached in the examination.
- (3) The following table shows the key elements of Auditing Standard 3.

Key Elements	Details
Fully Disclose Examination Procedures, Audit Trail, Findings, and Conclusions	The workpapers disclosed the scope, depth, judgment, examination techniques, and findings used in the examination of each significant item and the conclusions reached.
Adjustments in Workpapers Agree with Report	Adjustments in workpapers were reflected on the examination report if there is a report, or with the case disposition/case actions.

Key Elements	Details
Examination Activities Adequately Documented	<ul style="list-style-type: none"> The case actions or contacts were adequately documented (e.g., changes to entity information were recognized/updated). The case file showed complete and accurate documentation of case history (e.g., taxpayer, representative, or third party contacts as well as examination research). <p>Note: Refer to IRM 4.19.13.33, Taxpayer Digital Communications (TDC) - Secure Messaging, for information on updating workpapers for TDC cases.</p> <ul style="list-style-type: none"> In cases where the taxpayer entered an incorrect identifying number on their tax return, such as an SSN, EIN, Vehicle Identification Number (VIN), or any other identifying number that is germane to the audit, and the taxpayer has provided the correct number, examiners are to enter the corrected information on the workpapers. Taxpayer/Representative telephone numbers were recorded and updated when necessary.

4.19.13.3.4
(01-01-2012)

**Standard 4 - Report
Writing Procedures
Followed**

- (1) Purpose: This standard measures the presentation of the examination findings in terms of content, format, and accuracy.
- (2) Overview: This standard addresses the written presentation of examination findings in terms of content, format, and accuracy.
- (3) The following table shows the key elements of Auditing Standard 4.

Key Elements	Details
Applicable Report Writing Procedures Followed	Applicable report writing procedures including consideration of automatic adjustments and alternative positions were followed. Explanations, schedules, and attachments to the report were accurate, clear, concise, legible, and grammatically correct.
Correct Tax Computation	The tax computation was correct and used the method most beneficial to the taxpayer. All prior adjustments to the tax return were considered, including math corrections, amended returns and previous audit adjustments.
Correct Credit Computation	The credit computation was correct and used the method most beneficial to the taxpayer.

4.19.13.3.5
(04-06-2022)

Standard 5 - Penalties Properly Considered

- (1) Purpose: This standard measures whether applicable penalties are considered and applied correctly.
- (2) Overview: The application of appropriate penalties is required to be considered during all examinations. See IRM 4.19.13.7.1, Supervisory Approval of Penalties, and IRM 4.19.13.7.3, Penalty Lead Sheet Documentation.
- (3) The following table shows the key elements of Auditing Standard 5.

Key Elements	Details
Recognized, Considered and Applied Correctly	The case reflected consideration of and, if applicable, assertion of all applicable penalties. Indicators of fraud were recognized, and a referral was made, if warranted. The case file was documented sufficiently to support the decision whether or not to assert any penalties. Penalties that were assessed were decreased or abated when the audit resulted in a tax decrease.
Computed Correctly	The penalties were computed correctly.

4.19.13.3.6
(01-01-2012)

**Standard 6 - Timely
Actions**

- (1) Purpose: This standard measures the utilization of time as it relates to the examination process.
- (2) Overview: Timeliness of actions during the examination process is an essential component of each examination. Actions are initiated and completed within established time frames.
- (3) The following table shows the key elements of Auditing Standard 6.

Key Elements	Details
Examination Actions Timely	All requests for documentation/ information/signature completed within established time frames and provided a date for response.
Examination Response Timely	<ul style="list-style-type: none"> • Paper response to taxpayer reply was made within established time frames (initial response 30 days). • Phone response to taxpayer telephone inquiries within established time frames (5 business days).

4.19.13.3.7
(04-06-2022)

**Standard 7 - Case
Administration**

- (1) Purpose: This standard measures whether the administrative aspects of the case are addressed.
- (2) Overview: This standard encompasses correspondence, statute control, case assembly, power-of-attorney (POA) disclosure procedures and closing procedures.
- (3) The following table shows the key elements of Auditing Standard 7.

Key Elements	Details
Correspondence - See IRM 4.19.13.8, Initial Contact, IRM 4.19.13.2.3, Correspondence Examination Letters, and IRM 4.19.13.2.4, Standard Suspense Periods for Correspondence Examination	The appropriate letter was used to respond to the taxpayer's inquiry or to notify the taxpayer of the results of the examination. Letters mailed on cases from Campus Correspondence Examination inventory will include the appropriate BOD (Business Operating Division) corporate toll-free number, "Tax Examiner" as person to contact and the site specific identification number. The correspondence is legible, grammatically correct, addressed all issues and was sent to the correct address.
Statute Control Followed - See IRM 25.6, Statute of Limitations	The appropriate consent to extend the statute of limitations was prepared correctly and secured timely; consents were executed by authorized parties. Form 895, Notice of Statute Expiration, and/or statute identification procedures were followed in accordance with IRM procedures.
Case Assembly - IRM 4.19.13.20, RGS Case File Assembly	All original documents were returned to the taxpayer.
Case Completion	Form 5344, Examination Closing Record, IDRS (Integrated Data Retrieval System) research (e.g., AIMS (Audit Information Management System), PCS (Partnership Control System), CFOL (Corporate Files On Line), TXMOD (Tax Module), ENMOD (Entity) etc.) inputs and updates were accurately completed in accordance with IRM procedures and examination result.

Key Elements	Details
POA/Disclosure Procedures Followed	Centralized Authorization File (CAF) researched and Power of Attorney (POA) properly recognized and processed in accordance with IRM procedures. Examiner complied with disclosure guidelines involving third party contact. See IRM 4.19.13.9, Power of Attorney and Other Third Party Authorizations.

4.19.13.4
(09-16-2024)
Researching Cases

- (1) Prior to taking action on a case (initiating, purging, working replies, or closing), examiners must perform IDRS research to check the validity of current AIMS data and to ensure that no activity has been taken on the taxpayer's account that may affect the case under examination. If an open control already exists for another IRS employee, examiners should contact the other employee before taking any action. Examiners should research to verify the accuracy of items on the return when appropriate. All applicable research performed must be documented on Form 4700, Examination Workpapers. Workpapers should not only list the command codes researched but also reflect the information found as applicable. The following chart contains guidelines and is not all-inclusive. For additional information regarding the command codes listed, examiners should refer to Document 6209, IRS Processing Codes and Information.

To Determine:	Research through IDRS Command Code(s) and Definer(s)
Full AIMS display including: <ul style="list-style-type: none"> • Mail received date • Current/prior AIMS Status • AIMS Freeze Codes • Primary Business Code • Employee Group Code • Project Code 	AMDISA
Taxpayer's phone number	ENMOD
Taxpayer's current address	AMDISA, INOLES, IMFOLE, ENMOD
Taxpayer's pending address and/or filing status	ENMOD
Taxpayer's prior address	RTVUE, TRDBV, IRPTRO
Statute expiration date	TXMODA, AMDISA, IMFOLT
Date return was received	TXMODA, AMDISA, IMFOLT, RTVUE

To Determine:	Research through IDRS Command Code(s) and Definer(s)
Any secured amended returns	TXMODA, AMDISA, IMFOLT
Master File Freeze Codes	TXMODA, IMFOLT, SUMRY, IMFOLI
Refund status	TXMODA, IMFOLT
Status of account	TXMODA, IMFOLT, SUMRY
Other adjustments	TXMODA, IMFOLT, IMFOLA
IDRS control assignment	TXMODA, SUMRY
Recertification indicator present	IMFOLE, ENMOD, INOLES
Spouse's SSN (Social Security Number)	INOLE, IMFOLT, ENMOD, RTVUE, TRDBV
Taxpayer's name control (SSA (Social Security Administration) information)	INOLE or most any IDRS Command Codes
Pending transactions	TXMODA, ENMOD, SUMRY
Date of birth	INOLE, RTVUE, DDBKD, TRDBV, MFTRAU
Past filing status	INOLE, IMFOLI
Any other SSNs under which taxpayers have filed returns	INOLE
Duplicate use of SSN for EITC, Exemption	DUPOL, DDBKD
Dependent Database rules that have fired	DDBOL
Citizenship Code	DDBKD, MFTRAU
Cross-reference SSN on duplicate condition	DDBOL, DUPOL, DDBKD
KIDLINK (child's Social Security application which indicates parents)	DDBKD, MFTRAU
Power of Attorney/Tax Information Authorization indicator	AMDISA, TXMOD, IMFOLT, CFINK
Information Returns for Income, withholding, and certain expenses (e.g., mortgage interest paid, higher education expenses)	IRPTR
Information Returns for Insurance (Forms 1095)	IRPOLA

To Determine:	Research through IDRS Command Code(s) and Definer(s)
Purported relationship of dependents	TRDBV
SSN (e.g., for child's parent)	NAMES
Annotations on Form 1040, U.S. Individual Income Tax Return, (e.g., identification of Other Income on Line 21 and Employee Business Expense on <i>Schedule A</i>)	TRDBV
FTHBC Claim Information	FTBOL
Education Credits Information	DLITE
Prisoner Data	FTBOLP, DFAST, DLITE
IDT	ENMOD, INOLES, TXMOD, IRPTR, TRDBV, FTBOLP, DLITE

Note: If TXMOD is not available, then IMFOL has the most current posted information available. IMFOL will not show any pending transactions. When conducting research, **do not use MFREQ** to generate a TXMOD if it is not available.

- (2) Research all related CEAS records including any for prior or subsequent tax years, or cross-reference taxpayers to determine if they contain information relevant to the issues under examination.
- (3) For credits or deductions that can be potentially claimed in multiple years (e.g., American Opportunity Tax Credit), check related years to ensure the issue was not allowed in a related year or the number of years has not been exceeded, prior to allowing it for the year under examination.
- (4) Effective for any return of tax filed after December 18, 2015; in order to claim a credit for EITC, CTC, ACTC, Refundable CTC (2021 only), ODC (2018 - 2025) or AOTC, any taxpayer identification number (TIN) (i.e., ATIN, ITIN, or SSN) must be issued before the due date of the tax return including extensions. If the TIN is secured after the due date, the credit is not allowable. Check INOLE to verify the Social Security number or taxpayer identifying number assignment date as necessary. Refer to IRM 2.3.47, Command Codes INOLE, EOGEN and SPARQ, and the IDRS Command Code Job Aid for more information. Refer to IRM 4.19.14, Refundable Credits Strategy, for more information about the specific TIN requirements applicable to each credit. Currently the Social Security card provides the issuance date of the card, which may not be the date the taxpayer identifying number was assigned.

Note: This is not an issue when the issuance date on the card is prior to the due date of the return.

4.19.13.4.1
(04-06-2022)

Requesting Amended Returns

- (1) When research results show that a taxpayer has filed an amended return, the amended return must be requested to determine the impact on the examination. The amended return may contain information directly related to the examination or change other items on the return. Consider the taxpayer's proposed adjustments following normal procedures. You may also refer to SERP job aid *Form 1040-X Received During an Open Examination*.
- (2) The following actions must be taken to request the amended return:

If	And	Then
TXMOD reflects a TC (Transaction Code) 97X with no subsequent TC 29X	Open IDRS control is on TXMOD	<p>Contact the person that has the open control and request that the return be forwarded for incorporation into the examination.</p> <p>Note: If you are able to secure the amended return through the Modernized e-File Employee User Portal (EUP), you do not need to contact the person that has the open control.</p>
TXMOD reflects a TC 97X with or without subsequent TC 29X	No open IDRS control on TXMOD	<p>Check AMS (Audit Management System) for the CII (Correspondence Imaging Inventory) document.</p> <ol style="list-style-type: none"> a. If a CII document exists, print, or request CII document and proceed with examination. b. If a CII document does not exist, ESTAB the TC 97X DLN (Document Locator Number). Suspend case for 21 days. If document is not received or Form 4251, Return Charge-Out, states it is not in Files, do a special search. Allow 21 days for special search to be returned. If returned without document, request a copy from the taxpayer using Letter 418-C, Amended/Original Return Unavailable, Copy Requested. Use paragraphs I, and W when corresponding to the taxpayer. Allow 15 days for taxpayer response. Suspend case for 30 days. <p>Note: If you are able to secure the amended return through the Modernized e-File Employee User Portal (EUP), you do not need to contact the person that has the open control.</p>

4.19.13.4.2
(03-02-2018)

**Exam Cases with
Automated
Underreporter (AUR)
Involvement**

- (1) Examiners must check for a TC 922 using command code (CC) TXMOD or IMFOLT **every** time an examination case is handled.
- There will be a TC922 on the taxpayer's account if there is AUR involvement. If no TC922 is posted on the account, then proceed with next action. If there is a TC922 on the account, the corresponding process code(s) will indicate the current status of the AUR exam. Refer to IRM 4.19.3-4, AUR Process Codes, for definitions. Review CC IRPTRO for related payer information. AUR issues may match the Exam issues or there may be additional issues to consider including in the Examination. If AUR has already issued their CP 2000 letter, access Account Management Services (AMS) to review an electronic copy of the letter on the case module.
 - See below for general guidelines for handling open AUR and Examination combination cases:

If process codes indicate:	Then:
AUR open, Statutory Notice of Deficiency (SNOD) not issued.	Give a TXMOD print, with the TC 922 highlighted, and CC IRPTRO print to your work lead. Your work lead will contact the AUR Coordinator for the campus assigned to the case to close the AUR case. Determine the underreported issues to include in the Correspondence Examination and proceed.
AUR open, AUR SNOD issued.	Determine the AUR issues. If the AUR issues are the same or a substantial part of the Correspondence Examination issues, close the Exam case. If there are Exam issues other than those included in the AUR report, suspend action on the Exam case until the TC 922/AUR case closes, then follow AUR closed; assessment made (TC 290) , below.
AUR open, Correspondence Exam SNOD issued.	Exam will not pursue AUR issues identified after the issuance of the Exam Statutory Notice of Deficiency. Give a TXMOD print, with the TC 922 highlighted, and CC IRPTRO print to your work lead. Your work lead will contact the AUR Coordinator for the campus assigned to the case to close the AUR case or suspend action until the Exam case is closed.

- See below for general guidelines for handling closed AUR and open Exam combination cases:

If process codes indicate:	Then:
AUR closed to Campus Exam	Determine underreported or over-claimed issues to be included in the examination and proceed.
AUR closed to Field or Office Audit	Contact Field/Office assignee to coordinate issues and case actions.
AUR closed with no taxpayer contact	Determine underreported or over-claimed issues to be included in the examination and proceed.
AUR closed; assessment made (TC 290)	Identify AUR issues and determine whether to proceed with the examination. If proceeding, update the RGS return setup to include the AUR assessment changes per the adjustment shown on TXMODA and continue with the examination.
AUR closed no change	Identify AUR issues and determine whether to proceed with the examination.
AUR closed to Criminal Investigation or Fraud	If the project code is not defined for CI or Fraud cases, coordinate the examination with Criminal Investigation or Fraud Coordinator prior to contacting taxpayer. If CI or Fraud project code, proceed with examination. See Project Code Search for definitions.
Documented ID Theft Closure	Follow IRM 4.19.13.28.3, Taxpayer Replies, to close the case.

- d. If case details are not covered in general guidelines, consult with your Work Lead. If additional guidance is needed, your Work Lead will contact the applicable **AUR Coordinator** for assistance.

4.19.13.5
(03-06-2023)
**Report Generation
Software (RGS) System**

- (1) For helpful information regarding downloading, new developments, system updates, read me files, etc., refer to the website link *Report Generation Software(RGS) & Correspondence Examination Automation Support (CEAS)*.
- (2) RGS/CEAS is used in the examination process to compute proposed tax adjustments, interest, and penalties. It has three permission levels: Manager, Examiner and Clerk. It generates various forms, letters, and audit reports for mail out to the taxpayer. RGS allows examiners and reviewers the ability to document their actions and findings and store the archived examination results. CEAS notes can be input on individual records to document telephone conversations with taxpayers. It creates numerous reports that can be printed to assist in monitoring inventories, from individual to operation level. The

various types of inventory reports include but are not limited to; weekly receipts, closures, case updates, weekly purges, aged inventory, and discrepancies between AIMS and RGS/CEAS.

- (3) Unattended Case Processing(UCP)/Automated Correspondence Exam(ACE) receive data from the Dependent Database (DDb) and AM424 files to create the RGS/CEAS record in one of the designated RGS/CEAS processing "B" groups. See IRM 4.19.20, Liability Determination, Automated Correspondence Exam (ACE) Processing Overview, for additional information. When UCP/ACE creates the RGS record:
 - In Group B0, the system will systemically compute the tax, generate all the letters and reports needed for printing at the Correspondence Production Services(CPS), create work center files and inventory records. It also stores related history and examination issue data for future population of manually created RGS Case History and Workpaper Reports. Case History and Workpaper Reports are **not** required on cases worked solely through automated means i.e. no-response cases worked through UCP/ACE processing).
 - In Group B1, the system will only create the work center files and inventory records. These cases need to be manually worked on RGS/CEAS by a tax examiner.
 - In Group B2, the system provides all functionality of B0 except CPS mail out. B2 audit reports require a manual review prior to issuing to the taxpayer. After the reports and letters are reviewed, the letters are mailed locally, and the cases are placed into group B0 for aging to the next status.
- (4) A copy of all letters, reports, revised reports, Form 886-A, Explanation of Items, case history and workpaper documents are saved to the RGS/CEAS electronic case file. If the Form 886-A content is written by the examiner to address correspondence received, it should be saved as a separate PDF document and clearly named to identify the letter it was associated with, e.g. 886A for L566 YYYYMMDD.

Note: Workpapers on all cases must be appropriately annotated to include all actions taken on the case. See IRM 4.19.13.6, Workpapers for All Cases.

- (5) To support print reduction, printing of any documents saved to the RGS/CEAS electronic case files should be very limited. Exceptions for printing should only be made when the person/organization needing documents retained on RGS **does not** have access to RGS/CEAS, such as taxpayers, Appeals employees, or as specifically stated in other IRM sections.

4.19.13.6 (09-16-2024) Workpapers for All Cases

- (1) UCP/ACE Processing will store history and examination issue data for cases established in Group B0. This data is stored for population into Case History or Workpaper that can be manually generated in the future. Case History and Workpaper are not required on cases worked through automated means (for example, no response cases worked through UCP/ACE. This also includes cases that are initiated by the Batch Leveraging Process (BLP) team and are introduced to UCP/ACE to continue the Exam process. If the case was established in B0 or introduced to B0 after the initial contact letter was generated and the taxpayer doesn't respond, the RGS/CEAS system will automatically continue to annotate workpapers through the closing process. No manual tax examiner entries to the workpaper are required unless a response is received

from the taxpayer. If the case rejected from UCP/ACE after the initial contact letter and there is an unresolved filter condition that requires the tax examiner to prepare the next letter or close the case, tax examiner manual entries to the workpaper are required.

Note: If the first reply is a signed agreement, in accordance with IRM 4.19.13.11 (3), Taxpayer Replies, this is not considered correspondence; however, research must be annotated on a workpaper (Form 4700) or as a non-action note on CEAS. If you create a workpaper to document research, you must follow the procedures listed below in 2, 3, 4 and 5. A CEAS non-action note is an extra step. Case actions are documented on the case history which is part of the RGS record.

- (2) On all cases where tax examiners must make entries, include the following information:

Step	Action
1.	Taxpayer's name, address, and SSN
2.	Taxpayer's home, work and cell numbers (if available) Note: Only phone numbers that have been provided from the taxpayer as a response to the examination should be updated on IDRS/RGS. DO NOT update IDRS/RGS with phone numbers from supporting documentation which contain contact information.
3.	Address Change (if applicable)
4.	If POA is on file for the taxpayer, annotate the POA's name, address, telephone number, and Centralized Authorization File (CAF) number. If no POA is on file, no annotation is required
5.	Tax year examined
6.	Project Code
7.	Date(s) workpaper prepared
8.	Name of examiner
9.	Standard Employee Identifier (SEID). The SEID must precede the examiner's remarks in the Conclusion section
10.	Issue(s) under examination
11.	Correspondence Received Date
12.	List or summary of correspondence received and date received

Step	Action
13.	On cases where the taxpayer entered an incorrect identifying number on their tax return, such as an SSN, EIN, Vehicle Identification Number (VIN), or any other identifying number that is related to the audit, and the taxpayer has provided the correct number, examiners are to enter the corrected information on the workpapers
14.	Determination and reason for determination based on correspondence and applicable tax law
15.	List additional documentation needed to substantiate the issue(s)
16.	Telephone attempts, see IRM 4.19.13.11.2, Taxpayer Responses - After Status 24
17.	Summary of phone call with taxpayer, including any additional information to be submitted
18.	IDRS/Research conducted
19.	Negligence, Substantial Understatement, or IRC 6676 Erroneous Claim for Refund or Credit penalty conclusion as applicable Note: Include a reference to the applicable penalty lead sheet
20.	Decision and reason to impose or not impose the EITC, CTC/ACTC, Refundable CTC, or AOTC two-year ban on applicable credit disallowances
21.	Consideration of the return-preparer penalty (if applicable). See IRM 4.19.10.7.4, Return Preparer Penalties, for more information
22.	Prior year audit research conducted
23.	Any Additional pertinent information, including 3rd party database research

- (3) Workpaper documentation is extremely important. Good workpaper documentation clearly outlines the actions and decisions of the case. It also will help telephone assistants resolve questions without requesting a call back. Ensure all adjustments are fully explained. Workpapers should show that examiners:
- Developed case appropriately,
 - Performed the applicable tests,
 - Considered fully all factors in making the determinations of an issue, and
 - Applied tax law correctly based on the facts of the case.
- (4) Document any third-party contacts. A record of these contacts will be periodically provided to the taxpayer. Provide this information upon request of the taxpayer.

- (5) For cases worked in RGS, do not print out old reports. There will be no case folder. Annotate the Case History to indicate that a revised report was sent to the taxpayer. Save any revised reports under "Case File Documents". RGS will use the following format: "F_4549-YYYYMMDDTTTT". Do not change the naming convention.

4.19.13.7
(04-06-2022)
Penalties

- (1) The applicability and non-applicability of penalties should be considered and documented whenever an examination adjustment results in a deficiency. This section provides an overview of penalties that require consideration involving an examination, and what actions are needed to support the assertion, non-assertion, or abatement of those penalties.

4.19.13.7.1
(09-16-2024)
Supervisory Approval of Penalties

- (1) In accordance with IRC 6751, Procedural Requirements:
 - a. Each notice of penalty must include the name of the penalty, the IRC section for the penalty, and a computation of the penalty.
 - b. In general, the initial determination to assess the penalty must be personally approved, in writing, by the immediate supervisor of the individual making the initial determination, prior to any written communication of penalties to a taxpayer that offers an opportunity to sign an agreement or consent to assessment or proposal of penalty. See IRM 20.1.1.2.3, Approval Prerequisite to Penalty Assessments. For exceptions to this rule, see IRM 4.19.13.7.1(4), Supervisory Approval of Penalties.

Note: IRC 6751 does not apply to the 2/10-year ban. However, supervisory approval is required for all 2/10-year ban cases as a matter of policy. See IRM 4.19.13.7.1.1, Supervisory Approval of Bans below.

Note: Per IRC 6751(b)(1) Approval is a Prerequisite for assessment of the IRC 6662 Accuracy-Related Penalty, IRC 6676 Erroneous Claim for Refund, and IRC 6663 Fraud Penalty. An acting supervisor with an approved **Form 10247 (Designation to Act)** is considered an immediate supervisor for the purpose of IRC 6751(b)(1). See IRM 20.1.1.2.3(7) and 1.4.40.3.9(1). A properly executed **Form 10247 (Designation to Act)** should be completed and saved in the case file within CEAS at the time the penalty approval form is signed for each case with a penalty being approved.

- (2) Approval shall be made by leaving a CEAS non-action note specifically stating which penalty (including penalty subparts) is approved. In a deficiency case, the CEAS non-action note must be input prior to issuing any written communication of penalties to the taxpayer that offers an opportunity to sign an agreement or consent to assessment or proposal of penalty. See IRM 20.1.1.2.3.1, Timing of Supervisory Approval. If no communication meeting these criteria is sent, then the CEAS non-action note, including the supervisory approval, must be input prior to issuing the Statutory Notice of Deficiency (SNOD) that includes the penalty. Penalties proposed for assessment include, but are not limited to:
 - a. IRC 6662(d) Substantial Understatement Penalty, See IRM 20.1.5.9, IRC 6662 (d) and IRC 6662(b)(2), Substantial Understatement.
 - b. IRC 6662(c), Negligence Penalty See IRM 20.1.5.8, IRC 6662 (c) and IRC 6662(b)(1), Negligence or Disregard of Rules or Regulations.

- c. IRC 6663, Fraud Penalty, See IRM 20.1.5.16, IRC 6663, Civil Fraud Penalty and IRM 4.19.10.2, Fraud Development and Referrals.
 - d. IRC 6676, Erroneous Claim for Refund or Credit Penalty, See IRC 6676(a), IRM 20.1.5.18, and/or IRM 4.19.13.7.2, IRC 6676, Erroneous Claim for Refund or Credit Penalty.
- (3) IRC 6702, Penalties for Frivolous Tax Submissions, require written supervisory approval on Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties.
- (4) The following penalties are excluded from section 6751(b)'s written managerial approval requirement:
 - a. Penalties assessed under IRC 6651, Failure to File/Failure to Pay, and IRC 6654, Failure to Pay Estimated Income Tax, and IRC 6655, Failure by a Corporation to Pay Estimated Income Tax, IRC 6662(b)(9), Increase in Penalty in Case of overstatement of Qualified Charitable Contributions, and IRC 6662(b)(10), Penalty in Case of Disallowance of Deduction by Reason of Section 170(h)(7) are excluded from this requirement.
 - b. Any other penalty automatically calculated through electronic means is also excluded from this requirement.
- (5) Correspondence examination cases in which the Substantial Understatement Penalty is systemically asserted will fall within the exception for penalties automatically calculated through electronic means if the taxpayer does not submit any response to the 30-day letter proposing the penalty. However, if the taxpayer submits a response, written or otherwise, that challenges the penalty, or the amount of tax to which the penalty is attributable, then the immediate supervisor of the IRS employee considering the response must input the CEAS non-action note prior to the employee's first communication to the taxpayer of the penalties that offers an opportunity to sign an agreement or consent to assessment or proposal of the penalty. See IRM 20.1.1.2.3.1, Timing of Supervisory Approval.
- (6) Penalty Lead Sheet Guidance for Supervisors:
 - a. Examiners must annotate the applicable penalty lead sheet to indicate the reasons for the assertion or non-assertion of the penalty, including methods and information utilized to support the conclusion.
 - b. Penalties should not be asserted without an explanation. The explanation must agree with the facts and circumstances of the case. Standard statements are not sufficient. An example, of a standard statement, "negligence penalty deemed not to be applicable" is not sufficient, because it doesn't state the reason it is not applicable.
 - c. Non-assertion of Substantial Understatement Penalty requires written supervisory approval when there is a substantial understatement of tax. See IRM 20.1.5.9, IRC Section 6662(d), Substantial Understatement, for substantial understatement criteria.

Note: A CEAS non-action note must be input to indicate the manager's concurrence regarding the non-assertion of the penalty.
 - d. For more information on penalty lead sheet procedures see IRM 4.19.13.7.3, Penalty Lead Sheet Documentation.

4.19.13.7.1.1
(04-06-2022)

Supervisory Approval of Bans

- (1) A supervisor will indicate their approval by leaving a CEAS non-action note specifically stating which ban is approved. Bans proposed for assessment include:
 - a. EITC 2-year ban, IRC 32(k)(1)(B)(ii)
 - b. EITC 10-year ban, IRC 32(k)(1)(B)(i)
 - c. CTC/ACTC/Refundable, CTC/ODC 2-year ban IRC 24(g)(1)(B)(ii)
 - d. CTC/ACTC/Refundable, CTC/ODC 10-year ban IRC 24(g)(1)(B)(i)
 - e. AOTC 2-year ban, IRC 25A(b)(4)(A)(ii)(II)
 - f. AOTC 10-year ban, IRC 25A(b)(4)(A)(ii)(I)

Note: See IRM 4.19.14.7.1, 2/10 Year Ban Guidelines for Correspondence Examination Technicians (CET), and IRM 20.1.5.3.5, Two- and Ten-Year Bans on Claiming the Earned Income Credit Tax Credit (EITC), Child Tax Credit (CTC), Additional Child Tax Credit (ACTC), and American Opportunity Tax Credit (AOTC).

4.19.13.7.2
(04-06-2022)

IRC 6676, Erroneous Claim for Refund or Credit Penalty

- (1) The IRC 6676 penalty applies when a taxpayer submits a claim for refund or credit of income tax for an excessive amount and reasonable cause does not apply. The penalty is 20 percent of the excessive amount claimed. IRC 6676(b) defines the “excessive amount” as the amount of the claim for refund or credit that exceeds the amount allowable for any taxable year.
- (2) The IRC 6676 penalty should be included on examination deficiency report when determination of the penalty is dependent on the determination of a deficiency. That will be the case only when the taxpayer makes an erroneous claim for refund or credit of a refundable credit and the refund is frozen. The disallowed refundable credit will result in a deficiency, but because the refund is frozen, there will be no underpayment. See IRM 20.1.5.18, IRC 6676, Erroneous Claim for Refund or Credit Penalty.
- (3) Pursuant to IRC 6676(d) the penalty shall not apply to any disallowed portion of the claim for refund or credit that is subject to one of the following:
 - a. Any component of IRC 6662, Accuracy - Related Penalty
 - b. IRC 6662A, Accuracy - Related Penalty on Understatements with Respect to Reportable Transactions
 - c. IRC 6663, Fraud Penalty

Note: See IRM 20.1.5.18.3.1, Coordination with Other Penalties.

- (4) Changes were made to IRC Section 6676 based on the passage of the Protecting Taxpayers from Tax Hikes Act (PATH Act), which are applicable to claims filed after December 18, 2015. The PATH Act:
 - a. Repealed the exception from the IRC 6676 penalty for Earned Income Credit.
 - b. Amended the definition of underpayment to allow refundable credits to reduce the amount of tax shown on the return below zero in calculating the amount of underpayment.
 - c. Changed the standard for penalty relief from “reasonable basis” to “reasonable cause”. See IRM 20.1.5.19.3.4, Reasonable Cause and Good Faith, when evaluating a taxpayer’s response and determining whether to remove the IRC 6676 penalty.

- (5) **For TS Only:** Correspondence examination cases in which the IRC 6676, Erroneous Claim for Refund or Credit Penalty is systemically asserted can fall within the exception for penalties automatically calculated through electronic means. If the taxpayer **does not submit any response** to the 30-day letter proposing the penalty, the penalty will remain and be included in the stat notice (if deficiency procedures apply) and/or the final assessment.
- (6) However, **if the taxpayer submits a response**, written or otherwise, that challenges the penalty, or the amount of tax or excessive refund or credit amount to which the proposed penalty is attributable, then the immediate supervisor of the IRS employee considering the response must input the CEAS non-action note specifically stating which penalty (including penalty subparts) is approved, prior to issuing any written communication that offers the taxpayer and opportunity to:
1. sign an agreement, or
 2. consent to assessment or proposal of penalty

Note: See IRM 4.19.13.7.1(2), Supervisory Approval of Penalties, for information on first communication.

- (7) When the taxpayer submits a response, follow the procedures in the table below:

If	And	Then
The taxpayer's response results in no assessment	the penalty is no longer applicable	Supervisory approval is not needed
The taxpayer's response results in a reduced assessment or remains the same	the penalty is reduced	Supervisory approval is needed (See exception below)
The taxpayer's response does not change the initial proposed assessment	the entire penalty is removed (i.e., reasonable cause relief applies)	Supervisory approval is not needed

Note: Only one supervisory approval for applying the penalty is needed for the duration of the examination. However, if the penalty is removed, then reapplied later in the examination, supervisory approval will need to be obtained again.

4.19.13.7.3
(04-06-2022)
**Penalty Lead Sheet
Documentation**

- (1) To ensure that the IRS applies penalties in a consistent and impartial manner, Exam employees must complete penalty lead sheets on all cases worked through deficiency procedures.
- (2) The penalties most frequently asserted by examiners are:
- a. IRC 6662(c): Negligence or disregard of rules or regulations
 - b. IRC 6662(d): Any substantial understatement of income tax
 - c. IRC 6676: Erroneous claim for refund or credit

- (3) Lead sheets must be prepared:
 - a. With the Status 22 report (if the report was prepared manually),
 - b. With each reply after the Status 22 report, and/or
 - c. Whenever there is an adjustment to the original report.
- (4) The Negligence Penalty must be considered and documented on all cases. If the Substantial Understatement applies, the Negligence penalty should be considered as an alternative position.
- (5) The Substantial Understatement Penalty must be considered on all cases when the understatement exceeds the greater of \$5,000.00 or 10 percent of the tax required to be shown on the return. The substantial understatement lead sheet must be prepared unless listed in paragraph 7 below.
- (6) The Erroneous Claim for Refund Penalty is considered on all cases when a portion of the excessive amount of the claim for refund or credit was frozen but not refunded to the taxpayer, and reasonable cause does not apply.
- (7) Lead sheets are **not** required for cases that are:
 - a. Worked solely through automated means (for example, no-response cases worked through ACE or Batch Leveraging Process).
 - b. No-changed based on examination of the taxpayer's initial response. However, the examiner must note in workpapers that penalties are not applicable due to no-change.

Note: This includes accounts closed due to identity theft determinations.

 - c. Closed Agreed and the taxpayer has not previously submitted a response. If the taxpayer requests an Installment agreement, refer to IRM 4.19.13.11(3), Taxpayer Replies.
- (8) Before completing the lead sheets, examiners must review:
 - a. The taxpayer's prior audit history (research CEAS/IDRS for the previous audit history),
 - b. The proportion of the questioned items in relation to other items on the return, (e.g., the proportion of the taxpayer's income to the items in question), and
 - c. Taxpayer correspondence.
- (9) Only one accuracy-related penalty may be asserted on a portion of an underpayment. When both Substantial Understatement and Negligence penalties apply to a portion of an underpayment, assert the penalty with the strongest position and document the alternative position on a separate lead sheet.
- (10) The Substantial Understatement penalty lead sheet is not required if it does not apply. The Negligence penalty should be considered and documented on the Negligence penalty lead sheet.
- (11) The Erroneous Claim for Refund or Credit penalty shall not apply to any portion of the claim for refund or credit that is subject to accuracy-related penalties.
- (12) On all cases requiring lead sheets, examiners must address the following issues:

- a. **Case Facts:** Update the lead sheet to reflect the facts that support the assertion/non-assertion of the penalty.
- b. **Conclusion:** The following guidelines should be used:

If	Then
The examiner determines that penalties should not be asserted	The conclusion must clearly state why penalties are not appropriate based on the case facts and the applicable penalty standard. General statements, such as “Penalties deemed inapplicable” are not appropriate.
The examiner determines that penalties should be asserted.	The conclusion must clearly state why penalties are appropriate based on the facts and circumstances of the case and the applicable penalty standard.

Note: Lead sheets must clearly explain the examiner's basis for the assertion or non-assertion of accuracy-related penalties.

- c. **Taxpayer Position:** The taxpayer's position must be noted if the taxpayer provides a response to the Exam report and addresses the proposed penalty. If the taxpayer does not address the penalty in a response, the examiner will indicate that as well.

Note: If no penalty is proposed, no entry is required.

4.19.13.7.4
(08-10-2023)

Reasonable Cause/Good Faith Criteria and Penalty Abatements

- (1) Accuracy related/fraud and erroneous claim for refund or credit penalties should not be imposed if the taxpayer can demonstrate that they acted in good faith and that there was reasonable cause for such portion of the underpayment. (Reference: IRC 6664(c), IRC 6676(a), and Treas. Reg. 1.6664-4).
- (2) Reasonable cause and good faith must be considered on a case-by-case basis evaluating all relevant facts and circumstances.
- (3) When determining if reasonable cause applies, the examiner must first determine the efforts that the taxpayer made to file a correct return. Circumstances that may indicate reasonable cause and good faith include:
 - a. An honest misunderstanding of fact or law that is reasonable based on the facts and circumstances.
 - b. An isolated computational error (e.g., reliance on tax preparation software that has been reliable in the past).
 - c. Reliance on an information return or on advice of a professional tax preparer if, under the circumstances, such reliance was reasonable.
Exception: Reliance may not be reasonable or in good faith if the taxpayer knew, or reasonably should have known, that the advisor lacked knowledge in the relevant aspects of tax law.
 - d. The taxpayer's inability to obtain records necessary to determine the amount of tax due, for reasons beyond the taxpayer's control.
 - e. The credibility of the taxpayer's reasons for not determining the correct tax liability.

Note: See Treas. Reg. 1.6664-4, IRM 20.1.5.7.1, Reasonable Cause, and *Exhibit 20.1.5-5*, Determining Reasonable and Good Faith for additional guidance. **This is not all inclusive.**

- (4) The taxpayer's compliance history, including prior audits, may also be useful in determining credibility and whether the taxpayer exercised ordinary business care and prudence in preparing the return. Disallowance for the same or similar issues should be considered when determining whether the taxpayer exercised ordinary business care. The single fact that the taxpayer has never been examined does **not** establish that the taxpayer meets reasonable cause/good faith criteria.
- (5) All taxpayer requests for penalty abatement must:
 - a. Be in writing, and
 - b. Specific to the facts of the case.
- (6) Examiners must consider all penalty abatement requests and determine if the taxpayer meets reasonable cause/good faith criteria. Once determination is made, take the appropriate action below:
 - a. If a determination is made that reasonable cause does apply, follow guidance in IRM 20.1.5.4.3, Penalty Assessments and Abatements.
 - b. If a determination is made that reasonable cause does not apply, follow guidance in IRM 20.1.5.5(5), Post-Assessment Abatement Consideration of Accuracy-Related Penalties.

Note: A full paid Penalty is considered a claim. An unpaid penalty is considered an abatement. See IRM 21.5.3.2, What Are Claims for Credit, Refund and Abatement?, for more information.

Note: Workpapers should not be documented with generic statements such as "Non-assertion (or abatement) of penalty per lead" or "Non-assertion (or abatement) of penalty due to reasonable cause" are not sufficient.

4.19.13.7.5
(08-24-2022)

Additional Information

- (1) For more information on penalties, please refer to:

Penalty Resources
IRM 1.2.1.12.1, Policy Statement 20-1 (Formally P-1-18)
IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief
IRM 20.1.5.4.2, Penalty Assessment and Abatements
IRM 20.1.5.5(5), Post-Assessment Abatement Consideration of Accuracy-Related Penalties
IRM 20.1.5.7.1, Reasonable Cause
IRM 20.1.5.7.2, Taxpayers' Effort to Report the Proper Tax Liability
IRM 20.1.5.7.3, Experience, Knowledge, Sophistication and Education of Taxpayer
IRM 20.1.5.7.4, Reliance on Advice
IRM 20.1.5-5, Determining Reasonable Cause and Good Faith

Penalty Resources
IRM 20.1.5.8, IRC 6662(c) and, Negligence or Disregard of Rules or Regulations
IRM 20.1.5.9, IRC 6662(d), Substantial Understatement
IRM 4.19.10.7.4, Return Preparer Penalties
IRM 4.19.13.3.5, Standard 5 - Penalties Properly Considered
IRM 4.19.13.7.1, Supervisory Approval of Penalties
Treas. Reg. 1.6662-3(b)(1) and (2) - Definitions of Negligence and Disregard of Rules or Regulations
Treas. Reg. 1.6662-4 - Substantial Understatement

4.19.13.8
(04-06-2022)
Initial Contact

- (1) Unless otherwise noted, send an initial contact letter explaining the issue(s) under examination. Take the following steps:
 - If requesting information only, use the appropriate initial contact letter as outlined in the program procedures, or utilize Letter 566-S, Initial Contact.
 - If proposing correction(s) to the account, asking for agreement and/or verification of the issues, use the appropriate letter as outlined in program procedures with a Form 4549, Income Tax Examination Changes.
 - For Taxpayer Digital Communication, refer to IRM 4.19.13.33, Taxpayer Digital Communication (TDC) - Secure Messaging.

Reminder: Ensure appropriate POA/Tax Information Authorization (TIA) contacts are made. Do not include inserts of publications, public notices or blank forms with Letter 937, Transmittal Letter for Power of Attorney. See IRM 4.19.13.9, Power of Attorney and Other Third Party Authorizations, for more information.

- (2) It is imperative the examiner verify if the case was created on Report Generation Software (RGS). If the case is not on RGS, follow the procedures in IRM 4.10.15, RGS, to create the case. After the case file is prepared, the examiner must annotate the actions taken in Case History (For example, type of letter sent, date of letter, time spent working case, and the examiner's initials).
- (3) Suspend action on the case awaiting taxpayer response. The suspense period begins with the date of the initial contact letter. Refer to IRM 4.19.13.2.4, Standard Suspense Periods for Correspondence Examination, for the appropriate suspense period for most letters. See IRM 4.19.16.2.4.1, Claims Contact Procedures, for claims case suspense.

4.19.13.9
(09-16-2024)
Power of Attorney and Other Third-Party Authorizations

- (1) Research to determine if there is a valid Power of Attorney (POA) or Taxpayer Information Authorization (TIA) and Central Authorization File (CAF) number for the tax return under examination. If POA is on file for the taxpayer, annotate the POA's name, address, telephone number, and CAF number on the workpaper. If no POA is on file, no annotation is required.

If	Then
<p>The taxpayer sends a properly executed:</p> <ul style="list-style-type: none"> • Form 2848, Power of Attorney and Declaration of Representative, or • Form 8821, Tax Information Authorization, 	<p>Consult IRM 21.1.3.3, Third Party (POA/TIA/F706) Authentication, paragraph 9, and <i>SERP POA Resources</i> for processing procedures if the POA/TIA is not on the CAF.</p>
<p>The document provided by the taxpayer matches an authorization already on the CAF</p>	<p>Do not fax it for processing:</p> <ul style="list-style-type: none"> • If the case is assigned to you, retain the authorization for the file and update the Form 4700 with the information. • If the case is not assigned to you and the information is not on the Form 4700, Input a CEAS action note with the POA's/TIA's name and address.
<p>A general/durable POA is received without a Form 2848.</p>	<ul style="list-style-type: none"> • Advise the POA to file a Form 2848, (following the proper routing instructions for the form), so that the authorization will post on a Servicewide system. Otherwise, only Exam personnel will have access to the information for the duration of the audit. • Retain the authorization for the file and input a CEAS non-action note with the POA's name and address. If the case is not assigned to you, forward the document to the controlling Exam group.

If	Then
A POA/TIA with the authority to receive notices is on file for the tax return under examination,	<ul style="list-style-type: none"> Update the RGS Contacts section to reflect the POA's/TIA's name, address and other relevant information shown on CAF, CEAS note, or the document in hand. <p>Note: This action must be performed in addition to procedures outlined in IRM 4.19.13.9, Power of Attorney and Other Third Party Authorizations. Otherwise, the name(s) and addresses will not automatically flow to the Letter 937, Transmittal for Power of Attorney, when it is generated.</p> <p>Note: Check the POA box to ensure that the Letter 937, and copy of the correspondence letter is generated to be sent to the authorized POA on file.</p> <ul style="list-style-type: none"> Mail the POA/TIA copies of all correspondence sent to the taxpayer using Letter 937, Transmittal for Power of Attorney, but do not include inserts (e.g., Pub 3498-A, The Examination Process (Audits by Mail), Notice 1462, Important! You Have More Time to File and Pay Your Taxes Due to a Disaster, blank Form 1040-X, Amended U.S. Individual Income Tax Return, etc.) other than the return envelope with the package for mailing as these inserts are readily available to tax professionals. <p>Note: Ensure Letter 937, Transmittal for Power of Attorney, is always saved in Report Generation Software (RGS) Case File Documents when issued to the taxpayer. RGS will prompt users to save Letter 937, when prompted to save Letter 937 to Case File Documents, always select "Yes".</p> <ul style="list-style-type: none"> (Manual cases only) Annotate Form 3198, Special Handling Notice for Examination Case Processing, and check "yes" on the workpapers.
POA/TIA without notice authority is on file for the return under examination,	<ul style="list-style-type: none"> Update the RGS Contacts section to reflect the POA's/TIA's name, address and other relevant information shown on CAF, CEAS note, or the document in hand. Check the box for <i>Not authorized for notices/communications</i>.

- (2) Taxpayers filing joint returns must complete and submit a separate Form 2848, Power of Attorney and Declaration of Representative, to have their POAs recorded on the CAF. The following table provides procedures for documenting POAs for taxpayers filing joint returns.

If	Then	And
A Form 2848 is submitted for one spouse only	Annotate the Batch History section of the workpapers to reflect the POA's name and address Note: If the Batch History section is not available, annotate in the Administrative section.	Indicate the name and the SSN of the spouse that the POA represents.
A separate Form 2848 is submitted for both spouses and both spouses are represented by the same POA	Indicate that the POA represents both spouses.	N/A
A separate Form 2848 is submitted for both spouses and the spouses are represented by different POAs	Indicate the name and the SSN of the respective spouse that each POA represents.	N/A

- (3) A TIA does not grant a third-party appointee the authority to represent a taxpayer before the IRS. A POA can have limited powers as well. It is important to review Form 2848, Form 8821, or the coding on the CAF to ensure the third party's authority is not exceeded. The Third Party Designee (Check Box) authority on the Form 1040, U.S. Individual Income Tax Return, does not apply to compliance issues, including those under examination.

4.19.13.10
(01-01-2014)
**IRC 7602(c)(1) Third
Party Contacts**

- (1) When third party contact is applicable, follow the procedures outlined in IRM 4.10.1.2.1.14, Notification of Third Party Contacts. Use Letter 3164-E to notify the taxpayer when initiating a request for contact with a third party.

4.19.13.11
(01-23-2026)
Taxpayer Replies

- (1) Examiner should perform first read screening on all taxpayer responses within two workdays of case assignment. Review all receipts for Frivolous submissions, see IRM 25.25.10.2, Identification of Frivolous Submissions. If the taxpayer's reply is identified as a frivolous submission, see IRM 25.25.10.3, Referrals to Frivolous Return Program, for more information.
- (2) An Interim letter will generate on all cases when AIMS is updated to a mail status, 54, 55, 57 or 24 (with a Correspondence Received Date). See IRM 4.19.13.12, Monitoring Overage Replies, for more information. For Taxpayer Digital Communication (TDC) cases, refer to IRM 4.19.13.33.3, Deviations from Standard Procedures on TDC Cases.

- (3) A signed agreement (including an agreement with an installment agreement (IA) request enclosed) is not considered correspondence. Use the following guidelines:

If	Then
<p>Taxpayer submits a signed agreement (A signature on the designated line of the report or placed on the report indicates agreement)</p> <p>Note: If the taxpayer attaches documentation to the signed report, the case should not be worked as a signed agreed. Update the case to a mail status and work accordingly.</p>	<ul style="list-style-type: none"> • For pre 90-day cases, update RGS and AIMS to status 51. • For post 90-day cases, update RGS to status 51. Do not update AIMS. • For both pre and post 90-day cases, follow IRM 4.19.13.30, Campus Exam Closing Actions. If working a Taxpayer Digital Communication (TDC) case, refer to IRM 4.19.13.33.3 Deviations from Standard Procedures on TDC cases.
<p>Taxpayer agrees with deficiency and requests an installment agreement, checks that they can pay within 120 days or states that they are unable to pay the proposed tax.</p>	<p>Document the taxpayer's request for an installment agreement, 120-day payment extension or the taxpayer's statement that they are unable to pay the tax. Forward the installment agreement, or other document requesting an installment agreement and a copy of the proposed examination report Form 4549, Income Tax Examination Changes to Compliance Service Collection Operation (CSCO).</p> <p>Note: Digitized installment agreement requests should be efaxed to CSCO. Use the efax numbers on <i>Service Center Addresses for Collection Operations</i> and route according to the BOD CD and address on ENMOD.</p>

Reminder: For pre and post 90-day cases with a joint return, both signatures must be secured to close the case agreed. If on a pre 90-day case the deficiency has been full paid, no signature is required and the case should be closed following IRM 4.38.1.7.3.1.18.3, Payment in Lieu.

Note: See IRM 4.19.13.13, No Response Cases, if a payment is received after a 90-day letter is issued but no signed agreement is received from the taxpayer.

(4) All replies should be worked consistently using the following guidelines:

If	Then
Taxpayer asks a question, or the information requested is not case related	Make a photocopy, mark area with the question or request and route to adjustment correspondence.
The case should be referred to the Taxpayer Advocate Service (TAS)	See IRM 4.19.13.26, Taxpayer Advocate Service (TAS) Procedures.
A Form 911, Request for taxpayer Advocate service Assistance (And Application for Taxpayer Assistance Order, is received from the taxpayer	Expedite the form to the TAS Office in the Campus.
The taxpayer submits a completed Form 12203, Request for Appeals Review	Refer to IRM 4.19.13.17, Appeals - Non-Docketed Cases, for additional requirements and tracking procedures. Note: TS only -Transfer case to Appeals within 30 days of the Exam received date.
A Form 14039, Identity Theft Affidavit, is received or attached with other documents from the taxpayer	Associate with case file and assign to tax examiner for priority ID theft processing. See IRM 4.19.13.28, Campus Exam Identity Theft.
Reply relates to case	Associate replies with case file within five business days of receipt in the Operation and update AIMS to correct Status Code, 54, 55, or 57, or add the Correspondence Received Date to Status 24 cases. Use the appropriate forms and follow special handling procedures.

If	Then
Reply is 30 days old or older	Acknowledgment letter is sent advising taxpayer reply received (every effort must be made to respond within 30 days). During peak periods, TS and SB/SE HQ will analyze mail volumes to determine the number of days that will be used in the acknowledgement letter advising when to expect a response from Exam. See IRM 4.19.13.12.1, CP 3500, Interim Notice, When Additional Time to Reply is Needed. Note: For TDC cases, refer to IRM 4.19.13.33.3, Deviations from Standard Procedures on TDC Cases.
Reply needs technical assistance or evaluation of records sent by taxpayer	Assign to tax examiner on first in first out basis with frozen refunds taking priority.
Taxpayer requests correction with no remittance	Issue Letter 692-M or Letter 692-T, Request for Information on Additional Findings, and revised report, if necessary.
Remittance is attached to reply and was not deposited by Receipt and Control Branch with a TC 640	Follow instructions in the IRM 3.8.46, Discovered Remittance.
Request is for additional explanation	Forward to tax examiner to prepare correspondence to taxpayer (attempt to reach taxpayer by telephone if the number has been provided or can be found on ENMOD).
Reply contains explanation of items questioned	Analyze information provided and process accordingly.
Documents received from the taxpayer are original documents	Photocopy the documents for the case file and return the original documents to the taxpayer.
Taxpayer states they were audited previously	Refer to IRM 4.19.13.11.9, Repetitive Audits.

Reminder: If a taxpayer replies with insufficient documentation after the IRS sent an audit report, the examiner should attempt to contact the taxpayer by telephone. If working a Taxpayer Digital Communications (TDC) case, a

phone call is not required. See IRM 4.19.13.33.3, Deviations from Standard Telephone Procedures on TDC Cases. When making or receiving phone calls, technicians must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer and to prevent unauthorized disclosure of tax information. If additional guidance is needed, refer to IRM 4.19.13.11.1, Taxpayer Responses - Prior to Status 24.

Note: The examiner should advise the taxpayer of the deadline to submit a request for an IRS appeals hearing in all contacts to ensure the taxpayer's right to an appeals hearing is protected.

- (5) SB/SE and TS Campus examiners should use the appropriate codes on Form 5344 when processing installment agreements. Use "C" when an installment agreement has been received and needs to be forwarded to Collections. Use "N" if no installment agreement is submitted.

4.19.13.11.1
(09-16-2024)

**Taxpayer Responses —
Prior to Status 24**

- (1) Please see the "If And Then" Chart below on how to work the taxpayer responses. See IRM 4.19.13.2.4, Standard Suspense Periods for Correspondence Examination, for suspension periods applicable to the various statuses and time frames for issuing letters/notices.
- (2) Attempt to contact the taxpayer or authorized Power of Attorney (POA) by telephone when the information provided is insufficient, and an audit report has been sent. The POA must be contacted in lieu of the taxpayer when a valid POA is present. Explain why the information sent is not sufficient and what is still needed. Document phone call in workpapers. The documentation should include the date, time and outcome of the phone call. The outcome would state whether or not the attempt to contact the taxpayer was successful/unsuccessful. If the attempt was successful, a brief synopsis of the phone call would be sufficient. If the attempt was unsuccessful, it should be recorded as well. Refer to note at end of IRM 4.19.13.11, Taxpayer Replies, for information concerning taxpayer appeals hearing rights.

Note: If working a TDC case, a telephone call is not required. Refer to IRM 4.19.13.33.3, Deviations from Standard Procedures on TDC Cases.

Note: Send a copy of any letter mailed to the taxpayer to the taxpayer's authorized POA or representative on file.

Note: If the correspondence received date is prior to letter date shown on the Letter 525, it will be considered a reply to a letter without an audit report.

- (3) Refer to the table below for guidelines for working taxpayer responses when additional information is needed prior to status 24:

Note: Refer to the *Form 886-A Responses to Taxpayers* on SERP for guidance on completing the Form 886-A.

If	And	Then
<p>Taxpayer or Power of Attorney contacts us by phone or replies to any initial contact letter in which the audit report, Form 4549, was not issued with the letter.</p> <p>Note: Case was in prior Status 10 or Below</p>	<p>Additional information is needed since you cannot No Change the case based on the documents provided.</p> <ul style="list-style-type: none"> Taxpayer agrees to all issues by telephone or correspondence 	<ul style="list-style-type: none"> Send Letter 525/Letter 525-T with a Form 4549, <i>Income Tax Examination Changes</i>. State the "Correspondence Received Date" in the body of the Form 886-A, while acknowledging taxpayer reply. <ul style="list-style-type: none"> Explain to the taxpayer why the information is insufficient and what information is still needed. Explain to the taxpayer what is needed to close out the examination as agreed and that the taxpayer needs to return the audit report with the appropriate signatures. Update case to Status 22.
<p>Taxpayer replies to a letter where an audit report, Form 4549, was issued</p> <p>Note: Case was in prior Status 22</p>	<p>Additional information is needed and the report is revised</p>	<ul style="list-style-type: none"> Send Letter 692/Letter 692-T with revised report, Form 4549. Tell taxpayer why the information received is insufficient and what is still needed. <ul style="list-style-type: none"> Update case to Status 23. <p>Note: If 1040X received -Refer to <i>Form 1040-X Received During an Open Examination</i>.</p>
<p>Taxpayer replies to a letter where an audit report was issued</p> <p>Note: Case was in prior Status 22 and three options are available.</p>	<p>Additional information is needed and the report is not revised</p> <ul style="list-style-type: none"> Telephone attempts are unsuccessful 	<ul style="list-style-type: none"> Send the appropriate Letter 692/ Letter 692-T with a copy of the original report, Form 4549. State the "Correspondence Received Date" in the body of the Form 886-A, while acknowledging taxpayer reply. Explain to the taxpayer why the information received is insufficient and what information is still needed. Update case to Status 25.
<p>Taxpayer replies to a letter where an audit report was issued</p> <p>Note: Case was in prior Status 22 and three options are available.</p>	<p>You successfully reach the taxpayer by telephone and</p> <ul style="list-style-type: none"> Inform the taxpayer what items are still needed, and Explain why the information received was not sufficient. 	<ul style="list-style-type: none"> Update the case to Status 25. Negotiate with the taxpayer to agree on a mutually acceptable date by which the taxpayer will send the additional documentation. Document the conversation with the taxpayer in the workpapers. <p>Note: Do not send Letter 692-M/Letter 692-T or a copy of the report.</p> <ul style="list-style-type: none"> Update the case to Status 25.

If	And	Then
<p>Taxpayer replies to a letter where an audit report was issued</p> <p>Note: Case was in prior Status 22 and three options are available.</p>	<p>Additional Information is not required because the taxpayer does not qualify, or they state that they cannot provide additional records.</p>	<ul style="list-style-type: none"> • Prepare Form 886-A, Explanation of Items, which will be included with the Notice of Deficiency letter • Be sure to include the following verbiage on the Form 886-A, Explanation of Items "Thank you for your information received on (Correspondence Received Date). After a review of your documents, we are unable to change our prior determination". Explain the reason why you could not change the determination. If you agree, please sign Form 4549. • Complete Form 886A, and attach to Form 4549, for manual Statutory Notice of Deficiency (SNOD). • Send the case for SNOD (90-day) letter. • Update status per local guidelines. .
<p>Taxpayer replies to the Letter 692-M/ Letter 692-T with inadequate documentation</p> <p>Note: Case was in prior Status 23 or 25</p>	<ul style="list-style-type: none"> • Telephone attempts are unsuccessful or • Telephone attempts are successful, and the information received is insufficient 	<ul style="list-style-type: none"> • Send the case for a SNOD (90-day) letter • Be sure to include the following verbiage on the Form 886-A (which will be included with the Notice of Deficiency letter): <i>"Thank you for your information received on (Correspondence Received Date). After a review of your documents, we are unable to change our prior determination."</i> Explain the reason why you could not change the determination. • Update status per local guidelines.
<p>Taxpayer replies to the Letter 692-M/ Letter 692-T</p>	<p>The response allows the report to be adjusted</p>	<p>Issue a new Letter 692-M/Letter 692-T with a revised report.</p> <p>Note: If less than 45 days remain on the ASER, do not issue a new Letter 692. Issue a SNOD (90-day) letter. On the Form 886-A, inform the taxpayer of the items adjusted and the reasons that you could not accept the return as filed.</p>

4.19.13.11.2
(09-16-2024)

**Taxpayer Responses -
After Status 24**

- (1) Once cases are in Status 24, they should not be updated and should remain in Status 24 on AIMS.
- (2) Please see the table below on how to work taxpayer responses after the 90-day letter has been sent.

Note: If working a Taxpayer Digital Communications (TDC) case, a telephone call is not required, Refer to IRM 4.19.13.33.3, Deviations from Standard Procedures, on TDC cases.

If	And	Then
<p>Taxpayer replies after 90-day letter was issued</p> <p>Note: Case was in Status 24 and SNOD was issued</p>	<p>Additional information is needed, attempts to reach the taxpayer by telephone are unsuccessful</p>	<ul style="list-style-type: none"> • Send Letter 555. • Explain to the taxpayer specifically why the report is unchanged (e.g., The school records you sent are not for the year in question, i.e., 2017). • Include this paragraph on Form 886-A, Explanation of Items, with Letter 555 and a copy of the report, "A notice of deficiency was issued to you, which provides a deadline for petitioning the U.S. Tax Court. You may continue to work with us to resolve your tax matter, but we cannot extend your time to petition the U.S. Tax Court". We will consider any new information you provide in processing your case. <p>Note: Do not change Status 24 letter date or suspense date, just remove correspondence date and refile.</p>
<p>Taxpayer replies after 90-day letter and 90-day period to petition has elapsed</p> <p>Note: Case is in Status 24 and SNOD was issued</p>	<p>Additional information is needed, attempts to reach the taxpayer by telephone are unsuccessful</p>	<ul style="list-style-type: none"> • Send Letter 555. • Explain to the taxpayer specifically why the report is unchanged (e.g., The school records you sent are not for the year in question, i.e., 2024). • Include the following paragraph: "A notice of deficiency was issued to you, which provided a deadline for petitioning the U.S. Tax Court. Your time to petition the United States Tax Court expired." However, if new information is submitted, we will re-evaluate our determination accordingly. • Prepare case to close default with the appropriate Disposal and Technique Codes the day after the suspense date. <p>Note: Do not change Status 24 letter date or suspense date, just remove the correspondence date.</p>

4.19.13.11.3
(02-09-2018)
Evaluating Taxpayer Responses

- (1) Evaluate the taxpayer's written correspondence and take the next action as soon as possible. If unable to do this in 30 days, initiate interim letter.
- (2) Judgment must be used based on the facts and circumstances in each case to make a proper substantially correct determination. Workpapers must contain all determinations, facts and circumstances, pertaining to the case obtained either

by telephone or written correspondence. Caution must be used when leaving messages on taxpayer answering machines or using cell phones. See IRM 10.5.1.6.7.2, Answering Machines/Voice Mail, and IRM 10.5.1.6.7.1, Cell Phones and Cordless Devices, for more detailed information.

- (3) If submitted documentation is not sufficient, an audit report has been sent and a phone number is available, call the taxpayer and clearly explain what documentation they need to submit. However, if the attempt to reach the taxpayer by telephone is unsuccessful, send the request for additional information letter.
- (4) All telephone contacts must be recorded in the case workpapers when the case is currently assigned on CEAS to the examiner receiving or making the call. If the case is not assigned to the phone assistant, they will record the call in CEAS notes. This allows all employees access to the case information if the taxpayer writes or calls back. See IRM 4.19.19.4, CEAS Notes.
- (5) Telephone contacts should be made at appropriate times. If a case is being worked before 8:00 a.m. or after 9:00 p.m., local time at the taxpayer's location, the case should be left for a daytime telephone call.

Note: Update ENMOD to reflect the changes in the taxpayer's phone number. Phone numbers that have been provided from the taxpayer as a response to the examination should be updated in IDRS/RGS. **DO NOT** update IDRS/RGS with phone numbers from supporting documentation which contain contact information.

- (6) See IRM 4.19.13.26, Taxpayer Advocate Service (TAS) Procedures, for additional information.
- (7) If a Form 911, Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), is received from the taxpayer, expedite the form to the TAS Office in the Campus.

4.19.13.11.4
(07-30-2020)
Fax Signatures

- (1) The Tax Administration Council (TAC) approved the expanded use of faxes for receiving information and documents from taxpayers and practitioners. The changes are aimed at reducing taxpayer/practitioner burden as well as reducing the time it takes to resolve taxpayer cases and inquiries. The receipt of faxes should not require any significant changes to how the IRS handles open cases with taxpayers. It was intended as another means to receive case information.
- (2) 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.
- (3) Filing of original tax returns via fax will be allowed only as part of a return perfection process (e.g., securing missing schedule or missing signature) initiated by the IRS or in the post-filing/non-filing activities.
- (4) This allowance applies to inquiries and interactions conducted by Field Assistance, Accounts Management, Compliance Services, Field Examination, Field Collection, Determinations Units, Appeals, and the Taxpayer Advocate Service. Documentation, forms, letters, and returns can be received via fax in these circumstances even if a taxpayer signature is required, because faxed signatures are legally sufficient.

- (5) The IRS will not acknowledge faxes received from taxpayers in the course of tax administration activities by a return fax. Exceptions can be made in unusual circumstances as determined by IRS management.
- (6) Submission of documentation, forms, letters, and returns related to post filing/non-filing inquiries and interactions can be allowed via fax based on taxpayer or IRS request unless there is a specific prohibition. Examples of documents that can be provided by fax in routine operations include:
 - Form 2848, Power of Attorney and Declaration of Representative.
 - Form 8821, Tax Information Authorization.
 - Form 2553, Election by a Small Business Corporation.
 - Appeals Conference Requests.
 - Responses/documentation needed to resolve filing or post-filing questions or correspondence.

4.19.13.11.5
(02-09-2018)
**Specific Guidance on
Use of Faxes in Tax
Administration
Processes**

- (1) The following documents/forms/letters can be accepted by fax if contact has been made with the taxpayer by phone or in-person, if the taxpayer history file is documented with the date of the contact, and if notation is made that the taxpayer wishes to send the documentation/form/letter by fax:
 - Form 8857, Request for Innocent Spouse Relief.
 - Form 3911, Taxpayer Statement Regarding Refund.
 - Form 433-D, Installment Agreement.
 - Letter to designate a payment.
 - Letter to request non-assertion of penalty.
 - Letter to provide reasonable cause statement.
 - Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund.
 - Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund.
 - Form 945-X, Adjusted Annual Return of Withheld Federal Income Tax or Claim for Refund.
 - Form CT-1X, Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund.
 - Form 2553, Election by a Small Business Corporation.
- (2) If taxpayer contact has been made and the case history documents the date of contact and the desire of the taxpayer to send the consent by fax, the IRS can accept by fax:
 - a. Consents to assess additional tax (Form 4549, Income Tax Examination Changes Form 870, Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and Acceptance of Overassessment, and others) involving **any** amount of tax
 - b. Taxpayer closing agreements involving **any** amount of tax
 - c. Consents to extend the statute of limitations for assessing tax (Form 872, Consent to Extend the Time to Assess Tax, Form SS-10, Consent to Extend the Time to Assess Employment Taxes, and other consent forms)

Note: Faxed Agreements require an entry on Form 5344, Examination Closing Record, Page 2, Item 416.

- (3) Employee Plan and Exempt Organization determination letter applications will not be accepted via fax.

4.19.13.11.6
(01-23-2026)

**Correspondence or
Return Received on
Closed Examinations
Not Meeting Audit
Reconsideration Criteria**

- (1) All correspondence or returns received from taxpayers after case closure, that do not meet audit reconsideration criteria, must be evaluated within 5 business days of receipt in the Operation. See IRM 4.13.1.2.1, Criteria for Reconsideration for more information. This correspondence may consist of:

- Closed case mail/return, which is date stamped prior to the case being closed or the mail was received and stamped within seven calendar days of the Exam closing.
- Closed cases which show the assessment as full paid.
- A closed claim examination including responses to Letter 105-C / Letter 106-C.
- A closed examination with a Stand Alone Accuracy Penalty Abatement request, refer to IRM 4.19.13.7.4, Reasonable Cause/Good Faith Criteria and Penalty Abatements.

Reminder: These procedures are for working correspondence. Processable claims will continue to be forwarded to Accounts Management for processing per IRM 21.5.3.4, General Claims Procedures.

Note: Make a referral to Appeals Account Resolution Specialists (AARS) if the correspondence relates to a case closed in Appeals and if the Appeals determination was not implemented or there was an error involving the implementation. Substantiation of the Appeals determination includes, but is not limited to, any decision reflected in the Notice of Determination, Settlement Agreement, Tax Court decision, Appeals Case Memorandum, Summary Notice of Determination and Waiver of Right to Judicial Review, Form 12257, and Withdrawal and acknowledgment letter, Form 12256 Withdrawal of Request for Collection Due Process or Equivalent Hearing. AARS will not be available to address questions or complaints with the Appeals determination. See IRM 8.1.9.2, AARS Closed Case Referrals, paragraph (1).

- (2) Closed case responses not meeting Reconsideration criteria must be worked within 14 calendar days of assignment.
- (3) If the response cannot be worked within 14 calendar days, input a STAUP for six cycles to delay notices from being systemically issued.

Note: Ensure that all of these type of responses have an open control base on IDRS using Category Code "MISC" for monitoring purposes.

- (4) The following table provides procedures for replies that have been scanned through the Correspondence Imaging Inventory (CII).

If	Then
The receiving campus is knowledgeable in working the applicable program	The reply will be retained and worked in the receiving campus.
The receiving campus is not knowledgeable in working the program	The reply will be forwarded to the originating campus.

4.19.13.11.6.1
(08-10-2023)

**Replies Received as
Closed Case Mail**

- (1) Use the following procedures for Closed case mail/return, which is date stamped prior to the case being closed or received and stamped within seven days of the Exam closing:

If	Then
Taxpayer submitted documents already considered	<ol style="list-style-type: none"> 1. Send Letter 4306, Reply to Closed Correspondence Examination Mail, using Check Box 2 to inform taxpayer the information provided does not change the previous determination. File documents and copy of Letter 4306 with TC 300 DLN. 2. Input CEAS non-action note indicating records were previously considered and the Letter 4306 was sent to the taxpayer.
The reply is an agreement	<ol style="list-style-type: none"> 1. Forward signed report to be associated with TC 300 DLN. 2. Input CEAS non-action note that agreement was received after case was closed.
Taxpayer submits new documents that were not previously considered during the examination but do not change our determination	<ol style="list-style-type: none"> 1. Input TC 29X 00 and attach documents to be filed. 2. Send Letter 4306, Reply to Closed Correspondence Examination Mail, disallowing the additional information. Explain in open paragraph that new information received relating to the examination did not change our determination and their case is now closed. 3. Input CEAS non-action note documenting actions, documents received and decision. <p>Note: Input 971 Action Code 561 to indicate disallowed in full.</p>

If	Then
Taxpayer submits new information that results in an abatement of the TC 300.	<ol style="list-style-type: none"> 1. Pull original return from CEAS archive. Answer "No" to question, "Is this an Audit Recon?" so case will be set up in Status 7000. Notate workpapers of response, documents received and allowed issues. 2. Send taxpayer Letter 4306, Reply to Closed Correspondence Examination Mail and use the open paragraph to explain that we have adjusted your account to reflect the original tax, including any amendments, reported on your (tax year) tax return based on information received on MM/DD/YYYY. 3. Input TC 29X to abate the TC 300 assessment. Use appropriate IMF Reason Codes for issues adjusted. 4. Update CEAS Status to 7020 and re-archive when closing case. <p>Note: Input 971 Action Code 563 to indicate allowed in full.</p> <p>Note: Recon Reason Codes must not be selected for closed mail processing.</p>

If	Then
Taxpayer submits documents that partially change the determination of the previous assessment	<ol style="list-style-type: none"> 1. Pull original return from CEAS archive. Answer "No" to question, "Is this an Audit Recon?" so case will be set up in Status 7000. Notate workpapers of response and allowed issues. Generate a report for the partial adjustment as "No Signature Necessary". Forward to taxpayer using Letter 4306, Check Box 1. 2. Input TC 290 showing change and documents to be filed. 3. Update CEAS Status to 7021 and re-archive when closing case. <p>Note: Input 971 Action Code 562 to indicate partially disallowed.</p>

Note: Recon Reason Codes must not be selected for closed mail processing.

4.19.13.11.6.2
(08-10-2023)

**Replies Received on Full
Paid Examination
Assessments**

- (1) Use the following procedures for processing replies received on full paid examination assessments:

If	Then
Taxpayer submitted documents already considered	<ol style="list-style-type: none"> 1. Send Letter 4306 using Check Box 2 to inform taxpayer the information provided does not change the previous determination. File documents and Letter 4306 with TC 300 DLN. 2. Input CEAS non-action note indicating records were previously considered and the Letter 4306 was sent to the taxpayer.
The reply is an agreement	<ol style="list-style-type: none"> 1. Forward signed report to be associated with TC 300 DLN. 2. Input CEAS non-action note that agreement was received after case was closed.

If	Then
Taxpayer submits new documents that were not previously considered during the examination but does not change our determination	<ol style="list-style-type: none"> 1. Input TC 290 .00 and attach documents to be filed. 2. Send Letter 105-C disallowing the additional information with Appeal Rights and Rights to File Suit. Explain in open paragraph that new information received relating to the examination did not change our determination and the case is now closed. 3. Input CEAS non-action note documenting actions, documents received and decision.
Taxpayer submits new information that results in an abatement of the TC 300	<ol style="list-style-type: none"> 1. Pull original return from CEAS archive. Answer "No" to question, "Is this an Audit Recon?" so case will be set up in Status 7000. Notate workpapers of response, documents received and allowed issues. 2. Input TC 29X to abate the TC 300 assessment. Use appropriate IMF Reason Codes for issues adjusted. The TC 29X will generate a MF notice to the taxpayer with explanations based on the IMF Reason Codes selected. 3. Update CEAS Status to 7024 and re-archive when closing case.

If	Then
Taxpayer submits documents that partially change the determination of the previous assessment	<ol style="list-style-type: none"> 1. Pull original return from CEAS archive. Answer "No" to question, "Is this an Audit Recon?" so case will be set up in Status 7000. Notate workpapers of response and allowed issues. Generate a report for the partial adjustment as "No Signature Necessary". Forward to taxpayer using Letter 4306, Check Box 1. Update CEAS Status to 7025. 2. Input TC 29X reflecting the change and associate documents. 3. Obtain current research via CC SUMRY. Input Hold Code 2 if the module reflects a pending balance due. 4. Send Letter 106-C with Appeal Rights and the Right to File Suit. All claim disallowance letters should include a paragraph explaining the right to request an appeal if they disagree with an IRS determination. In addition, all claim disallowance letters should include a paragraph explaining the right to file suit. The taxpayer has the right to be informed that they have 2 years from the date of the claim disallowance to file suit under IRC Sec. 6532 and to also be informed that a refund or credit cannot be made after the end of the 2-year period unless a suit is filed during this time.

Note: Recon Reason Codes must not be selected for closed mail processing.

4.19.13.11.6.3
(04-06-2022)

**Replies Received on
Closed Claims, Including
to Letter 105C / Letter
106C**

- (1) The issuance of a statutory notice of claim disallowance, or the receipt of the Form 2297, Waiver of Statutory Notification of Claim Disallowance, starts the two-year period in which the taxpayer can file suit in court for payment of a denied requested refund. Under IRC 6532(a)(2), the period of limitations for filing suit on a disallowed claim may be extended by the filing of Form 907, Agreement to Extend the Time to Bring Suit.
 - Under IRC 6532(a)(2), the period of limitations for filing suit on a disallowed claim may be extended by the filing of Form 907. If a Form 907 is received for the claim being worked, follow procedures in IRM 8.7.7.3.3 Form 907, Agreement to Extend the Time to Bring Suit.
 - **For SB/SE Only:** Per SB/SE Delegation Order 1-23-24, a Program Manager or Department Manager in a Correspondence Exam operation is authorized to sign Form 907 to extend the time for filing suit. See IRM 1.2.65.3.9, SB/SE 1-23-24, Authority to Sign Agreements to Extend the Running of the Period of Time to Bring Suit.
- (2) Replies received on closed claim examinations do not meet Audit Reconsideration criteria. These replies must also be evaluated using the following procedures:

If	Then
Taxpayer submits new documentation on a previously disallowed claim that changes our determination to allow the claim in full	<ol style="list-style-type: none"> 1. Pull original return from CEAS archive. Answer "No" to question, "Is this an Audit Recon?" so case will be set up in Status 7000. Notate workpapers of response and allowed issues. Update CEAS Status 7031. 2. Input TC 29X for claim amount. 3. Input IMF Reason Codes for the allowed claim issue(s). The TC 29X will generate a MF notice with explanations based on the IMF Reason Codes selected. <p>Note: Recon Reason Codes must not be selected for closed claim processing.</p>

If	Then
Taxpayer submits new documentation on a previously disallowed claim that supports a partial allowance of the claim	<ol style="list-style-type: none"> 1. Pull original return from CEAS archive. Answer "No" to question, "Is this an Audit Recon?" so case will be set up in Status 7000. Notate workpapers of response and allowed issues. Generate a report for the partial adjustment as "No Signature Necessary". Forward to taxpayer using Letter 4306 Check Box 1. 2. Input TC 29X showing change and documents to be filed. 3. Update CEAS Status to 7025 and re-archive when closing case.
Taxpayer submits documentation that doesn't change the determination after a Letter 105-C/Letter 106-C has been issued	<ol style="list-style-type: none"> 1. Send Letter 4306, Reply to Closed Correspondence Examination Mail, using Check Box 3. 2. Input CEAS non-action note documenting the actions, documents received and decision.

4.19.13.11.6.4
(07-30-2020)

Additional Information

- (1) CEAS Status Code definitions used for the above procedures are as follows:

Status Code	Definition
Status 7000	Pulled back from Archive
Status 7020	Closed case mail processed with a full TC 300 Abatement
Status 7021	Closed case mail processed with partial TC 300 Abatement
Status 7024	Closed with a full TC 300 Abatement
Status 7025	Closed with a partial TC 300 Abatement
Status 7031	Closed claims (including response to 105C/106C letters).

- (2) For TS Campuses, charge time for EITC to 710/720 – 93600, and for Discretionary to 710/720 – 93400. For Small Business/Self-Employed (SB/SE) Campuses, charge time for EITC to 91695, for Discretionary to 91385, and for Substitute For Return to 91955.

- (3) Use WP&C to drop volumes for receipts and closures per OFP Code.

4.19.13.11.7
(04-06-2022)
**Taxpayer Requests
Additional Time to
Respond**

- (1) Letter 686-B, Response to Taxpayer Request for Extension of Time to Reply, has been created for SB/SE Campuses only, to respond to the taxpayer when they request an extension of time during the audit process. This letter must be sent within three business days of an examiner identifying the document as a request to extend the response timeframe; the letter must state request for extension. Letter 686-B must indicate whether the extension has been granted or denied. SB/SE phone scripts have been updated to give the taxpayer the option of mailing or faxing their extension request.

Note: Mailed or faxed extension requests will be handled as a reply and worked accordingly with RGS case file updated (For example, Workpapers and Letters saved to case file documents). For only the first extension request made that is not currently in 90-day status or within 180 days ASED, the only required case documentation is to leave a Non-Action CEAS note which would state first extension request granted to (new response date). Save Letter 686-B to case file documents. Send Letter 686-B to the taxpayer. For TDC cases, see IRM 4.19.13.33.3, Deviation From Standard Procedures on TDC cases.

- (2) If a taxpayer requests additional time to submit requested documentation, the taxpayer will be automatically granted an **additional** 30 days on the first request (from the original response due date shown on Letter 566-S/Letter 566-T, or Letter 525/Letter 525-T, except for requests made after the 90 Day letter).

Exception: If there are 180 days or less before the Statute of Limitations expires on the case, no extension will be granted, unless Taxpayer agrees to extend the Statute of Limitations, and facts in the case warrant an extension.

Note: See IRM 25.6.22.2.1, Assessment Statute Extension, and IRM 4.19.13.17, Transfer to Appeals- Non-Docketed Cases and IRM 4.19.13.18, Transfer to Appeals - Docketed Cases. See IRM 4.19.15.45.8.1, Common Correspondence and Telephone Inquiries, for extension requests involving Non-Filer cases.

- (3) For SB/SE examiners only, Letter 686-B will be sent each time the taxpayer requests an extension regardless of whether the extension request was granted or denied. When an extension is granted, update the case to the previous status and the Aging Reason Code to **008**. Workpapers (Form 4700) must also be updated for ALL extension requests (written, faxed, or verbally made).
- (4) If subsequent time extensions are requested, judgment should be used based on the facts and circumstances for the individual case.

Note: Cases where the SNOD has been issued, the taxpayer **must be informed** that the extension is to submit additional documentation and **will not extend** the time to petition Tax Court.

- (5) If the request is made via a telephone call, a CEAS Action Note will be input to reflect that an extension to respond has been requested. The campus where the audit is being worked will address the request (For example, approval/

denial) and send Letter 686-B within three business days of the Action Note. For further information, refer to IRM 4.19.19.4.1, CEAS Action Notes.

Note: When making or receiving phone calls, technicians must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer and to prevent unauthorized disclosure of tax information.

- (6) The appropriate amount of extension time will be added to the end of the response due date. This date will be input on Letter 686-B under "Response Due Date".

Note: The Response Due Date will be different than the internal Suspense Date. Remember the taxpayer is asking for time to be added on to the Response Date shown on the letter they received. When we grant them 30 days, we are granting them 30 additional days to **that** response date.

- (7) If the suspense period has expired but the case has not yet been processed to the next status, back the case down if possible (For example, if the next letter has not been issued or triggered to CPS), when granting the extension and send Letter 686-B.
- (8) If it is not possible to back the case down (For example, next letter has already been triggered to CPS), send the Letter 686-B to inform the taxpayer that the extension cannot be granted and why. Every effort should be made to accommodate the taxpayer's request.
- (9) An extension request can be classified in 3 ways and worked accordingly:
- Correspondence requesting Extension "**Only**".
 - Correspondence requesting Extension "**With**" other attachments (For example, Documentation related to Audit, POA form, and any other relevant description of documents submitted).
 - Correspondence associated to the case, assigned as First in First out (FIFO) and Extension request received.

Note: Extension requests that meet (a) are to be expedited and worked as they are now. Extension requests that meet (b) can be worked in FIFO order since the attached information will need to be reviewed by the CET, and other actions possibly taken. After reviewing the attached documentation, the extension request can then be reviewed, allowed/disallowed based on normal factors. Extension requests that meet (c) are to be worked same as (b). The initial reply must be reviewed based on information submitted, and then the Extension request can be considered.

- (10) The Letter 686-B will include the **name of** the tax examiner completing the letter, under **person to contact**, not just the words **Tax Examiner**. The letter will have the signature of the Operations Manager where the letter is mailed from (which should coincide with the Campus where the audit originated).

4.19.13.11.8
(04-06-2022)
**Shared Responsibility
Payment (SRP)**

- (1) Starting in TY 2014, the Individual Shared Responsibility Payment (SRP) provision requires that everyone have minimum essential health coverage for each month, qualify for an exemption, or make a Shared Responsibility Payment when filing their federal income tax return. This provision applies to individuals of all ages, including children. The SRP amount is \$0 beginning

after TY 2018; therefore individuals do not have to report their monthly coverage or whether they qualify for an exemption.

Note: If the taxpayer self-reports or makes an SRP, it will post to **MFT 35**. When the TC 150 posts to the MFT 30, a TC 971 AC 530 will generate in the same cycle. The following cycle, the MFT 35 will be established. Posted to MFT 35 will be 1) A TC 290 0.00 with an "88888" contained within the DLN, and 2) A TC 240, with a CRN of 692, with the amount of the SRP included on the 1040 Line 61.

(2) CRN 869 will post to Form 5344 with one of the following values:

- 1 - Taxpayer checked the box on their return indicating they had full year health coverage
- 0 - Taxpayer did not check the box. Taxpayer may or may not have made a Shared Responsibility Payment (SRP)

(3) The CRN 869 must be removed from Form 5344 when closing a case Disposal Code (DC) 02 (No Change). Do not remove the CRN 869 or any other reference number when closing a case with any DC other than 02.

(4) Campus Exam will be required to adjust a self-reported SRP when the examination results in a change to income, exemptions, or filing status. This adjustment will be calculated and input after the Exam assessment has closed on AIMS. The taxpayer will receive separate notification of these changes through a Notice and Demand since the Individual Shared Responsibility Payment cannot be included with the SNOD.

Note: When adjusting the SRP on accounts where the taxpayers have made a separate to joint election the procedures in IRM 21.6.1.5.3.1, Married Filing Separate, Single, or Head of Household to Married Filing Joint and Both Taxpayers Previously Filed, will be followed. See especially paragraph 2.

(5) A monthly EOAD report will identify closed cases that might require an adjustment to the taxpayer's self-reported SRP. Designated units at each campus will be responsible for recalculating the SRP when there are changes to income, exemptions, or filing status and for inputting the change to MFT 35 as needed.

(6) If the taxpayer self-reported an SRP on their return, their Initial Contact Letter and subsequent Exam reports will include a request for their SRP worksheet. When reviewing replies for TY 2014 and subsequent year returns, examiners will need to screen the reply for the presence of the taxpayer's SRP worksheet. If the taxpayer submits a copy of their worksheet:

- Notate the receipt of the SRP in the workpapers.
- Make a copy of the worksheet and route it to the team responsible for SRP adjustments.
- Do **not** make an SRP adjustment on an open exam. Continue working the other exam issues without regard to the SRP.

(7) If the taxpayer requests a change to their SRP on an amended return being processed in Exam and the CRN 869 indicator on Form 5344 is a 1, route a copy of the taxpayer's SRP worksheet (if provided) to the team responsible for SRP adjustments along with a note saying that the taxpayer is requesting a change to the SRP and no SRP was present on the original return. If the CRN 869 indicator on Form 5344 is a 0, process the taxpayer's request for a change to the SRP as in item 4 above.

4.19.13.11.9
(01-18-2017)

Repetitive Audits

- (1) Repetitive audit procedures apply to certain individual tax returns (See Exception list below), when the following criteria are met:
 - a. An exam of one or both of the two preceding tax years resulted in a no change, and
 - b. The issues in either of the two preceding tax years are the same as the issues selected for examination in the current year.

Note: Prior year surveys do not meet the criteria for repetitive audit procedures.

Exception: Repetitive Audit procedures do not apply to Alimony, Tips, QRP, RPP, Non-Filers, Schedule C/F audits and Recertification cases.

- (2) If there was a prior audit, examiners should thoroughly research the CEAS database to secure prior audit information. For repetitive audit criteria to apply, the prior exam must have been conducted on the same issues and when applicable, the same dependent/relationship resulting in a no change.
- (3) If the review indicated the taxpayer was audited in one or both of the two preceding years, determine if the taxpayer meets the criteria in IRM 4.19.13.11.9(1), Repetitive Audits, and proceed as follows:
 - a. If the taxpayer meets the criteria, examiners should survey the return. Examiners should follow the survey after assignment procedures in IRM 4.25.10.3.3, Survey After Assignment, Regular Case, and leave a CEAS note.
 - b. If the taxpayer does not meet the criteria, examiners must proceed with the examination.

4.19.13.12
(04-06-2022)

Monitoring Overaged Replies

- (1) Monitoring procedures are used to ensure a response is initiated to taxpayers within 30 calendar days of the IRS received date of the correspondence.
- (2) When any correspondence is received, the earliest IRS Correspondence Received Date (CRD) should be entered on AIMS within five (5) workdays from the date it is received in the Exam Operation.
- (3) Make every effort to ensure all case related correspondence is **considered** prior to issuing a SNOD to a taxpayer.
- (4) The CP 3500, Interim Letter to Correspondence from Taxpayer , notifies the taxpayer of the IRS's receipt of their mail and advises them that IRS will respond within 75 days of the CRD.

Note: IRM 4.119.1.5.1, Action 61/Policy Statement P-21-3 - Guidelines, requires correspondence to be addressed within 30 calendar days of receipt.

- (5) There may be times when a default response timeframe of 75 days is not achievable. More time may be needed because of the volume of overaged inventory. See IRM 4.19.13.12.1, CP3500, Interim Notice, When Additional Time to Reply is Needed, for procedures on extending beyond the 75 day timeframe.
- (6) The If and Then chart below is the current Standard Process using the 75-day response timeframe.

If	Then
The current date is less than 65 days from the CRD	Update AIMS to Status Code 54.
A reply is sent to the taxpayer within 22 days of the CRD	No interim letter will be sent.
No reply is sent to taxpayer, AIMS shows Status Code 54, and the CRD is at least one day from the current date but less than 65 days	Acknowledgment CP 3500, Interim Letter to Correspondence from Taxpayer, will automatically generate to the taxpayer and give a reply date of 75 days from the CRD.
No reply is sent to taxpayer, AIMS previously updated to Status Code 54, and the CRD is at least 65 days from the current date but less than 107 days	AIMS will automatically update to Status Code 55 and Interim CP 3501, 2nd Interim Letter to Correspondence from Taxpayer, will generate and give a reply date of 107 days from the CRD.
No reply is sent to taxpayer, AIMS previously updated to Status Code 55, and the CRD is at least 108 days from the current date but less than 120 days	AIMS will automatically update to Status Code 57 and a second Interim CP 3501, 2nd Interim Letter to Correspondence from Taxpayer, will generate and give a reply date of 150 days from the CRD.
The CRD is being entered for the first time and the current date is more than 65 days from the CRD but less than 107 days	Update AIMS to Status Code 55. Interim CP 3500, Interim Letter to Correspondence from Taxpayer, will generate to the taxpayer and give a reply date of 107 days from the CRD.
The CRD is being entered for the first time and the current date is more than 107 days from the CRD but less than 120 days	Update AIMS to Status Code 57. Interim CP 3500, Interim Letter to Correspondence from Taxpayer, will generate to the taxpayer and give a reply date of 150 days from the CRD.
The CRD is being entered for the first time and the current date is more than 120 days from the CRD	Update AIMS to Status Code 57. No Interim letter will generate. Take immediate action to contact taxpayer.
Inventories contain mail that has been updated to AIMS Status Code 55 or higher	Operations manager should use the weekly ARP2540 Report to identify cases.

Note: Interim notice time frames can be adjusted. See IRM 4.19.13.12.1, CP3500, Interim Notice, When Additional Time to Reply is Needed.

- (7) Cases in AIMS Status 24 with correspondence received must be worked as a priority, above other replies. Use weekly ARP2540 and/or Statistical Sampling Inventory Validation (SSIVL) Reports to identify these cases.

- (8) The following actions apply when correspondence is received and AIMS Status Code is 24 (SNOD):

If	Then
Correspondence is received within 50 days of the Status 24 date and the current date is less than 30 days from the CRD	Input CRD on AIMS. Interim notice CP 3500, Interim Letter to Correspondence from Taxpayer, will generate giving a reply date of 30 days from the CRD. Evaluate the case and mail response as early as possible. No additional interim letter will generate.
Correspondence is received within 50 days of the Status 24 date and the current date is more than 30 days from the CRD but less than 51 days	Input CRD on AIMS. Interim notice CP 3501, 2nd Interim Letter to Correspondence from Taxpayer, will generate. Evaluate the case and mail response as early as possible. No additional interim letter will generate.
Correspondence is received more than 50 days after the Status 24 date or the current date is more than 50 days from the CRD	Input CRD on AIMS. No Interim letter will generate. Take immediate action to contact taxpayer and consider the reply.
Case is in AIMS Status 24 with a CRD	Use the weekly ARP2540 and/or SSIVL Reports to identify cases. Operations manager should use Table SC 35 to monitor inventories and ensure cases are worked promptly.

4.19.13.12.1
(04-06-2022)

**CP 3500, Interim Notice,
When Additional Time to
Reply is Needed**

- (1) TS HQ and SB/SE Performing Planning and Analysis (PPA)/Campus Exam Document Matching Workload Planning and Analysis CEDWPA team will determine the number of additional days that will be used in the interim notices advising the taxpayer when to expect a response from Exam during peak periods based on mail volumes.
- (2) TS HQ will make the determination using the Average Number of Days to Work Correspondence Report, Policy, Monitoring, Analysis and Quality (PMAQ) Exam Roll Schedule, and Mail Moved Weekly Report.
- (3) SB/SE PPA/CEDWPA will make the determination using the Average Days Measures Report, Correspondence Exam Rolls Report, and Weekly Mail Monitoring Report.

Example: TS or SB/SE PPA/CEDWPA concludes a Campus needs an additional 30 days to work the taxpayer's correspondence before a second interim notice 3501 is generated. The taxpayer will now be given a 105-day (75 + 30) timeframe of when to expect a response from us.

- (4) TS HQ and SB/SE PPA/CEDWPA will be responsible for submitting the change to the variable number of days for the sites. HQ will:

- Submit a KISAM ticket to request any change in date.
- Communicate the change in date in number of days to the PPA Manager/Chief/Operations Manager, via e-mail.
- Maintain a spreadsheet of all timeframe changes.

Note: The ticket must be submitted by COB Tuesday, of any given week, to ensure IT makes the change in time for the weekend file run. The verbiage required on the ticket is: **Please assign to the EOPS-ECC-MOB-IDSE group to update the AM21 card parm. File for (insert Campus) to (insert the new number of days).**

Example: "File for Atlanta to 140 days. File for Fresno to 130 days. File for Andover to 130".

Note: The ticket can contain changes for one site or multiple sites.

4.19.13.13
(09-16-2024)
No Response Cases

- (1) When a taxpayer does not reply to an examination letter (in writing or with a telephone call), and the suspense period has expired, the case will be moved into the next step in the examination process. Most cases will be systemically purged into the next status by ACE processing. For cases that cannot be moved systemically, the letter and associated documents will need to be manually prepared.
 - a. Use clerical resources whenever possible to prepare letters and reports.
 - b. See the table for actions to take on no response cases.

If	Then
Contact was Initial Contact Letter (ICL) and no response was received	<p>After the suspense period has expired, issue the 30-Day letter with proposed examination report, including appropriate enclosures based on examination issues for the case. Include:</p> <ul style="list-style-type: none"> • Letter 525, General 30 Day Letter. • Proposed examination report. • Form 886-A Explanation of Items, or specified form appropriate for a particular program, for explanations on disallowed items. • Pub 3498-A, The Examination Process (Audits by Mail). • Form 14817, Reply Cover Sheet for Exam Correspondence.

If	Then
Contact was letter 525 (30 Day) with proposed report and no response was received	After the suspense period has expired, issue 90 Day, Notice of Deficiency, Letter 3219. Include: <ul style="list-style-type: none"> • Letter 3219, Notice of Deficiency. • Proposed examination report. • Form 886-A, Explanation of Items, with standard (non-soliciting) explanations on disallowed items. • Pub 3498-A, The Examination Process (Audits by Mail).
Statutory Notice of Deficiency has been issued and taxpayer remits full payment but does not sign the agreement/waiver	In accordance with Rev. Proc. 2005–18, cases where a payment was received after a Notice of Deficiency was issued, the case cannot be closed until the period for filing a petition with Tax court has expired and no petition was filed. The case will then be closed as a default if no petition was filed.
Contact was Statutory Notice of Deficiency and no response was received	After the suspense period has expired, close case as default.

4.19.13.14
(07-30-2020)
Statutory Notices

- (1) IRC 6212 provides authority to issue Statutory Notices of Deficiency.
- (2) Refer to IRM 4.8.9, Statutory Notices of Deficiency.
- (3) A complete list of the criteria, can be found in IRM 4.8.9.10.2.1, Mandatory Area Counsel Review. For more information regarding case reviews prior to preparing the Notice of Deficiency refer to IRM 4.8.9.10.1, Before Issuing the Notice of Deficiency.
- (4) Do not include any copies of prior letters or solicit documentation in Statutory Notice issuance.

4.19.13.14.1
(02-09-2018)
**RRA 98 Section 3201(d)
Joint Notices**

- (1) ACE programs will issue a duplicate Letter 3219, Notice of Deficiency -Penalties or Additions to Tax, for each individual filer of a joint return. The notices are mailed separately to each filer, even if they both reside at the same address. This is accomplished by use of a cover sheet, with only one of the joint names and the common address being printed on the cover sheet for each set of notices mailed. This separate mailing is required by the Restructuring and Reform Act of 1998 (RRA 98) Section 3201(d).
- (2) Statutory Notices not produced by ACE programs will require manual duplication and creation of individual cover sheets (only one joint filer name on each) to facilitate separate mailing of the notice to each taxpayer.

- (3) No changes need to be made to the statutory notice (showing both of the joint names) that will be attached to each. The only requirement of RRA 98 Section 3201(d) is that it be mailed separately to each joint return filer.

4.19.13.15
(04-06-2022)
Undeliverable Mail

- (1) Undeliverable mail is initially processed by Campus Exam clerical staff. See IRM 4.19.21.2, Processing Incoming Correspondence.
- (2) Undeliverable mail (such as mail that needs validation of POA/fiduciary or cases with a statutory notice needing to be reissued), may be assigned to a technical team for further review and action.
- (3) Research POA/fiduciary for valid authorization, refer to IRM 4.19.13.9, Power of Attorney and Other Third Party Authorizations. Follow guidance in IRM 4.8.9.9.2.5, Establishing the Last Known Address, IRM 4.8.9.9.2.6, Fiduciary Relationship and IRM 4.8.9.12.2, Power of Attorney. If the taxpayer is deceased, and there is no secondary taxpayer, POA, or fiduciary on file, do not re-mail the undeliverable notice. Instead, include the undeliverable notice in the case file. If there is a valid fiduciary or POA on file, re-mail the undeliverable to their address of record.
- (4) If the undeliverable statutory notice was due to a typographical error made by the IRS or notification or a new address was received prior to the issuance of the notice, the notice may need to be reissued. Follow the guidance in IRM 4.8.9.23, Undeliverable Notice of Deficiency.
- (5) All undeliverable certified or registered mail (and the envelope it came in), must be associated with the case file. Include Statutory Notice of Deficiency (SNOD), and Notices of Claims Disallowance such as Letter 105-C, Claim Disallowed, and/or Letter 106-C, Claim Partially Disallowed.
- (6) All research and any action(s) taken must be documented by leaving a CEAS Non-Action Note or notation on Form 4700, Examination Workpapers.

4.19.13.16
(08-10-2023)
Transfer to Area Office

- (1) For transfers to an Area Office: Cases must have a minimum of 13 months remaining on the statute prior to transferring to an Area Office or must have a valid Form 872, Consent to Extend Time to Assess Tax.
- (2) If the Statute of Limitations is less than 13 months, then send Letter 907, Request to Extend Assessment Statute, and Publication 1035, Extending the Tax Assessment Period, with Form 872 to taxpayer, completed in accordance with IRM 25.6.22, Extension of Assessment Statute of Limitations by Consent, and executed per IRM 1.2.2.15.2, Delegation Order 25-2 (Rev. 3) (formerly DO-25 and DO 42, Rev. 28).
- (3) Treas. Reg. 301.7605-1(e)(2) provides that a request by a taxpayer to transfer the place of examination for an office or field examination will generally be granted under certain circumstances. The procedures in IRM 4.11.29.4, Circumstances Which Permit a Transfer of Examination, must be followed.

If	Then
POA or taxpayer requests an Area Office interview (one case or multiple cases by same POA)	<ul style="list-style-type: none">a. Telephone POA or taxpayer to ask why they want the case transferred. Need to inquire about what their concerns are and provide assurance that the issue can be resolved at the campus. Treat mass transfer requests on a case-by-case basis.b. If unable to contact taxpayer by telephone, issue Letter 1654 (SC), Reply to Taxpayer Who Requests Case to be Transferred, and refile case for remaining suspense period.

If	Then
Taxpayer states undue burden due to voluminous records	<ul style="list-style-type: none"> a. Obtain a listing of itemized expenses or deductions. Put case in Status 25 while waiting for response from taxpayer. b. Advise taxpayer they will be contacted when the itemized list is received. c. Inform taxpayer as to the supporting documentation to be submitted based on itemized list received. d. If itemized list indicates a sample can be requested, then the case can be retained in the campus for completion. e. If no sampling can be performed, then document the reason and supporting items for transfer on workpapers. f. Obtain a Written Request to Transfer from the taxpayer to include reasons per IRM 4.11.29.7 (1) (a), (f), (g), Written Requests by the Taxpayer/ Representative. g. Complete the Transfer Alert Checklist. See Exhibit 4.19.13-1. h. Obtain manager approval to transfer. i. Transfer to Area Office where the taxpayer lives. Hold Letter 528 (SC), Letter to Transfer Taxpayer(s) Return as Requested, until any frozen refunds are released if applicable, otherwise issue letter to taxpayer.

#

If	Then
Taxpayer continues to request an interview at an Area Office	<ul style="list-style-type: none"> a. Document the reason and supporting items for transfer on workpapers. b. Obtain a Written Request to Transfer from the Taxpayer to include reasons per IRM 4.11.29.7 (1) (a), (f), (g), Written Requests by the Taxpayer/Representative. c. Complete the Transfer Alert Checklist. See Exhibit 4.19.13-1. d. Obtain manager approval to transfer. e. Transfer to Area Office where the taxpayer lives. f. Hold Letter 528-SC until any frozen refunds are released, otherwise issue letter to taxpayer.
Issue is too complex for correspondence	<ul style="list-style-type: none"> a. Document the reason and supporting items for transfer on workpapers. b. If taxpayer requests a transfer, obtain a written request from the taxpayer, and evaluate the taxpayers' reasons. c. Complete the Transfer Alert Checklist. See Exhibit 4.19.13-1. d. Obtain manager approval to transfer. e. Transfer to Area Office where the taxpayer lives. f. Hold Letter 528-SC until any frozen refunds are released, otherwise issue letter to taxpayer.

#

If	Then
After SNOD has been issued and the taxpayer requests a transfer to the Area Office	<ul style="list-style-type: none"> a. Send Letter 555 (use the most current revision date) advising the taxpayer of a choice to file a petition with tax court or request a rescission of the Statutory Notice. b. A rescission will only be offered to the taxpayer if the information provided by the taxpayer establishes the actual tax due is less than the amount in the Statutory Notice. c. If a supplemental report can be issued, send to the taxpayer. d. If a rescission applies and the case meets requirements for transfer above, then follow statute expiration guidance at the top of chart. e. Complete the Transfer Alert Checklist. See Exhibit 4.19.13-1. f. Obtain manager approval to transfer. g. To rescind a Statutory Notice, follow the procedures outlined in IRM 4.8.9.30, Rescinding Notices of Deficiency, and executed per IRM 1.2.2.5.1, Delegation Order 4-1 (formerly DO-8, Rev. 11).

Note: Managerial review will be performed, and if the request is not approved, then inform the POA or taxpayer of such decision.

(4) If Field Exam (Area Office) asks for control of a Campus Exam case, (usually because they want to work related years together and are in contact with the taxpayer). Then:

- a. Document the reason for transfer on the workpapers.
- b. Complete the Transfer Alert Checklist. See Exhibit 4.19.13-1. Notate the transfer is at the request of Field Exam.
- c. Obtain manager approval to transfer.
- d. Transfer to the requesting office, following transfer procedures in IRM 4.11.29.2, Overview for Transfer of Returns Open for Exam, and IRM 4.4.33, Transfers.
- e. Field Exam does not have access to Campus RGS/CEAS. Include all Case File Documents, such as letters to the taxpayer, workpapers, case history, and CEAS notes.
- f. Contact your Campus AIMS Coordinator to complete the transfer.

4.19.13.17
(09-16-2024)

Appeals - Non-Docketed Cases

- (1) A taxpayer can request a conference with the IRS Independent Office of Appeals to dispute a proposed deficiency prior to the issuance of a Statutory Notice of Deficiency (Pre 90-day), and on closed cases with a full or partial disallowance letter (105-C, Claim Disallowed or 106-C, Claim Partially Disallowed), and after the denial of certain abatement requests that include the denial of a request for penalty abatement or an audit reconsideration denial (Letter 3340-C, Audit Reconsideration Denial).

Note: Once a case is in status 24, it cannot be forwarded to Appeals as non-docketed. The taxpayer must petition tax court according to the instructions in the statutory notice of deficiency to be placed on a docket list. See IRM 4.19.13.18 Appeals - Docketed Cases.

- (2) If there are less than 13 months remaining on the Assessment Statute of Limitations(ASED), then send Letter 907, Request to Extend Statute, and Pub 1035, Extending the Tax Assessment Period, with Form 872, Consent to Extend the Time to Assess Tax, to the taxpayer, completed in accordance with IRM 25.6.22, Extension of Assessment Statute of Limitations by Consent, and executed per IRM 1.2.2.15.2, Delegation Order 25-2 (Rev. 3) (Formerly DO-25-2 and D-42, Rev. 28).
- (3) For cases that have not had a SNOD issued (Pre 90-Day) follow the chart below:

If	And	Then
POA or taxpayer requests a transfer to Appeals (one case or multiple cases by the same POA)	the taxpayer has not provided any documentation	telephone the taxpayer or POA, as appropriate. If unable to reach the taxpayer or POA by telephone, respond with the applicable letter and the following explanation: "Appeals generally cannot consider your case until the IRS has the opportunity to review all your documents. If after you submit documents for review you still disagree with our findings, you can request to go to Appeals. The Pub 3498-A, The Examination Process includes instructions on requesting an Appeal. Your request needs to outline what items you disagree with and the reasons why you disagree with our decision."

If	And	Then
POA or taxpayer requests a transfer to Appeals (one case or multiple cases by the same POA)	the taxpayer has provided documentation but does not identify disagreed issues and supporting position	telephone the taxpayer or POA, as appropriate. If unable to reach the taxpayer or POA by telephone, respond with the applicable letter. Include in the explanation that to transfer their case to Appeals the following information is needed: <ul style="list-style-type: none">a. Written Request to transfer from the taxpayer that includes the changes the taxpayer disagrees with and why.b. The facts supporting the taxpayer's position on any disagreed issues, and the law or authority, if any, on which the taxpayer relies.c. If deficiency is \$25,000 or less, include Form 12203, Request for Appeals Review. (Refer to Pub 3498-A, The Examination Process, for more information.)

If	And	Then
POA or taxpayer requests a transfer to Appeals (one or multiple cases by the same POA)	<p>Taxpayer has provided documentation along with a written request for an appeal that includes:</p> <ul style="list-style-type: none"> a. The changes the taxpayer disagrees with and why. b. The facts supporting the taxpayer's position on any disagreed issues, and the law or authority, if any, upon which the taxpayer relies, or taxpayer has submitted completed Form 12203, Request for Appeals Review. 	<p>the campus will route the case(s) using the <i>Independent Office of Appeals Electronic Case Receipts</i>. Complete the check-sheet and input the following:</p> <ul style="list-style-type: none"> a. Business Unit - Select your Business Operating Division (BOD) or Business Unit b. Type of Case - Select Non-Docketed c. Taxpayer Name d. TIN e. MFT f. Tax Period g. Attachments - Upload completed Form 3198, current Form 4549, and Form 872 when applicable. <p>Note: For TS only - All transfers to an Appeals office received on a completed Form 12203, Request for Appeals Review, must be transferred within 30 days of the Exam received date. The cases must be tracked and monitored using Form 3210 and a spreadsheet.</p>

#

Note: Communications between the referring function and Appeals relating to ministerial, administrative, or procedural matters are permissible. However, communications specific to the merits of the case are prohibited ex parte communications unless the taxpayer or taxpayer's representative is offered the chance to participate in the communication. Such prohibited communications include those that address the strengths or weaknesses of the issues, the positions of the parties, the accuracy of the fact, or the credibility or cooperation of the taxpayer or taxpayer's representative. Refer to IRM 4.25.13.2.1, Ex Parte Communications, and sections 2.02(6) and 2.03(3) of Revenue Procedure 2012-18, Ex Parte Communications Between Appeals and Other Internal Revenue Service employees, for additional discussion regarding Ex Parte communications with Appeals.

- (4) For cases in Status 24 where the SNOD has been issued (90-Day Cases), follow the chart below:

If	Then
POA or taxpayer requests a transfer to Appeals (one case or multiple cases by same POA)	<p>telephone the taxpayer. If unable to reach taxpayer by telephone respond with Letter 555, Notification of Findings Based on Taxpayer Data - Tax Liability and include the following explanation: "We received your request for an Appeals hearing, however, we are unable to honor your request. To appeal our decision, you must petition the United States Tax Court. Publication 3498-A, The Examination Process, (Audits by Mail), and the notice of deficiency we previously issued to you include instructions to petition Tax Court. Refer to IRC 7803(e)(4) and IRC 7803(e)(5), and Treasury Regulation 301.7803-3. Please be aware that taxpayers may request an appeal on a 90-day case without petitioning the Tax Court. If their appeal request is denied, the IRS shall provide them with a written notice regarding the denial. See IRC 7803(e)(5)(A). Additionally, these denials must be reported to Congress. See IRC 7803(e)(5)(B). However, you may continue to work with us to resolve your tax matter but, we cannot extend the time to petition the United States Tax Court beyond the deadline provided in the notice of deficiency".</p> <p>Note: When making or receiving phone calls, technicians must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer and to prevent unauthorized disclosure of tax information.</p>

Note: When transferring a case to Appeals, managerial review and approval must be documented in the workpapers.

4.19.13.17.1
(08-10-2023)

**Non-Docketed Cases
Returned from Appeals**

- (1) An Appeals Officer (AO) will return non-docketed cases to Exam on Form 3210, Document Transmittal, when the taxpayer provides new documentation that was not previously considered.
- (2) The Campus Liaison (CL) will review the new documentation and determine if Correspondence Exam can proceed with the examination.
- (3) If the campus cannot work the case:
 - a. The liaison will explain the reason the case is being returned,
 - b. Sign Form 3210 and return it to Appeals.
- (4) If the CL determines the campus can proceed with the examination the CL will:
 - a. send acknowledged Form 3210 to Appeals and
 - b. have the case updated and assigned as appropriate.

4.19.13.18
(09-16-2024)

**Appeals - Docketed
Cases**

- (1) An electronic list of docketed Tax Court cases is posted daily to the Appeals Centralized Database System.
- (2) Daily, the Kansas City Exam Operation (KCSC) will pull the list and research each docketed Tax Court case. The centralized research eliminates the duplication of researching the same list at all Campuses.
- (3) Newly docketed Tax Court cases are updated to create the Docket Information Management System (DIMS) Contact Listing. The researched list is sent as a secured e-mail to the appropriate Campus Contacts. Docketed cases are **high priority** and must be pulled from the current inventory and transferred, suspended and assigned to the designated employee.
- (4) See IRM 4.19.13.18.2, Docketed Case Review, prior to updating the case to Status 8X. The Docket Clerks must update CEAS to Status 81 and either Disposal Code 07 or 11 before they ship a case to Appeals.
- (5) All Campuses are responsible for ensuring the complete administrative case file is uploaded to CEAS, for all cases identified as originating from their Campus/Operation, and forwarding them to Appeals no later than the ADMIN FILE DUE TO APPEALS date on the docket listing. Campuses will use the *In-dependent Office of Appeals Electronic Case Receipts to forward the cases*. Complete the checksheet and input the following information when forwarding:
 - a. Business Unit - Select your Business Operating Division (BOD) or Business Unit
 - b. Type of Case - Select Docketed - Open Correspondence Exam Audit
 - c. Taxpayer Name
 - d. TIN
 - e. MFT
 - f. Tax Period
 - g. Docket Number
 - h. Attachments - Copy of the SNOD

Note: If additional documentation is received from the taxpayer after the case has been transferred, use the *Appeals Shared Programs Hub* to upload the additional documents for association. Scroll down to the bottom of the *Appeals Shared Programs Hub* and select the 'Add New Open Appeals Additional Documents' button to upload. Appeals will associate the documents with the case previously forwarded. Ensure mail is reviewed prior to forwarding. See

IRM 4.19.13.18.1, Docketed Cases - No Change, and IRM 4.19.13.18.2, Docketed Case Review.

- (6) For more information, see IRM 4.8.9.27, United States Tax Court Petition Filed.
- (7) For a docketed case reflecting Status 90, with disposal code 02 see IRM 4.19.13.18.1, Docketed Cases No Change.
- (8) For a docketed case reflecting Status 90 other than disposal code 02:
 - a. Immediately input CC STAUP for 15 cycles to prevent the issuance of balance due notices to the taxpayer. Appeals will be responsible for monitoring the STAUP to increase/decrease the Notice Suppression time frame and retrieval of the case file from the campus.
 - b. Immediately take the necessary steps to reopen AIMS and include on the checksheet that AIMS has been reestablished when forwarding the case using the *Independent Office of Appeals Electronic Case Receipts to forward the cases* See paragraph 5 above how to forward the case.

Note: Appeals will request an abatement of the assessment when needed.

Note: Communications between the referring function and Appeals relating to ministerial, administrative, or procedural matters are permissible. However, communications specific to the merits of the case are prohibited Ex Parte communications unless the taxpayer or taxpayer's representative is offered the chance to participate in the communication. Such prohibited communications include those that address the strengths or weaknesses of the issues, the positions of the parties, the accuracy of the fact, or the credibility or cooperation of the taxpayer or taxpayer's representative, etc. Refer to IRM 4.2.7, Ex Parte Communication Procedures, and sections 2.02(6) and 2.03(3) of Revenue Procedure 2012-18, Ex Parte Communications Between Appeals and Other Internal Revenue Service employees, for additional discussion regarding Ex Parte communications with Appeals.

- (9) For Non-Filer cases closed DC 01, examiner will need to coordinate with appeals to resolve case. Follow IRM 4.19.15.45.11, Exam Return Processing for Non-Filer Cases.,

4.19.13.18.1
(09-16-2024)
**Docketed Cases - No
Change**

- (1) Campus Exam will review the case/response to see if the case can be closed no change.
- (2) If a case is closed as No Change after a SNOD is issued and the case is later identified on a Tax Court Docket list, Appeals does not need the casefile.
- (3) If a case is opened in Appeals and can be closed No Change, complete Form 14121, No Change Certification, and upload to the *Independent Office of Appeals Electronic Case Receipts*.
- (4) Input the following:
 - a. Business Unit - Select your Business Operating Division (BOD) or Business Unit
 - b. Type of Case - Select Docketed - DKT No-Change F14121
 - c. Taxpayer Name
 - d. TIN
 - e. MFT
 - f. Tax Period

- g. Docket Number
- h. Attachments - Upload administrative file from RGS/CEAS

(5) Associate/attach Form 14121 to the RGS case file.

4.19.13.18.2
(09-16-2024)
Docketed Case Review

(1) Prior to updating a docketed case to Status 81, the case must be reviewed to ensure all mail has been considered and addressed.

If	And	Then
All mail has been addressed	N/A	Continue to update status to 81 and forward to Appeals.
Mail has not been addressed, review mail as an expedite	Mail does not change the determination	Document workpapers with findings. Update to status 81 and forward to Appeals.

If	And	Then
Mail has not been addressed, review mail as an expedite	Mail changes determination and case is a no change	<p>Document workpapers with findings. Call TP to inform them that documentation was reviewed and their case will be no changed.</p> <p>Note: When making or receiving phone calls, technicians must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer and to prevent unauthorized disclosure of tax information.</p> <p>Explain to TP that a no change letter will be issued. If unable to contact TP, prepare no change Form 4549 and issue Letter 555 with explanation that return has been accepted as filed based upon documentation received.</p> <p>Notate the information section “This Form 4549 is for your information only.” Close case. Complete Form 14121, with applicable signatures and forward to Appeals as outlined in IRM 4.19.13.18.1, Docketed Status 90 - No Change.</p>

If	And	Then
Mail has not been addressed, review mail as an expedite	Mail partially changed determination	Document workpapers with findings. Call TP to inform them that documentation was reviewed and to provide your findings. Prepare a new report. Prepare Letter 555 and Form 4549, mail to TP with explanation that case will be forwarded to Appeals. Update case to status 81 and forward to Appeals.

- (2) A petition is premature if a Statutory Notice of Deficiency - Penalties or Additions to Tax (SNOD) has not yet been issued for a year currently under examination or if the SNOD was not issued prior to the filing of the petition. If a premature petition is identified during review then:

- Complete Form 15022, Part B, C and D
- Submit Form 15022 via *Independent Office of Appeals Electronic Case Receipts*. Input the following: Business Unit - Select your Business Operating Division (BOD) or Business Unit, Type of Case - DKT - No SND F-15022, Taxpayer Name, TIN, MFT, Tax Period, Docket Number (if applicable).
- Do **not** update AIMS or send case to Appeals
- Notate in CEAS that the petition was filed prior to SNOD being issued

Note: For more information see IRM 4.8.10.12, United States Tax Court Petition Filed.

4.19.13.18.3
(08-10-2023)
Docketed Examination Assistance (DEA)

- (1) Jurisdiction of a docketed case must remain with the Office of Chief Counsel (Counsel) or Appeals. Therefore, when Appeals receives “new information” from a taxpayer, representative, or counsel of record for a docketed case that merits analysis by Examination; Appeals can request examination assistance (EA) via Form 14361, Docketed Examination Assistance Request - Jurisdiction Not Released. Appeals retains jurisdiction of the case while the new information is under review by Examination. See IRM 8.4.4, Examination Assistance Requests, for more information.

Note: Cases received prior to the new DEA process must remain in Appeals.

- (2) P&A or Specified Campus Staff will receive and route any new information to the appropriate operation for examiner review.
- The assigned Examiner reviews new information and makes a determination based on case research.
 - Within 14 days, the examiner notates the determination on Form 14362, Docketed Examination Assistance Issues and Results, and documents CEAS with a non-action note. If additional time is required to make an

appropriate determination, the examiner will request additional time (up to 7 days), through the Campus Point of Contact (POC). The Campus POC will use the Appeal Officer (AO) point of contact noted on Part B of the Form 14362.

- c. Examiner returns completed Form 14362, Docketed Examination Assistance Issues and Results, to the originating Appeals Officer via the dedicated email box.

Note: Penalty cases only will not be returned under the DEA process.

4.19.13.19
(08-10-2023)
**Special Handling Notice
for Examination Case
Processing, Form 3198**

- (1) The completion of Form 3198 does not apply to cases that are systemically closed through ACE.
- (2) When the case must be closed manually due to special handling needs or adjustments that cannot be input on the Form 5344, Examination Closing Record, the Form 3198, Special Handling Notice for Examination Case Processing, can be used to indicate the special processing requirements. Refer to the Form 3198 for its uses.

Note: If the taxpayer's filing status is being changed as a result of the examination, Form 3198 does not need to be complete. See IRM 4.19.13.30, Campus Exam Closing Actions, for instructions on updating the filing status.

- (3) Form 3198 can be accessed in RGS and saved to the RGS Casefile Documents.

4.19.13.20
(09-16-2024)
RGS Case File Assembly

- (1) The RGS system maintains an electronic file of information generated through the system for the taxpayer under examination.
- (2) When cases are closed in RGS and the GII process is completed, a listing of all accepted closures will be created.
- (3) A Form 13181, Examination Report Generation Software (RGS) Closing Information Cover Sheet (CICS), will also be generated by RGS for every successful closure. The CICS is generated with all the information necessary for sending a case file to the Federal Records Center (Files).
- (4) If the Statutory Notice of Deficiency (SNOD) was generated by the STN02 program, there will be an electronic copy of the SNOD in the RGS Case File documents folder. If the SNOD was generated by the STN01 program, there will not be an electronic copy in the RGS Case File Documents folder. A paper copy of the STN01 SNOD is kept on file per instruction in IRM 4.19.21.3, Statutory Notices. Form 13181 for statutory notices that are generated by both the STN01 & STN02 programs are the same except the Form 13181 for the STN02 program has an additional statement: The SNOD is attached to the RGS electronic case file.
- (5) The blocking series input to the Form 5344 closing document determines whether the case is paperless (Form 13181 suppressed) or if there is a paper case file (Form 13181 available for printing). The status code extension on the ST24 case determines the blocking series to be used. The following status code extensions indicate that there is a physical case file on hand:
 - a. 97 - Unclaimed
 - b. 98 - Correspondence Received
 - c. 99 - Undeliverable

- (6) Paper case files are pulled and attached to the correct Form 13181. Documents are attached to the Form 13181 using the guidelines outlined in Exhibit in IRM 4.10.9.12, Case File Assembly for Closing Physical Administrative Case Files. This constitutes the closing package for each TIN. Closing packages will be put in folders and sorted by input employee number/sequence number for forwarding to the local File Management & Services area. Do not print documents that are available electronically in RGS or eGain. Paper documents are assembled in the order listed below:

1. Form 3198 if used
2. Amended or original tax return if present
3. Statutory Notice of Deficiency if no electronic copy in RGS
4. All other forms, letters and documents not available electronically

4.19.13.21
(02-09-2018)

Offers in Compromise

- (1) Refer to IRM 5.19.7.2, Monitoring Offers in Compromise (MOIC), IRM 5.19.13.2.2, Authority Levels - Field Assistance, FA Employees, and IRM 4.18.1, Offers In Compromise Received in Exam, Offers In Compromise Received in Exam, for additional information.
- (2) Under IRC 7122 and Treas. Reg. 301.7122-1, the IRS can compromise a liability for less than the full amount owed if:
 - There is doubt as to collectability of the liability (DATC) where the taxpayer's assets and income are less than the full amount of the liability.
 - There is a doubt as to the existence or amount of liability (DATL), or
 - Due to exceptional circumstances a compromise would promote effective tax administration (ETA).
- (3) Campus Examination does not consider, accept or deny an Offer in Compromise. Follow the chart below

If	Then
The taxpayer requests a Form 656, Offer in Compromise,	Advise the taxpayer that a Form 656 is available for download at <i>Forms, instructions & publications</i> . If they cannot access the Internet, a Form 656 will be mailed.
Completed Form 656 is received,	Forward it to one of the centralized OIC sites – Memphis or Brookhaven – per the instructions in the Form 656-B, Offer In Compromise (Booklet). Inform the taxpayer by phone that the form has been forwarded to the Collection Department for consideration.

4.19.13.22
(07-30-2020)

**Bankruptcy Procedures -
Tax Examiner
Instructions**

- (1) If there is an indication that the taxpayer under examination has filed for bankruptcy, the examiner should immediately contact the Examination Bankruptcy Coordinator. The Coordinator will determine if the bankruptcy is still pending and provide further instructions to the examiner.
- (2) Indications of bankruptcy/litigation include:
 - a. -V or -W Freeze on TXMOD
 - b. TC 520 on TXMOD
 - c. X or E Freeze on AIMS (BANKRUPTCY display in lower left-hand corner of AIMS screen)
 - d. Taxpayer indicates verbally or through correspondence that they are in bankruptcy
- (3) If the taxpayer is in bankruptcy, the examination will continue. The Initial Contact Letter (ICL) and the 30-day letter issuance should follow the normal auditing process.
 - a. If the taxpayer agrees, the case may be closed agreed.
 - b. If the taxpayer substantiates all issues, the case can be closed no change.
 - c. If additional documentation is needed, request the information from the taxpayer using the appropriate letter. The appropriate AIMS status and letter will be used as outlined in IRM 4.19.14.5, RPS Casework Procedures. Do not use suspense statuses on these cases.
- (4) If the taxpayer is in bankruptcy and disagrees with the proposed examination changes included in the 30-day letter, the case must be transferred to the Examination Bankruptcy Coordinator and Bankruptcy Employee Code (EGC) 5033. The coordinator will issue the appropriate Statutory Notice of Deficiency (SNOD) and monitor the bankruptcy case.

4.19.13.22.1
(01-23-2026)

**Bankruptcy Procedures -
Examination Bankruptcy
Coordinator Instructions**

- (1) Tax examiners will contact the Examination Bankruptcy Coordinator for guidance on Exam cases with bankruptcy indicators. The coordinator will contact the appropriate Insolvency employee to determine the status of the bankruptcy proceedings for the case under examination and furnish them with a copy of the Audit Report, if necessary, for the proof of claim.
 - a. The Automated Insolvency System (AIS) and PACER (Public Access to Court Electronic Records) are used to locate the Insolvency office and track the status of the bankruptcy cases. Access permission and a password for each system is obtained using the BEARS system.
 - b. If based on instructions in this section, contact with an Insolvency employee is required, use the Insolvency National Field/Centralized Site Directory at: *Field Insolvency Mailboxes* for phone and fax numbers.
 - c. If the case has not been started and a determination is made to continue with the examination, an Audit Report must be prepared to estimate the maximum adjustment for the proof of claim.
 - d. If the tax year being examined has a -V freeze but no TC 520, contact the assigned Insolvency employee to request that a TC 520 be input on IDRS.
 - e. For a list of bankruptcy definitions, see IRM 4.8.2.11.4.3.1, Definitions.
- (2) If the taxpayer is in bankruptcy and disagrees with the proposed examination changes included in the 30-day letter.

- a. Prepare and issue Letter 531, Notice of Deficiency, with Notice 1421, How Bankruptcy Affects Your Right to File a Petition in Tax Court in Response to a Notice of Deficiency, to the taxpayer(s) who are in bankruptcy instead of Letter 3219, Notice of Deficiency.

Caution: If Letter 3219 was already sent to a taxpayer in bankruptcy, do not issue Letter 531.

- b. Update EGC to Bankruptcy EGC 5033.
 - c. In the case of jointly filed tax returns where only one spouse has filed for bankruptcy, the petitioning spouse is issued Letter 531 with Notice 1421, and the non-petitioning spouse is issued Letter 3219.
- (3) For bankruptcy cases filed with deficiencies related to **post-petition taxes** incurred by an individual or by the bankruptcy estate of an individual in a Chapter 7 or 11 are generally not covered by the bankruptcy's automatic stay. Letter 3219, Notice of Deficiency, should be used instead of the bankruptcy, Letter 531, Notice of Deficiency, for post-petition tax deficiencies. For guidance on determining what is considered a post-petition tax liability, see IRM 5.9.10.9, Post-Petition Tax Liabilities.
 - (4) If the SNOD was issued to the taxpayer within 90 days of filing a bankruptcy petition, or the taxpayer files a bankruptcy petition before the SNOD is issued, the case cannot be defaulted (closed) while the bankruptcy's automatic stay prohibits the taxpayer from petitioning the U.S. Tax Court, plus an additional 60 days after the stay ends.
 - (5) For bankruptcy cases with multiple filings the automatic stay may go into effect for only 30 days, or not at all, if more than one bankruptcy petition is filed within 12 months of the previous dismissal. The stay may also not go into effect if the taxpayer was a debtor in a small business bankruptcy case within the preceding two-year period. See IRM 5.9.5.7, Serial Filers, for additional guidance on conditions impacting the automatic stay period. If AIS or PACER research indicates a possible serial filer case, contact the *Centralized Insolvency Operation (CIO)* to request the status of the stay.
 - (6) If only one spouse files bankruptcy on a jointly filed tax return, special handling is required. Assessments need to be made on MFT 31 accounts set up for each spouse. Since the automatic stay has no effect on the spouse that does not file bankruptcy, the assessment for the non-petitioning spouse should be made within the normal Assessment Statute Expiration Date (ASED) period after expiration of the SNOD. Refer to IRM 21.6.8, Split Spousal Assessments (MFT 31).
 - (7) To have an MFT 31 module established for **EACH** taxpayer when only one spouse on a jointly filed tax return files bankruptcy, contact *CIO Issues* via e-mail at least 12 weeks prior to the expiration of the non-petitioning spouse's 90-day period to request the joint account be mirrored. Mirroring is the splitting of the joint MFT 30 module into two identical but separate MFT 31 modules, one for the primary taxpayer and one for the secondary taxpayer, both mirroring the original return. Refer to SERP Job Aid, *Bankruptcy Case Processing Petitioning and Non-Petitioning Spouse (MFT 31)* for more details.

Note: See IRM 5.9.4.4.1, Examination and MFT 31 Mirrors, for Exam's required actions when requesting that CIO mirror an account.

- a. If CIO is not able to mirror the joint account, follow the procedures in IRM 4.19.3.22.1.10.2(9)&(10), Bankruptcy Procedures -AUR- Bankruptcy Coordinator Instructions, to establish an MFT 31 module for each spouse. If there are payments on the MFT 30 account, wait until the TC 971 AC 110 posts on the MFT 31 account and then move the payments to the primary taxpayer's MFT 31 account. Once the payment posts, cross-reference the payment to the secondary taxpayer's MFT 31 account. See IRM 21.6.8, Split Spousal Assessments (MFT31/MFT53) for more information.
- b. IDRS Command Code AMCLSS will be used to make Exam assessments on MFT 31 modules. See IRM 2.8.7.9, AIMS Command Code AMCLSS.

Note: Disposal Code 12 should be used when closing out the MFT 30 module via RGS.

- (8) If the bankruptcy was filed after the expiration of the 90-day period, the assessment can be processed any time after the expiration of the 90-day period because the bankruptcy automatic stay does not prohibit the assessment of tax. See 11 U.S.C. 362(b)(9)(D).
 - (9) Filing for bankruptcy does not suspend or extend the ASED during the examination. The ASED must be protected by either issuing a SNOD or securing a Form 872, Consent to Extend the Time to Assess Tax, or Form 872-A, Special Consent to Extend the Time to Assess Tax. Refer to IRM 25.6.22, Extension for Assessment Statute of Limitations by Consent, for more information.
 - a. If the SNOD was issued, AIMS must be updated to Alpha Code "KK" when the remaining normal statute is within 180 days, per IRM 25.6.23, Statute of Limitations, Examination Process-Assessment Statute of Limitations Controls.
- Caution:** For jointly filed tax returns with a non-petitioning spouse, do not update to Alpha Code "KK" until the non-petitioning spouse has been assessed on an MFT 31 account.
- b. An unfiled return requiring suspense should remain in Alpha Code "EE".
- (10) Hold the case in suspense until the automatic stay terminates due to one of the following: 1) the bankruptcy is closed or dismissed, (2) the debtor is granted or denied a discharge, or (3) the stay is lifted by order of the Bankruptcy Court.

Note: The case will remain in Status 24 while the automatic bankruptcy stay is in effect because the SNOD is being used to suspend the ASED.

- a. When the bankruptcy case is dismissed/discharged/closed, contact the Insolvency Unit to determine if the default assessment can be input by Exam.
 - b. If a case in bankruptcy is closed in error, the case must be re-opened and updated on AIMS to the prior AIMS status. Example: If the case was in Status 24 prior to closing, open AIMS in ST 24.
- (11) Monitor the status of each case in the bankruptcy inventory.
 - PACER must be reviewed monthly for each case to verify the status of the bankruptcy. PACER is a third-party service that provides detailed up-to-date information on the status of bankruptcy cases.

- The SSIVL listing must be used weekly to identify: 1) Cases in EGC 5033, 2) Cases in ST 24 with an X freeze in EGC's other than 5033, and 3) Cases in EGC 5033 with no X freeze.
 - 4.0 Listing must be used monthly to monitor the ASEDs and identify any statute imminent cases.
 - ARP0843 weekly report, on Control D, may be used to identify the following action/transactions posting to the account; 1) Address change, 2) TC 976/977, 3) TC 604 and 4) TC 520/521.
- (12) The ASED is suspended in a bankruptcy case if the SNOD was issued within 90 days before the filing of the bankruptcy petition on or after the filing date as explained in paragraph (4) above. Upon termination of the automatic stay, a new ASED must be calculated. The extended ASED must be addressed on Form 5344 when completing the case. The new ASED is calculated by adding the following to the original ASED:
1. The number of days the taxpayer was prohibited by the automatic stay from commencing a Tax Court case, plus
 2. 60 days as provided by IRC 6213(f), plus
 3. The portion of the 90 days as provided by IRC 6213(a) that had not expired before the bankruptcy petition was filed; plus
 4. 60 days as provided by IRC 6503(a). See Revenue Ruling 2003-80 for a discussion of the effect of a bankruptcy on the running of the statute of limitations on assessment.
- Note:** IRC section 6213(a) provides that the period to file a petition to Tax Court is 150 days if the notice is addressed to a person outside the United States.
- (13) Use the worksheet in Exhibit 4.8.2-6, Bankruptcy Statute of Limitations Computation, to calculate the new ASED and default date.

Note: This worksheet cannot be used for taxpayers outside the United States.

4.19.13.23
(02-09-2018)
Combat Zone

#

- (3) The Combat Zone -C freeze and indicators are located on CC IMFOLE, Line 11. Combat Zone indicators are: "0" = Not a Combat Zone participant; "1" = Active and "2" = Inactive. Conflict indicator codes identify the combat zones(s) where the taxpayer served, See IRM 2.3.51-13, Command Code IMFOL Output Display - Entity, for a breakdown of the conflict codes.
- (4) The Combat Zone -C freeze code is an entity freeze code that remains on the account for historical purposes, even with input of accurate entry and exit dates. The "-C" freeze can be set by a Transaction Code (TC) 500 in the following ways:
- a. Department of Defense (DOD) - A monthly systemic download places a TC 500 with an entry or exit date.

- b. Processing of an original or amended tax return where the taxpayer self-identifies by writing "Serving in Desert Storm/Shield, Bosnia, former Yugoslavia, Allied Force, Afghanistan, Enduring Freedom or Haiti/Operation Unified Response".
 - c. Manual input of TC 500.
- (5) If the cases are not started and in AIMS Status 09 or below, survey them with AIMS Disposal Code 31.
 - (6) If the cases are started and in AIMS Status 10 or above, survey with AIMS Disposal Code 32 and send closing Letter 1024, Return Accepted as Filed, or Letter 4392, Combat Zone Examination Closed, for non-filers.
 - (7) If there is a frozen refund on the account, the TC 421 will release refunds on most accounts. Monitor accounts for release of credits. If the credits do not release, it will be necessary to input a TC 290 for zero.

#

- a. Input TC 500 with Closing Code 56 (the Closing Code for Afghanistan or Enduring Freedom and the current conflict in IRAQ are the same) to reflect when the taxpayer entered the Combat Zone. Do not input TC 500 if no entry date was provided.
- b. Input a TC 500 with Closing Code 57 and the exit date if the taxpayer has exited the Combat Zone.
- c. For joint accounts, if an "S" appears in the CSED field following the Closing Code (CC: 56 CSED: S), this means that the spouse is in the Combat Zone. When updating the Combat Zone indicator for the spouse, you must enter an "S" in the CSED field, so the action is applied to the spouse, not the primary taxpayer.

#

4.19.13.24
(01-23-2026)
**Information Referrals -
Form 3949-A**

- (1) Form 3949-A, Information Referral, is used to report alleged tax law violations to the IRS by an individual, a business, or both. The form usually includes information about the person(s) who allegedly violated the tax law, a description of the violation, what year(s) the violation(s) occurred, the dollar amount(s), and any other pertinent information about the violator.

- (2) Information Referrals can also be submitted via an informant letter. For more information on Information Referrals refer to IRM 21.1.3.19, Informant Contacts.
- (3) Form 3949-A are confidential. Taxpayers send completed forms or informant letters to Internal Revenue Service, P.O. Box 3801, Ogden, UT 84409. If the taxpayer sends Form 3949-A or informant letter to an incorrect IRS address, and is received as correspondence, the receiving site will forward the information to: Internal Revenue Service, 1973 North Rulon White Blvd, Mail Stop 6273, Attn: Entity, Ogden, UT 84404.

Note: Referrals can also be submitted using the Document Upload Tool (DUT) at *Form 3949-A Information Referral*. Digital referrals will be routed through ECM to SB/SE following the same general guidelines as paper referrals.

- (4) Ogden Submission Processing, sorts, screens, and routes to various stakeholders per their established procedures. For more information see IRM 3.28.2, Information Referral Process for Form 3949-A.
- (5) When Forms 3949-A or informant letters are received in Exam the clerks follow general clerical procedures.

Note: Informant claims for rewards submitted on Form 211, Application for Award for Original Information, must be forwarded to the Whistleblower Office at: Internal Revenue Service, Whistleblower Office - ICE, 1973 N. Rulon White Blvd., M/S 4110, Ogden, UT 84404.

4.19.13.25
(02-09-2018)

**Innocent Spouse
Relief/Joint and Several
Liability**

- (1) If during an ongoing correspondence examination you receive a Form 8857, Request for Innocent Spouse Relief, from the taxpayer then:
 - a. Keep a copy of the Form 8857 and any related correspondence for the case file.
 - b. Notify the spouse making the request that it: 1) has been received and does not affect the examination in any way; the audit will continue, 2) will not be considered until after the audit is complete, and 3) is being forwarded to Cincinnati Innocent Spouse Operations (CISO) for consideration.
 - c. Review the information submitted with the request to determine whether the election to file a joint return is valid, and for any other information to the examination.

Note: If it appears that a joint return election is invalid, then the change in filing status would be made as part of the exam. Notate the transmittal to CISO that the filing status will be changed during the examination.

- (2) Each Examination area will have an Innocent Spouse primary and back up Coordinator.
- (3) The primary or back up Innocent Spouse Coordinator will be responsible for:
 - Date stamping the Form 8857, Request for Innocent Spouse Relief.
 - Faxing the Form 8857 and any correspondence regarding Form 8857 within ten business days to (CISO) at (855) 233-8558.

Note: If too large to fax, mail within ten business days, using internal mail, to: Cincinnati Innocent Spouse Operation (CISO) 7940 Kentucky Dr Stop 840-A Florence, KY. 41042-2915.

- Notifying CISO when the exam is complete, and
- Providing CISO with the exam report and workpapers through RGS or using other means once the exam is complete.

Note: Forward any Innocent Spouse documents/correspondence scanned into to the Correspondence Imaging Inventory (CII) immediately to CISO.

- (4) If Form 8857 is received on a closed correspondence examination and not open in any other function, then the case should be routed to CISO within ten business days.

4.19.13.26
(04-06-2022)
**Taxpayer Advocate
Service (TAS)
Procedures**

- (1) Taxpayers contact TAS for assistance in resolving problems when they:
- Have been unsuccessful in resolving them through normal channels,
 - Are experiencing economic harm, or
 - Believe an IRS system or procedure is not working as it should.
- (2) The request must meet criteria as listed in IRM 13.1.7.3, TAS Case Criteria. Taxpayers may request assistance during or after the examination. Form 911, Request for Taxpayer Advocate Assistance (And Application for Taxpayer for Assistance Order), will be prepared by the identifying function.
- (3) The National Taxpayer Advocate has reached an agreement with the Commissioners of Taxpayer Services (TS), Small Business Self Employed (SB/SE), and the Large Business and International (LB&I) Divisions, that outlines the procedures and responsibilities for the processing of TAS casework when either the statutory or delegated authority to complete case transactions rests outside of TAS. This agreement is known as a Service Level Agreement (SLA). These SLAs are located at *Service Level Agreements*.

4.19.13.26.1
(11-01-2022)
Referrals to TAS

- (1) Refer taxpayers to TAS (See IRM 13.1, Taxpayer Advocate Case Procedures) when the contact meets TAS criteria (See IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria) and the taxpayer's issue cannot be resolved the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases that can be completely resolved in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to IRM 13.1.7.5, Same Day Resolution by Operations, and IRM 13.1.7.4, Exceptions to Taxpayer Service Criteria. When you refer cases to TAS, use Form 911, Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order), and forward to TAS. For more information on Taxpayer Assistance Order (TAO) refer to IRM 13.1.20, TAS Taxpayer Assistance Orders (TAOs).

4.19.13.26.2
(01-01-2015)
Referrals from TAS

- (1) When a case requires referral to the Examination function, the TAS employee prepares a Form 12412, Operations Assistance Request (OAR). Form 12412 identifies the taxpayer's issue, specific assistance requested from the Operating Division or Function, TAS case criteria met, and **recommendation** for resolution. TAS will secure and forward copies of signed amended returns and/or any documentation necessary for the resolution of the OAR.

- (2) OARs are mailed to the Exam Unit via a Form 3210, Document Transmittal. To the extent possible, the Form 12412 and attachments will be sent via encrypted e-mail. The Form 12412 and attachments may also be faxed, mailed, or hand carried to Exam.
- (3) Referrals from TAS will include:
 - Cases controlled on AIMS [Open -L Freeze].
 - Cases previously controlled on AIMS [Audit Reconsiderations].
 - Cases referred from another part of the IRS [Accounts Management, AUR, or Collections] for Exam classification. Examples: CAT-A, EITC Form 1040-X, Amended U.S. Individual Income Tax Return, or Source Code 38.

4.19.13.26.3
(01-01-2007)

**Responsibilities of the
TAS Case Advocate**

- (1) TAS Case Advocate will:
 - a. Contact the taxpayer regarding issue(s) with the examination process such as refund or examination processing delays.
 - b. Forward completed OAR Form 12412, Operations Assistance Request (OAR) with supporting documentation to Exam.
 - c. Be the main conduit for all taxpayer contact. The TAS Case Advocate will forward any document request from the Examiner to the taxpayer and forward any information received from the taxpayer to the Examiner, unless otherwise specified.
 - d. When working prior year over-aged inventory, or securing additional documentation, the TAS Case Advocate may facilitate a conference call with the taxpayer and the Examiner to expedite closing the case.
 - e. Timely inform the Examiner if the taxpayer does not reply within the time frame agreed upon.
 - f. Monitor for the adjustment(s) to post including TC 840 (Manual Refund transaction), after the Examiner has closed their case.
 - g. Ensure Hold Codes are released.

4.19.13.26.4
(09-16-2024)

**Responsibilities of the
Operational
Liaison/Exam
Coordinator**

- (1) Operational Liaison/Exam Coordinator is an Exam technical employee who will review the Form 12412, for completeness and correct routing. The OAR must contain:
 - a. A written explanation of the request for assistance,
 - b. A due date for completion,
 - c. The name, telephone, fax number of the TAS employee making the request, and
 - d. Documentation to resolve the TAS issue.
- (2) If the Form 12412, is incomplete, contact TAS within one (1) workday of the determination, and within one workday of the receipt of the OAR in the case of expedite processing to obtain information. If TAS cannot provide the information needed for the liaison to assign and work the OAR, within three workdays of the request, return the case to TAS.
- (3) If an OAR is routed by TAS to the incorrect office or campus location, the TS, SB/SE and or EITC Business Unit Liaison will reject and return the OAR to TAS within three workdays of receipt or within one workday where TAS has requested expedite processing. The appropriate Business Unit Liaison will complete Section VI of Form 12412 indicating the reason for the rejection,

citing the TS SLA Addendum, or SB/SE SLA Addendum and IRM references (when applicable). TAS will issue a new OAR with the correct routing information.

- (4) If the Form 12412 is complete:
 - a. Obtain AMDIS prints, if needed.
 - b. Write or attach the AIMS Source Code, Status Code, EGC and Project Code on the top of Form 12412.
- (5) If the case is in AIMS Status 00-09, the Operational Liaison or designee will screen the case and resolve if possible. See IRM 4.19.13.26.5, Premature Referral Cases, AIMS Status 00-09, for procedures.
- (6) The Operational Liaison will determine which team/function is responsible for resolving the taxpayer issue. For OARs that require expedite processing, the receiving office will assign within one workday to a tax examiner (TE)/correspondence exam technician (CET) upon receipt from TAS. All other cases will be assigned within three workdays.
- (7) For all cases involving complete OARs, the Operational Liaison, or designee will
 - a. Date stamp and record the OAR case information in the Compliance TAS database or TAS Ledger.
 - b. Assign the OAR to the appropriate Exam team.

If	Then
Currently assigned to an examiner	Assign to the AIMS EGC.
The case is in ACE and not previously assigned to an examiner	Assign cases equitably to the teams.
The case is in clerical suspense	Secure and refer to the last assigned (examiner) team.
Audit Reconsideration cases	Refer to Centralized Reconsideration Unit (CRU).

- c. Do not place TAS cases in a separate status code.
 - d. Open IDRS control "911-TAS" in the action text.
 - e. Notate Form 12412, history sheet and place any attachments on the inside of the case folder.
 - f. Acknowledge receipt of the OAR by completing items 1-3 of Section V and entering action date in Section IV.
 - g. Within three days of receipt, or within one workday when TAS has requested expedite processing, acknowledge receipt of the OAR and provide the team manager's name and telephone number for assigned OARs. If Form 3210 was received with the OAR, it will be returned by either fax or mail or an automated notification will be generated and sent via e-mail to acknowledge receipt. Acknowledgement of OARs may be made via e-mail.
- (8) For aging consistency purposes, all operations will use calendar days when counting the age of a case.

Note: For reporting purposes – a case greater than 14 calendar days is considered an aged case.

- a. The start of the aging process will occur when the faxed or mailed OAR is received by the operational liaison from the TAS office.
- b. **Day one** of the process will be:

If	Then
An OAR is received before 2:30 p.m. in the time zone receiving the OAR	It will be considered received that day.
An OAR is received after 2:30 p.m.	It will be considered received the following business day.

- c. **End date** will be the day the operational area completes IDRS input and records the OAR closing on the Compliance TAS database.
 - d. The case age will be calculated by subtracting the Day One date from the End Date.
- (9) Any OAR closed “No Relief Granted” will be **closed** out of the receiving area’s inventory and returned to the TAS office. These cases should never be rejected back to TAS. If the taxpayer asks to reopen their case, and sends in new additional information/documentation, the incoming OAR will be opened and treated as a new request/case.

4.19.13.26.5
(01-01-2012)

Premature Referral

Cases, AIMS Status 00 – 09

- (1) Upon receipt of an OAR case, research/review ACE Action Report or other IDRS prints as necessary for prior year examination closing action.
- (2) If the prior year return was closed with no changes and the same information is reflected in the current year, close the case. Refer to IRM 21.4.4, Manual Refunds, if applicable and IRM 4.19.14.7, Recertification, for procedures on removing the recertification indicator.
- (3) If the taxpayer was examined and the research indicates that one or more dependents were disallowed in the prior year, review CEAS or obtain copies of workpapers and RAR (Examination Report).
 - Verify the dependent SSN that was allowed from the prior year report and follow appropriate closing action.
 - Verify the dependent SSN that was disallowed from the prior year report. Inform TAS caseworker that a full examination will be conducted and assign case to an Exam team.
 - If a different child(ren) is (are) claimed, inform TAS caseworker that a full examination will be conducted and assign case to an Exam team to prepare the initial contact letter.

Note: For expedited cases, respond to TAS within one workday.

4.19.13.26.6
(04-22-2013)

Closing Procedures for Operational Liaison

- (1) Operational Liaison will:
 - a. Notate in the Compliance TAS database the date the case was closed and what action was taken to close.
 - b. If the case was a no reply, notate that the case was returned to normal exam work, and

- c. Fax or generate automated transmission of the completed Form 12412, OAR, and hand carry or mail the case to the appropriate TAS office.

4.19.13.26.7
(02-09-2018)

Clerical Procedures

- (1) The completed folder is given to the clerk for input. Using information found on the Form 12412, OAR, the clerk will:
 - a. Update TAS cases to special EGC, if applicable, as designated by the team manager, so that the cases can be tracked easily.
 - b. File the copies of the Form 12412 and the fax transmittal confirmation in the "OAR" log book.
 - c. Prepare a Form 3210, Document Transmittal, if necessary, with the information notated by the Operational Liaison/Exam Coordinator and hand carry to the proper team for assignment to TE.
 - d. When the case is closed by the TE or by the Operational Liaison/Exam Coordinator, the case will be returned to clerk for disposition.

4.19.13.26.8
(02-09-2018)

**General Examination
Procedures for Tax
Examiner**

- (1) The TE/CET will:
 - a. Review the description of assistance requested by TAS and requested date of completion. The Exam TE/CET and TAS Case Advocate will agree upon the time frames for follow-up based on the facts and circumstances of the case.

Note: TAS will notify Exam when a taxpayer meets criteria for expedited processing. The examiner will make all determinations based on facts and circumstances of the case, IRM procedures and application of tax law. TAS will not make a determination on the issues but may recommend specific action(s) be taken. **Contact TAS before closing case.**
 - b. Enter all documentation and information on RGS workpapers, as with any other case. For cases not on RGS, prepare manual workpapers.
 - c. Research RGS, IMFOL, TXMOD, AMDIS and other sources as outlined under IRM 4.19.14.6, Evaluating EITC Taxpayer Responses.
 - d. Respond within three workdays in writing, fax, or hand delivery to the TAS Case Advocate the relief/no relief decision if the case requires expedite processing.
 - e. Inform the TAS Case Advocate by the negotiated date of the resolution if the case does not require expedite processing.
- (2) The TAS Case Advocate must be kept apprised of action and/or contacts made by the TE with the taxpayer or practitioner. Telephone contact with the TAS advocate will not be conducted using the toll-free telephone number.
- (3) TE case evaluation of TAS referral steps:

If	Then	Follow
The case results in Full Examination or a Revised Report can be issued based on the documentation provided	<ul style="list-style-type: none"> For expedite cases, forward an examination report and appropriate letter (30 day, 90-day, Letter 692) to the taxpayer within three workdays. For all other cases, time frame as agreed upon by the TE and TAS Case Advocate. 	<ul style="list-style-type: none"> IRM 4.19.14.5, RPS Casework Procedures, and other related sections for working the case. IRM 4.13, for Audit Reconsideration, and IRM 4.19.16, Claims, for CAT-A Claims.
Additional Documentation is needed	<ul style="list-style-type: none"> Inform TAS in writing that additional documentation is needed to close or resolve the issue. When appropriate, Examiner can request TAS Case worker to call the taxpayer to expedite obtaining the additional documentation. 	IRM 4.19.14.5.1, Revenue Protection Strategy (RPS) Examination Process.

(4) Examination Closing of TAS referral steps:

If	Then	Follow
The case can be closed No Change based on the information researched or documentation received from the taxpayer	<ul style="list-style-type: none"> The examiner will complete Section VI, Parts 1 (a and b) and 2 (a, b, and c) of the Form 12412, OAR. <p>Note: If processing a manual refund, the examiner will input a Hold Code on the examination closing to prevent erroneous refunds from generating.</p>	<ul style="list-style-type: none"> IRM 4.19.13.30, Campus Exam Closing Actions, for further procedures. IRM 4.13, for Audit Reconsideration.
Items questioned are fully or partially disallowed	<ul style="list-style-type: none"> Close case as per IRM guidelines. The examiner will complete Section VI, Parts 1 (a and b) and 2 (a, b, and c) of the Form 12412. 	<ul style="list-style-type: none"> IRM 4.19.13.30, Campus Exam Closing Actions, for further procedures. IRM 4.13, for Audit Reconsideration.

(5) After all the closing actions have been completed, including inputting any adjustments:

- a. Close the IDRS control on the case, note on the action item how the case was closed.
- b. Complete items 4-10 of Section V of Form 12412.
- c. Give the case along with the Form 12412 to the Operational Liaison.

Reminder: The employee assigned the OAR is to complete Section VI of Form 12412 and return it to the Operational Liaison who will return it to the TAS case advocate assigned the case. The Form 12412 will be returned within three workdays from the date all actions have been completed and transactions input.

4.19.13.27
(02-09-2018)
Disaster Relief

- (1) This is the general overview for Campus Examination in event of a federally declared disaster.
- (2) Procedures for responding to federally declared disasters or other significant emergencies can be found in IRM 25.16, Disaster Assistance and Emergency Relief.
- (3) A complete index of issued Disaster Relief Memorandums, Zip Codes, and postponement periods of enforcement activities for each disaster can be found at the disaster web site: *IRS Disaster Memos & Declarations by Calendar Year*.
- (4) Additional information is also available on the *SB/SE Disaster Assistance and Emergency Relief Site*.

4.19.13.27.1
(04-04-2013)
Disaster Indicators and IDRS Freeze Codes

- (1) The IRS identifies accounts impacted by a declared disaster by zip codes and inputs a TC 971 Action Code. Depending on the type of relief assigned to that zip code area, a master file -S or -O freeze will be generated.
 - a. The -S freeze on the account stops interest and penalties for a determined timeframe but does not stop compliance activities or notices.
 - b. The -O freeze on the account stops interest and penalties for a determined timeframe, stops compliance activities, and stops most notices.
- (2) These freeze codes do not prevent cases from establishing on AIMS.
- (3) The Disaster Indicators will post on the entity portion of IDRS, which are defined as follows:
 - a. 1 = -S freeze active
 - b. 2 = -O freeze active
 - c. 3 = both -S and -O freezes are active
 - d. 4 = not currently active.
- (4) To set the freeze code you will take the following actions:
 - a. Use CC ENMOD
 - b. Input CC REQ 77
 - c. Input TC 971
 - d. Input Transaction date = disaster start date
 - e. Input Secondary date = disaster end date
 - f. Input TC 971 / 151 CD = 087 for -O freeze
 - g. Input appropriate FEMA NUMBER
- (5) The freeze codes will be automatically removed when the disaster period ends.

Note: If the postponement end date is extended the freeze codes may be removed in error. The freeze codes will be systemically re-input.

4.19.13.27.2
(08-10-2023)

**Disaster Procedures -
Beginning
Postponement Period**

- (1) For impacted taxpayers with an -S freeze on the account, Campus Examination will continue normal case processing. All contacts with the taxpayers during the disaster period will include Notice 1462, Important! You Have More Time to File and Pay Your Taxes Due to a Disaster.
- (2) For impacted taxpayers with an -O freeze on the account, Campus Examination will postpone normal case processing unless otherwise guided in this IRM sub-section.
 - a. Contact with the taxpayer should be postponed until after the disaster ending date **unless necessary to protect the statute of limitations**.
Caution: Monitor the IRS Disaster Assistance alerts and IRS Source for information regarding extensions to postponement periods.
 - b. In addition to the master file codes, disaster coding will also be present on the following IDRS command codes:
 - ENMOD/IMFOLE - transaction code (TC) 971 and AC 087/688
 - ENMOD/IMFOLE - "2" - Account under special disaster processing per Section 7508A
 - AMDISA - "2" - Disaster Victim Code
- (3) Update all -O freeze disaster cases in Status 10 and above to Employee Group Code 5055. Cases should remain in EGC 5055 throughout the entire Exam process.

Exception: Cases in EGC 5033/5066/5077/5088 will not be updated to EGC 5055.

- (4) Take actions below for case processing on impacted taxpayers with an -O freeze on the account:

If Case is in Status	Then	And	Update Suspense Date
00-09, 10, 22, 23, 25, 52 or 53	Leave in current status	N/A	To disaster ending postponement date.
24	Leave in current status	N/A	To disaster ending postponement date.
24 with correspondence	Leave in current status	Leave date in Corr Rec'd date field on AIMS and CEAS	To disaster ending postponement date.
51 (AIMS or RGS)	N/A	The case can be closed agreed or no change, complete the closure. Note: All other types of closures will be suspended.	Current Date, no postponement date needed.

If Case is in Status	Then	And	Update Suspense Date
54, 55 or 57	Update to status 56	Input Action Text with 'CRD MMDDYY' to identify the original Corr Rec'd Date. (This is necessary since status 56 will not keep CRD on the CEAS record)	To disaster ending postponement date.

- (5) Any cases updated from status 24 in error should be corrected.
- (6) Generally, there should be no correspondence sent to taxpayers in disaster areas during the postponement period, unless responding to a taxpayer-initiated inquiry or to protect the statute of limitations. Correspondence received for case in EGC 5055 and/or with -O freezes will be screened for agreed, no change cases, and requests to continue their examination within 5 business days of receipt within the function. This includes audit reconsideration and closed case (status 90) mail correspondence.

4.19.13.27.3
(01-23-2026)

**Taxpayer Replies During
the Postponement
Period**

- (1) When taxpayer replies, including replies received in Status 24, and is agreeing to assessment or documentation justifies closing case with no changes, complete case actions for closure.
- (2) Taxpayer Replies - Disagreed or requests additional time:
 - a. Open AIMS - If the taxpayer disagrees and provided information that changes the previous report, delay issuing the revised report for the duration of the notice suppression period. Update to status 56 per table above.
 - b. Closed or No AIMS - If the taxpayer provides information that changes the addressed report, complete the abatement. Keep the IDRS control base and CEAS record open and, document the action. The taxpayer will be issued the resolution notice after the postponement date ends.
- (3) Taxpayer Replies - Requests for examination to continue:
 - a. Do not remove the disaster freeze codes.
 - b. Do not update the case from EGC 5055.
 - c. Clearly notate the workpapers to document the taxpayer's request.
 - d. Continue to the next required actions.
 - e. Prioritize the case by assigning it to a tax examiner to be worked right away.
 - f. Case will require manual processing. Systemic processing cannot override the disaster coding on the account.
 - g. Include Notice 1462 with any letters and reports to the taxpayer.

4.19.13.27.3.1
(01-02-2013)

**No Replies and
Undeliverables**

- (1) If no response from the taxpayer, take no action on the case until the postponement period has expired unless action is necessary to protect the statute of limitations.
- (2) For Undeliverables, suspend the case until the end of the disaster period.

4.19.13.27.4
(07-30-2020)
**Claims and Amended
Returns**

- (1) Claims or Amended Returns - Work claims (Forms 1040X) that have sufficient documentation available to make a determination. Only allow or close claims that would benefit the taxpayer.
- (2) Do not start any claims cases; postpone all actions during the disaster period. The requirement for married filing joint taxpayers to provide a completed Form 3911, Taxpayer Statement Regarding Refund, does not apply when the taxpayer is inquiring about a refund that may have been lost, stolen, or destroyed.

4.19.13.27.5
(07-30-2020)
Statute Awareness

- (1) The disaster freeze codes do not extend the statute dates - ASED or CSED.
- (2) Examination will protect imminent statutes by issuing statutory notices for taxpayers located in the affected counties during the compliance activity postponement period if the statute of limitations will expire during that period **and** a statute extension cannot be secured.
- (3) No statutory notices of deficiency will be issued during the compliance activity suspension period if the statute of limitations will not expire during that period.
- (4) If the statute of limitations **and** the 90th day to petition Tax Court fall within the postponement period, the taxpayer's time to file a timely a court petition is postponed until the end of the postponement period.
- (5) Because the CSED or ASED statute is not extended by IRC 7508A, it may be necessary to retain evidence of the initial mailing of deficiency notices.

4.19.13.27.6
(01-23-2026)
**Disaster Telephone
Procedures**

- (1) Contact with taxpayers impacted by a disaster must be made with caution and extreme sensitivity to the taxpayer's personal circumstances, using the "soft contact" procedures. See IRM 5.1.12.2.2, Soft Contact Procedures.
- (2) If the taxpayer calls, explain their case has been suspended until the end of the disaster period. Provide the taxpayer with information available on Disaster Assistance and Emergency Relief for Individuals and Businesses at Pub 3067, IRS Disaster Assistance - Federally Declared Disaster Area, which contains information for impacted taxpayers. If the taxpayer suffered a loss, they may be able to take a casualty and theft loss.

Note: When making or receiving phone calls, technicians must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer and to prevent unauthorized disclosure of tax information.

- (3) Advise taxpayer to read Publication 3067 (EN/SP), IRS Disaster Assistance - Federally Declared Disaster Area, and to call our IRS Disaster Assistance Hotline at (866)562-5227.
- (4) Additional information can be found at Disaster Assistance and Emergency Relief Frequently Asked Questions at: *Disaster Assistance Information*.
- (5) If taxpayer states they would like the IRS to continue with the examination, we will proceed with the examination. If possible, obtain this request in writing. Encourage the taxpayer to upload the written request to the Document Upload Tool (DUT) at *Campus Correspondence Exam Document Upload Tool* or to fax their request to the appropriate campus. Provide the appropriate campus fax number.

Note: If the taxpayer has signed up for Secure Messaging (Taxpayer Digital Communication (TDC)), advise the taxpayer to send their request to their assigned examiner through the Secure Messaging platform .

- (6) For those taxpayers who indicate they have been impacted by the disaster, all compliance activity must be suspended. See IRM 25.16.1.3, Identification of Covered Disaster Area, Postponement Period, and Affected Taxpayers, for information regarding taxpayers eligible for disaster relief for self-identification. Taxpayer's self-identifying as impacted by the disaster will have the appropriate freeze manually placed on their account.
- (7) If the taxpayer indicates hardship, refer to Taxpayer Advocate Service using Form 911, Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order). Give the taxpayer advocate phone number 1-877-777-4778. The Form 911 should clearly state that the taxpayer made the request after the actual date of the disaster.
- (8) Exam will initiate any case actions to provide hardship relief to the impacted taxpayers.
- (9) All hardship manual refund requests do not have to go through TAS. Verify if the taxpayer would prefer the manual refund issued as a direct deposit for quicker receipt. See IRM 3.17.79.6.4.2, Certifying Automated Clearing House (ACH)/Direct Deposit Hardship Refunds.

4.19.13.27.7
(08-10-2023)

**Identity Theft/Return
Preparer Misconduct
Disaster Procedures**

- (1) Do not update cases to EGC 5055.
- (2) If identity theft is suspected or alleged, conduct IDRS research as specified in IRM 4.19.13.28.1, Research, to determine if any ID theft indicators are present then proceed based upon the facts and circumstances.
- (3) If Return preparer misconduct is suspected or alleged, conduct IDRS research as specified in IRM 4.19.13.32, Campus Exam Return Preparer Misconduct (RPM) Referrals.
- (4) If cases don't meet the requirements in 2 or 3 above, suspend the cases per the disaster procedures.

4.19.13.27.8
(07-30-2020)

**Disaster Postponement
Period Ends**

- (1) At the end of the disaster postponement period, taxpayer contacts within the designated area must be made with caution and extreme sensitivity to the taxpayer's personal circumstances. Stress and fatigue are factors needing consideration, even in instances where taxpayers did not experience any personal, monetary, or physical damage from the disaster.
- (2) Before resuming action, review the IRS Disaster Assistance alerts posted and IRS Source for information regarding extensions to suspense periods.
- (3) Resume normal examination procedures after the postponement period has expired.
- (4) For cases where a SNOD has been issued to an affected taxpayer, whether prior to or during the disaster relief period, if the original default date was calculated to fall on or before the end of the disaster relief period, the extended default date would be the same as the end of the disaster relief period.

Example: The disaster relief period begins on August 2, 2019 and ends on January 31, 2020. If the SNOD was issued to an affected taxpayer on July 17, 2019 and the original default date is October 31, 2019, then the default date is extended to January 31, 2020 (end of the disaster relief period).

- (5) If the SNOD was issued to an affected taxpayer **and** it defaulted prior to the beginning of the disaster relief period, then there is no extension of time to petition the Tax Court. The default date remains the same as it was prior to the disaster relief period.
- (6) If the SNOD was issued to an affected taxpayer during the disaster relief period and the original default date is calculated to fall after the end of the disaster relief period, then the default date remains the same as originally calculated. There is no extension of time to petition the Tax Court provided by the disaster relief granted.

4.19.13.27.9
(07-30-2020)

**Reviewing
Documentation after the
Postponement Period
Ends**

- (1) Use good judgement when reviewing documentation.
- (2) Consider the taxpayer's situation and impact from the disaster. If the taxpayer states their records were lost or destroyed, consider the documents required to substantiate the questionable item and determine if the taxpayer could reconstruct the information without putting an undue burden on the taxpayer. For example: obtaining mortgage or charitable contributions statements from another source or obtaining third party documentation to substantiate a child's residence for EITC.
- (3) If insufficient or no documentation can be provided:
 - a. Annotate workpapers with the determination.
 - b. Managerial Approval is required to close a case no change. The manager needs to leave a CEAS non action note stating they agree to close this case and the reason for closing the case without appropriate documentation.
- (4) Work case per IRM 4.19.13.11, Taxpayer Replies, for subsequent action.
- (5) We will grant up to an additional 30 days if the taxpayer requests an extension to provide information. Use the following table if the taxpayer requests a reasonable period of time (30 days or less) to comply:

If	Then
A notice of deficiency has not been issued and the current date is before January 15th of the statute year	Grant the request.
A notice of deficiency has not been issued, and the statute is imminent (current date is after January 15th of the statute year or less than 90 days remaining on the statute of limitations)	Attempt to secure a statute extension. Refer to IRM 25.6.22, Statute of Limitations - Extension of Assessment Statute of Limitations by Consent, for more information.

If	Then
The statute is imminent (current date is after January 15th of the statute year or less than 90 days remaining on the statute of limitations), and an extension is not secured	Issue SNOD.
A notice of deficiency has been issued and the current date is before January 15th of the statute year	Grant the request. If the taxpayer files a Form 8626, Agreement to Rescind Notice of Deficiency, then consider the rescission. The date to file a petition in Tax Court cannot be extended. For further procedures on stat notice rescission please refer to IRM 4.19.13.27.10, Taxpayer Requests Rescission of the Statutory Notice.

- (6) The SNOD must be mailed to taxpayers at their last known address and duplicate notices mailed to all newly discovered addresses.

4.19.13.27.10
(03-06-2015)
**Taxpayer Requests
Rescission of the
Statutory Notice of
Deficiency**

- (1) In some cases, it will be necessary to rescind the SNOD by following procedures in IRM 4.8.9.30, Rescinding Notices of Deficiency.
- (2) Procedures and guidelines for rescinding a SNOD:
- The taxpayer must initiate the rescission by filing Form 8626, Agreement to Rescind Notices of Deficiency and all criteria must be met to consider the rescission of the Notice of Deficiency. See IRM 4.8.9.30.1, Criteria for Rescinding.
 - There must be 90 days left on the Statute or a secured Form 872 or Form 872-A, Consent to Extend the Time to Assess Tax, signed by the taxpayer, or both taxpayers if a joint filed return. Refer to IRM 25.6.22, Statute of Limitations - Extension of Assessment Statute of Limitations by Consent, for more information.
 - A rescission cannot be entered into if the taxpayer petitioned tax court or it has been 90 days (150 days for notice mailed to addresses outside the United States) since the notice was issued.
 - If the notice of deficiency was issued to both a husband and wife, the rescission agreement must be signed by both spouses or authorized representative(s) for the parties.
 - The rescission agreement must apply to the same tax periods as the notice of deficiency.
 - The rescission agreement must reflect the same deficiency and penalties as the notice of deficiency.
 - If all conditions above are met, the Form 8626 must be reviewed and agreed upon by a Group Manager or higher. Somebody delegated into the Group Manager position cannot enter into the rescission agreement.
 - The date of rescission is the date that both parties enter into the agreement.

- i. Send Letter 2262, Cover Letter for Transmitting Signed Rescission, with a copy of the executed rescission agreement to the taxpayer.
- j. If the IRS does not agree, then Letter 2263, Exception Letter to Notice of Deficiency Rescission, needs to be sent to advise the taxpayer that the rescission is not being granted and the notice of deficiency will remain in effect.

4.19.13.28
(01-28-2016)
Campus Exam Identity Theft

- (1) Taxpayers alleging to be victims of identity theft will be required to provide documentation to substantiate identity theft incidents before referring a case to Identity Theft Victim Assistance (IDTVA) in TS Accounts Management.

4.19.13.28.1
(07-30-2020)
Research

- (1) When an Identity Theft (IDT) allegation (phone call or correspondence) is received in TS Exam and IDT documents have not been submitted, research CC ENMOD/IMFOLE to ensure the account does not already have an IDT indicator; for both open or closed AIMS cases, and for the same tax year/incident. An IDT indicator is a TC 971 with an AC 501, 504, 505, 506, 522 or 524 for all cases reflecting an appropriate Tax Administration Source Code (INCOME, INCMUL, MULTFL, NOFR, DEC PRISNR, OTHER). See IRM 25.23.2.4.1, Tracking and Reporting Identity Theft Cases - Identity Theft Indicators.

Note: A TC 972 AC 501/506/522 and the tax year of the IDT incident reflecting a Tax Administration Source Code NOIDT, IRSERR, FALSE, TPRQ, IRSIDAM, or OTHER indicates an Identity Theft incident was not determined. Do not request the supporting documentation and continue in the normal Exam process. Once a case is determined to be IRSID, clearly document the workpapers and prepare the case to be referred to IDTVA.

- (2) The following are common indicators that may lead to an IRS-identified ID Theft (IRSID):
 - -A freeze or TC 976/977 Decedent accounts
 - Payments - TC 610, 640, or 670 posted on accounts where a TC 150 refund return was posted
 - Late filed balance due return posted on accounts where a TC 150 refund return was posted
 - Extension to file - TC 460 on an account with a timely (early) filed TC 150 return posted
 - Returns with filing pattern changes including different unrelated or deceased dependents
 - MFT 32 - houses current year fraudulent Identity Theft returns discovered by IRS

Caution: Do not confuse questionable income, such as PC 0611, as being ID Theft related. Follow IRM 4.19.14.9, Questionable Refund Program.

4.19.13.28.2
(01-23-2026)
Requesting Documentation

- (1) Request Identity Theft Form 14039, Identity Theft Affidavit. See IRM 25.23.2.3, Identity Theft Claims - General Guidelines.
- (2) If a taxpayer submits correspondence indicating they are a victim of IDT, request the documents on Form 886A and prepare the case for the next stage of the audit. If the case is in Status 24, use Letter 555 to request the Form 14039. Inform the taxpayer this does not extend the time to petition Tax Court, per IRM 4.19.13.11, Taxpayers Replies.

- (3) If during a telephone call the taxpayer requests an extension, input an Action Note on CEAS to reflect the requested extension is being granted and for how long. The case is suspended until the alleged ID theft is confirmed or denied. See IRM 4.19.19.4.1, CEAS Action Note, if needed.
- If the case is open at another Campus or not assigned to you, input a CEAS Action note to alert of the IDT allegation. They will be responsible for doing the updates to the account as appropriate.

Note: When making or receiving phone calls, technicians must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer to prevent unauthorized disclosure of tax information.

- (4) Update to Employee Group Code 5066 and input ARC 14 to indicate a taxpayer will provide or has provided the required documentation.
- (5) All identified employee returns with Identity Theft allegations must be sent to the appropriate Area Office PSP Employee Audit Coordinator. Follow IRM 4.19.11.3.2, Employee Returns.

4.19.13.28.3
(06-17-2021)
Taxpayer Replies

- (1) When the taxpayer submits the requested documents, prepare the case to be referred to IDTVA TS in Accounts Management.

Note: All procedures are applicable to both TS and SB/SE except where specifically identified by BOD.

- (2) Ensure the Form 14039 is complete; the document is considered complete when sections A, B and C are filled out. See IRM 25.23.10.6.4.2, Technical Procedures for IDTVA Specialties Exam Cases.

Note: A photo ID or a signature on the form is not required to make a referral to IDTVA.

- (3) IRM 25.6, Statute of Limitations, provides the service-wide procedures for identifying and processing statute returns. Statute protection applies to ID Theft referrals if the Assessment Statute Expiration Date (ASED) is within 180 days of expiring. Exam will close the audit and refer to IDTVA in a Red folder.
- (4) Notate CEAS Workpapers. See IRM 4.19.13.6, Workpapers for All Cases.
- (5) Update to EGC 5066 and input ARC 14, if not already present, to indicate a taxpayer provided the required documentation.
- (6) **For TS**, Close AIMS using Disposal Code 12, TC 300 \$0.00, Manual Assessment amount of \$1, Hold Code 4, and Priority Code 1.
- Input the TC 971 AC 010 to reset the -A freeze, only on cases that already have an -A freeze on the account. Use a posting delay code of 1 cycle to allow the TC 300 to post first.
 - Make a copy of the Form 14039 and any supporting documents, not available electronically, to be placed on the PAS wall with closing documents.
- (7) **For SB/SE**, Close AIMS using Disposal Code (DC) 37 AFTER completing the steps below.

If	And	Then
There is no -A freeze,	refund needs to be held on the account	post TC 570 to hold the refund (For status 24 cases, see IRM 4.19.13.28.2, Re-requesting Documentation).
There is an -A freeze,	N/A	<ol style="list-style-type: none"> 1. Input the TC 290 0.00 with a Hold Code 4 BEFORE closing the return as a survey to ensure any frozen credits are not released. Wait until the 97X is no longer on the AMDISA before closing DC 37. 2. Re-input the TC 971 AC 010 to reset the -A freeze. This will need to have a posting delay code of 2 so the TC 421 (DC 37) will post before the -A or the TC 421 will unpost.

(8) **For SB/SE campuses**, follow the additional procedures:

- If the AIMS was re-opened (TC 300 indicator = 6 and there is time on AMDISA) and there is no additional adjustment to be made, close with DC used prior to re-opening.
- Do not remove EITC, CTC/ACTC/Refundable CTC, or AOTC Recertification indicator, if present on EITC cases.
- RGS/CEAS workpapers will be notated with a detailed explanation of the closure as an identity theft case and to be forwarded to IDTVA for resolution. A lead/manager must authorize/approve the closure by leaving a CEAS Non-Action Note.
- If time is charged on RGS, archive the record and then manually close AIMS with a non-examined DC.
- Case closed DC 37 is not counted as a Correspondence Examination case closure and therefore not reviewed in the National PAS review.
- Statute imminent cases with less than 60 days will be transmitted separately to IDTVA using expedite procedures.
- Issue Letter 086C to inform the taxpayer of the referral to IDTVA, use the address on Form 14039, Identity Theft Affidavit. If a SNOD has been issued, remind the taxpayer that this letter does not extend the time to

petition the Tax Court. Follow IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office, the IRM provides the **exceptions** of when the 086C is not required to be sent.

Caution: Issue Letter 086C to the address the taxpayer has provided. The address on ENMOD may be incorrect. Do not update the address on master file.

- (9) Leave a history item on TXMOD **IDTVAREFRL**.
- (10) Input TC 971 AC 522 UNWORK, if not already present, on ENMOD to identify a pending IDT claim when the IDT documents are received. Refer to IRM 25.23.2-10, IMF Only TC 971 AC 522 Tax-Related Identity Theft, Case Status (Initial Claim/Suspicion). Prior to marking the account, research ENMOD/IMFOLE to ensure the questionable tax year does not already have an IDT indicator for the same tax year.

Caution: If the coding already exists, do not input a second duplicate code for the same tax year.

- (11) Forward the Form 14039 and any supporting documents, not available electronically, to IDTVA via Form 3210. Cases can be sent via E-Fax when available.
- (12) If correspondence is received on a closed AIMS case (Closed Case Mail) and a Form 14039 or Police Report, with some indication that it is related to IDT, route to IDTVA via Form 3210 to be screened by IDTVA. Follow procedures outlined under IRM 4.19.13.28.1, Research, and IRM 4.19.13.28.2, Requesting Documentation, as applicable in authenticating and securing documentation.

Reminder: Ensure the case has not been worked by IDTVA. Taxpayer account research, (For example, IDRS, AMS and/or CII) is necessary to determine if the case has been worked.

4.19.13.28.4
(02-09-2018)

**Masterfile shows a
Service Center Address
as the Taxpayer's
Address**

- (1) Integrity Verification Operation (IVO) in some cases updates a taxpayer's address on master file to a campus address when they determine a taxpayer is a victim of ID theft and is unable to determine a valid address for the tax year they are addressing. They correct the account and place the IDT indicators on the record they are working. If Exam has other years open, the address change will impact the validity of the SNOD if it is not corrected from the campus address. In order for the SNOD to be valid, it must be issued to the last known verified address and not to the Service Center address.
- (2) If the case contains IDT indicators on the account see IRM 4.19.13.28.1, Research. Exam will close the AIMS record and route the physical case to IDTVA in AM, see IRM 4.19.13.28.3, Taxpayer Replies.

Note: IDTVA will make necessary changes to the name and/or the address on Masterfile.

- (3) If the case DOES NOT contain IDT indicators, Exam will use the last known address to continue the audit. Search IDRS for the most recent filed return using appropriate CFOL and IDRS command codes including RTVUE, TRDBV and IRPTRO to support the last known address. Update the address on IDRS and RGS/CEAS from the Service Center address to the last known address on the return.

4.19.13.28.5
(07-30-2020)

**No Response to our
Request for
Documentation**

- (1) If the taxpayer does not provide the requested documentation in 30 days, update out of EGC 5066 and return to normal Exam processing and/or the next stage of the examination. The campuses are responsible for monitoring the postponement dates for timely action.
 - a. The AIMS/Batch/RGS Coordinator will monitor and update batch cases out of EGC 5066 as appropriate.
 - b. If the case is in a technical unit, they will monitor and update out of EGC 5066 as appropriate.

Note: ARC 14 remains on these cases allowing tracking of how many alleged ID Theft cases were returned to normal Exam processing.

4.19.13.28.6
(07-30-2020)

**IDTVA Returns a Case to
Exam as not a True IDT**

- (1) If IDTVA determines a taxpayer is not a victim of identity theft and the audit should continue, they will:
 - Notate all actions on AMS prior to returning a case to Exam.
 - Leave a TXMOD history item "Not IDT, refer back to Exam".
 - Route the case to Exam Attn: AIMS Coordinator via Form 3210.
- (2) The AIMS Coordinator, or an authorized employee, will restore the AIMS database in the appropriate status code, unarchive RGS/CEAS, and assign to a technical unit to resume the audit process as required.

Note: If IDTVA identifies an unprocessed return after they resolve the ID Theft issue, they will refer the case using Classification procedures (IRM 21.5.2.4.23.6, Discriminate Index Function (DIF) SCORES or CLASSIFICATION "Send Return(s) to Examination for Review").

4.19.13.28.7
(07-30-2020)

**Reporting Time with
Identity Theft
Involvement**

- (1) Follow the table below for recording time spent on IDT duties: Identity Theft Time Reporting

Function Code	Program Code	Description	Audience
707	93400	DISC PHONES-IDT	Phone assistors
707	93600	EITC PHONES-IDT	Phone assistors
710	93563	DISC ID Theft	Correspondence
710	93663	EITC ID Theft	Correspondence
720	93453	DISC ID Theft	Support
720	93653	EITC ID Theft	Support

4.19.13.29
(09-16-2024)
**Mixed Entity and
Multiple Filer Condition
Procedures**

- (1) A Multiple Filer condition occurs when **more than one** return is filed using the same TIN. If the account has an -A Freeze (TC 976), perform the following TIN-related research to determine if the TC976 belongs to the taxpayer you are examining use CC IMFOL, RTVUE, NAMES, INOLE, and DUPOL to research taxpayer's and other TINS listed on the return.
- (2) If research shows the same taxpayer created the duplicate filing condition, continue with the audit. The duplicate filing condition (amended return) must be considered and addressed while working the examination. If you are unable to make this determination or research shows more than one individual is using the same TIN, request all returns for the year(s) involved, including the TC 976 document and request MFTRA, type "U", to obtain NUMIDENT information. Follow the mixed entity procedures below for the appropriate AIMS Status.

If	Then
Case is in AIMS Status 09 or below	<ol style="list-style-type: none"> 1. Input TC 290 for 0.00, Hold Code 4, and Aging Reason Code (ARC) 09. 2. Once the -A Freeze drops from AMDISA, close AIMS by using a Survey Disposal Code of 31 or 32. 3. Forward original and 97X returns with the Numident print. If available electronically, no prints or copies are required of the returns or Numident, Refer, to be scanned to CII, using Form 3210, Document Transmittal, for account correction. Notate on Form 3210 "– A Freeze Mixed Entity Case".
Case is Status 10 or above (except Status 24)	<ol style="list-style-type: none"> 1. Input TC 300 for .00, Hold Code 4, Priority Code 01, DC 12, and Aging Reason Code (ARC) 09. 2. Forward original and 97X returns with Numident print. If available electronically, no prints or copies are required of the returns or Numident. Refer, to be scanned to CII, using Form 3210, Document Transmittal, for account correction. Notate on Form 3210 "– A Freeze Mixed Entity Case".

If	Then
Case is in AIMS Status 24	<ol style="list-style-type: none"> 1. Allow the case to age through the SNOD process. 2. When time to close, print the TXMOD showing the – A Freeze. Include the print in the case file being sent to AM. Note: AM will not accept case without this print. 3. Input TC 300 for .00, Hold Code 4, Priority Code 01, DC 12, and Aging Reason Code (ARC) 09. 4. Forward original and 97X returns with Numident print. If available electronically, no prints or copies are required of the returns or Numident. Refer, to be scanned to CII, using Form 3210, Document Transmittal, for account correction. Notate on Form 3210 “– A Freeze Mixed Entity Case”.

Note: If a Form 1040-X, Amended U.S. Individual Income Tax Return, is sent from AM to be associated with an open Exam case and the associated Form 1040-X is a mixed entity issue, close the case to the originating AM to resolve.

- (3) If the second return has not been processed to a TC 976 DLN on the account, complete and attach Form 3893, Re-Entry Document Control and forward the original return to Submission Processing (SP). Keep a copy of the return when sending an original to SP aligned to your campus. Suspend the case pending the document processing.

Note: On Form 3893 Box 14 Remarks, notate to return the original document when processing is complete. Enter any additional information needed to clarify the reason for re-entry or to preserve a proper audit trail.

- (4) All incomplete case files will be returned by AM.
- (5) It is important to make a distinction between a mixed entity case and cases that are actual identity theft. Do not confuse the issue of taxpayer having no knowledge of income earned or a return filed, with an assumption taxpayer is a victim of identity theft. Often the problem is created inadvertently and the problem is a Mixed Entity case rather than an intentional use of a stolen identity. If the taxpayer states that they are a victim of identity theft, refer to IRM 4.19.13.28, Campus Exam Identity Theft.

4.19.13.30
(01-23-2026)

(1) Closing Instructions for Campus Exam:

**Campus Exam Closing
Actions**

If	Then
<p>Taxpayer replies to any letter and provides enough documentation and verification to no change the case.</p>	<p>Close case as No Change. Complete Form 5344 with:</p> <ul style="list-style-type: none"> • DC 02 • Technique Code 02 • TC 300 for .00 will populate systemically • Verify that appropriate "No Change" Issue Codes are correct. • The No Change notice CP 3581, No Change Closing Letter for Examination, will be systemically generated at case closure. <p>On TY 2014 and subsequent returns:</p> <ul style="list-style-type: none"> • Remove the CRN 869 indicator from Form 5344.
<p>Taxpayer agrees by signing report before the issuance of the SNOD.</p> <p>Note: For joint returns, do not close a case as agreed if both the primary and secondary's signatures are not secured. When only one of the joint taxpayers has signed, continue to use deficiency procedures.</p> <p>Exception: If the deficiency, including penalty(s), is full paid, follow closing procedures in IRM 4.38.1.7.3.1.18.3(1), Payment in Lieu.</p> <p>Caution: If the taxpayer attaches documentation to the signed report, do not work as a signed agreed. Update the case to reply status and work accordingly.</p>	<p>Close case as Agreed within 14 calendar days of receipt in the Operation. Complete Form 5344 with:</p> <ul style="list-style-type: none"> • DC 04 • Reference/Transaction Codes for changed items • Technique Code 02 • Agreement Date • Fax Agreement indicator, if applicable • Input TC 30X

If	Then
<p>The deficiency is paid in full, including any applicable penalties, before the issuance of the SNOD, and the taxpayer does not sign the agreement.</p> <p>Note: If the taxpayer indicates they do not agree, continue with the examination. If there is uncertainty on whether the taxpayer agrees, call the taxpayer for verification and document all actions taken in workpapers.</p> <p>Refer to IRM 20.2.4.9.1, Cash Bonds, to differentiate between a payment and a cash bond, TC 640 with blocking series 990-999 and designated payment code 12. Cash bonds are not considered agreed cases. The payment was made to stop the accrual of Interest.</p>	<p>Close the case based on the payment. Complete Form 5344 with:</p> <ul style="list-style-type: none"> • DC 08, See IRM 4.38.1.7.3.1.18.3(1), Payment In Lieu • Reference/Transaction Codes for changed items • Technique Code 09 • Input TC 30X
<p>The signed agreement is received in the IRS after the issuance of the Statutory Notice.</p>	<p>Close case Agreed. Complete Form 5344 with:</p> <ul style="list-style-type: none"> • DC 09 • Reference/Transaction Codes for changed items • Technique Code 02 • Agreement Date • Input TC 30X
<p>The taxpayer remits full payment of the deficiency, including any applicable penalties, after the issuance of the SNOD but does not sign the agreement/waiver in accordance with Rev. Proc. 2005-18. Refer to IRM 4.19.13.13, No Response Cases.</p>	<p>The case cannot be closed until the period for filing a petition with Tax Court has expired and no petition was filed. The case will be closed default if no petition was filed.</p>
<p>The taxpayer signs the examination report/waiver sent with the SNOD.</p>	<p>The case may be closed as Agreed, DC 09.</p>

If	Then
<p>Taxpayer does not agree and does not file a petition with the Tax Court after issuance of SNOD.</p> <p>Note: For joint returns, do not close agree a case if both the primary and secondary taxpayer's signatures are not secured. If only one of the joint taxpayers has signed and the other has petitioned tax court, MFT 31 assessment procedures may be necessary for the unagreed spouse. See IRM 21.6.8, Split Spousal Assessments.</p>	<p>Close case as Default after 105 days have expired from the date of Statutory Notice (165 days if Taxpayer is outside country). Complete Form 5344 as follows:</p> <ul style="list-style-type: none"> • Taxpayer replied during examination - DC 10, Technique Code 02 • Taxpayer did not reply during examination - DC 10, Technique Code 06 • Undeliverable SNOD and taxpayer did not reply during examination - DC 13, Technique Code 07 • Undeliverable SNOD and taxpayer replied during the examination - DC 10, Technique Code 2. Leave notation that Statutory Notice Undeliverable in RGS action text • Unclaimed SNOD and taxpayer did not reply during the examination - DC10, Technique Code 06 • Unclaimed SNOD and taxpayer replied during the examination - DC10, Technique Code 02 <p>Note: RGS extension code 99 should not be input if SNOD is undeliverable and there was prior correspondence. See IRM 4.19.20.2.6.2, Taxpayer Correspondence Received After the Issuance of the Statutory Notice of Deficiency Non-CPS Generated Mailing.</p> <ul style="list-style-type: none"> • Input TC 30X

If	Then
The taxpayer submits an amended tax return in response to a non-claim examination letter; the assessment is processed before it reaches Exam, and resolves all examination issues.	Close case using Disposal Code 01 and the appropriate Technique Code: <ul style="list-style-type: none"> • Input TC 300 for 0.00 • Input the TC 29X adjustment amount on Item 415 on the Form 5344. Refer to IRM 4.4.12.3.13, Item 415: Amended Return Amount
The taxpayer submits an amended return in response to a non-claim examination letter; the assessment is processed before it reaches Exam and does not resolve all examination issues.	You cannot close the case. Refer to <i>Form 1040-X Received During an Open Examination</i>
The taxpayer submits a Shared Responsibility Payment (SRP) worksheet with a reply or amended return.	Verify that the SRP worksheet has been acknowledged in the workpapers and that a copy has been forwarded to the designated unit making SRP adjustments. Ensure that the CRN 869 indicator on Form 5344 is 0 before validating the form.

Note: Any time the taxpayer replies, use Technique Code 02. It is very important that the appropriate technique code is used. In an instance of Negative Deficiency, specifically dealing with QRP, see IRM 4.19.14.9.5, QRP Negative Deficiency Procedures, for clarification.

- (2) For cases being closed manually filing status changes must be input using ENREQ to update the entity section of ENMOD which will flow to TXMOD accordingly. Use the appropriate corresponding number to reflect the change made by Exam (i.e. Single -1, Joint -2, HOH -4). Refer to IRM 2.4.9, Command Codes ENREQ, INCHG, IRCHG, BNCHG and BRCHG, and Exhibits 2.4.9-2, Command Code ENREQ, and 2.4.9-3, IMF CC INCHG General Format, for instruction on updating the filing status on ENMOD.
- (3) The responsibility of the designated unit will be to post the SRP adjustment to MFT 35. No other examiners should be making the SRP adjustments.

Posting Adjustment of the SRP to MFT 35

If	Then
Input TC 29X with Penalty Reference Number 692. This will generate TC 240 with Penalty Reference Number 692.	Use the following codes: a. Blocking Series - 05 b. Category Code - UVAL c. Source Code - 2 d. Reason Code 154 - SRP e. Hold Code - 0

4.19.13.31
(09-16-2024)

**Victims of Terrorist
Attacks**

- (1) The following section deals with victims of terrorist attacks.

4.19.13.31.1
(09-16-2024)

**Disabled Victims of
Terroristic Actions -
Cases Identified in
Campus Examination
Inventory**

- (1) Internal Revenue Code section 104(a)(5) allows the exclusion of disability income received prior to minimum retirement age by individuals for injuries incurred as a direct result of a terroristic or military action directed against the United States (or its allies). See IRC 692(c)(2). No specific annotations or processing instructions apply to these returns and amended returns, but taxpayers may reference "Publication 3920" or "IRC Section 104(a)(5)".
- (2) If a technician or Cat-A classifier discovers or receives a return, amended return, correspondence or a telephone call in Examination inventory or CII inventory excluding terrorism-related disability income, normal Examination procedures apply.

4.19.13.32
(02-09-2018)

**Campus Exam Return
Preparer Misconduct
(RPM) Referrals**

- (1) Taxpayers alleging to be a victim of Return Preparer Misconduct (RPM) will be required to provide documentation to substantiate RPM incidents before referring a case.

4.19.13.32.1
(03-24-2017)

**Requesting Supporting
Documentation**

- (1) Taxpayers claiming to be a victim of Return Preparer Misconduct (RPM), must submit their claim on Form 14157, Complaint Tax Preparer, and Form 14157-A, Tax Return Preparer Fraud, or Misconduct Affidavits with documentation to support their claim of preparer misconduct. See IRM 25.24.1.2, RPM General Documentation Requirements, for additional information.
- (2) If an extension request is made via a telephone call, input an Action Note on CEAS to reflect the requested extension is being granted and for how long See IRM 4.19.19.4.1, CEAS Action Note.
- If the case is open at another Campus or not assigned to you, input a CEAS Action note to alert them of the RPM allegation. They will be responsible for doing the updates to the account as appropriate.

Caution: When making or receiving phone calls, technicians must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer and to prevent unauthorized disclosure of tax information.

- (3) If a taxpayer submits correspondence indicating they are victim of RPM, request Form 14157/14157-A on Form 886A and prepare the case for the next stage of the examination. If the case is in Status 24, and attempts to reach the taxpayer are unsuccessful, use Letter 555, Notification of Findings Based on Taxpayer Data - Tax Liability, to request the required documentation. Inform the taxpayer this does not extend the time to petition Tax Court, per, IRM 4.19.13.11.1, Taxpayer Responses - After Status 24.
- (4) Utilizing the Query Screen in RGS, add the appropriate amount of extension time to the end of the suspense period, regardless of how much time remains on the original suspense period.
- (5) If the suspense period has expired but the case has not yet been processed to the next status, back the case down if possible (For example., if the next letter has not been issued or triggered to CPS.).
- (6) If it is not possible to back the case down (For example, next letter has already been triggered to CPS) the taxpayer must be contacted to inform them that the extension cannot be granted and why. Every effort should be made to accommodate the taxpayer's request. Encourage the taxpayer to fax the documentation, if possible.
- (7) Cases in AIMS status 24 will run concurrently with the 90-day suspense period. The status 24 suspense date is only adjusted if the 30 days ends after the 90-day suspense date.
- (8) Encourage the taxpayer to send a signed Form 14157/14157A, a signed tax return, and/or a copy of the signed return they received from the tax preparer.
- (9) Update to Employee Group Code 5088 and input ARC 96 to indicate a taxpayer will provide the required documentation.

Caution: Do not confuse fraud schemes related to RPM claims and IDT. If a taxpayer authorized a preparer to file a return, but the preparer added or inflated deductions or credits to obtain a larger refund without the taxpayer's knowledge, this is not IDT. When situations like this are encountered, the examiner needs to consider all the facts and circumstances of the case and work them on a case-by-case basis. See Table in IRM 25.24.1.3, Identifying Potential RPM Issues for Telephone Assistors/ Taxpayer Assistance Center (TAC) Assistors.

4.19.13.32.2
(08-10-2023)
Taxpayer Replies

- (1) All procedures are applicable to both TS and SB/SE except where specifically identified by BOD.
- (2) When the taxpayer submits the requested documents, Form 14157/ Form 14157-A, Return Preparer Complaint/Tax Return Preparer Fraud or Misconduct Affidavit, prepare the case to be referred to the IDTVA Specialty Function Exam Team located in Kansas City. See IRM 25.24.2.2, Return Preparer Misconduct, (RPM) Complaints Overview for additional information.

Note: RPM claim cases are different from ID Theft cases as previously explained, however they are routed to the IDTVA, TS unit to be categorized and forwarded to the specialized unit handling compliance RPM complaints. A compliance complaint involves a taxpayer with examination or collection activity. The specialized RPM unit will take appropriate action to address any erroneous refunds or account resolution actions necessary.

- (3) IRM 25.6, Statute of Limitations, provides the service-wide procedures for identifying and processing statute returns. Statute protection applies to RPM referrals if the ASER is within 180 days of expiring. Exam will close the audit and refer to IDTV in a red folder.
- (4) Notate CEAS Workpapers. See IRM 4.19.13.6, Workpapers for all Cases.
- (5) Update to EGC 5088 and input Aging Reason Code (ARC) 96, if not already present, to indicate a taxpayer provide the required documentation.
- (6) **For TS**, close AIMS using Disposal Code 12, TC 300 \$0.00, Manual Assessment amount of \$1, Hold Code 4, and Priority Code 1. If not already present, include ARC 96 to indicate a taxpayer claimed an RPM allegation.
 - a. Input the TC 971 AC 010 to reset the -A freeze, only on cases that already have an -A freeze on the account. Use a posting delay code of 1 cycle to allow the TC 300 to post first.
 - b. Make a copy of Form 14157/14157A and any supporting documents not available electronically to be placed on the PAS wall with closing documents.
- (7) **For SB/SE**, follow same procedures as IDT closure per IRM 4.19.13.28.3(6) and (7), Taxpayers Replies. Close AIMS Disposal Code (DC) 37 **after** completing the steps per the If and Then chart.
- (8) Leave a history item on TXMOD "IDTVAREFRL".
- (9) Forward Form 14157/14157A and any supporting documents not available electronically to IDTV via Form 3210.

Note: Indicate if a case was previously in Status 24.

- (10) If correspondence is received on a closed AIMS case (Closed Case Mail) and Form 14157/14157A or Misconduct Affidavits are attached, route to IDTV via Form 3210 to be screened by IDTV.

Reminder: Ensure the case was not worked by IDTV. Taxpayer account research (IDRS, AMS, and/or CII for example) is necessary to determine if the case has already been worked.

- (11) For Ghost Preparer/Non Signing, refer to IRM 25.24.1.2, RPM General Documentation Requirements.

4.19.13.32.3
(01-08-2016)
**No Response to our
Request for
Documentation**

- (1) If the taxpayer does not provide the requested documentation in 30 days, update out of EGC 5088 and return to normal Exam processing and/or the next stage of the audit.
 - a. The RGS Coordinator will monitor and update batch cases out of EGC 5088 as appropriate.
 - b. If the case is in a technical unit, they will monitor and update out of EGC 5088 as appropriate.

Note: ARC 96 remains on these cases allowing tracking of how many alleged RPM cases were returned to normal Exam processing.

4.19.13.32.4
(03-24-2017)

IDTVA Returns a Case to Exam as not a true RPM

- (1) If IDTVA determines a taxpayer is not a victim of RPM and the audit should continue, they will:
 - a. Notate all actions on AMS prior to returning a case to Exam.
 - b. Leave a TXMOD history item "Not RPM, refer back to Exam".
 - c. Route the case to Exam Attention: AIMS Coordinator via Form 3210.
- (2) The AIMS Coordinator, or an authorized employee, will restore the AIMS database in the appropriate Status Code, unarchive RGS/CEAS, and assign to a technical unit to resume the audit process as required.

Note: If IDTVA identifies an unprocessed return after they resolve the RPM issue, they will refer the case using Classification procedures (IRM 21.5.2.4.23.6, Discriminate Index Function (DIF) SCORE or CLASSIFICATION "Send Return(s) to Examination for Review".

4.19.13.32.5
(01-08-2016)

Reporting Time

- (1) Use function 718 and the program code you are currently working when reporting time spent on RPM related cases.

4.19.13.33
(04-06-2022)

Taxpayer Digital Communications (TDC) - Secure Messaging

- (1) Taxpayer Digital Communication (TDC) provides an alternative communication option for taxpayers in SB/SE Correspondence Exam. This is an invitation only program for tax returns being examined in selected project codes.
- (2) Using the Secure Messaging feature in TDC, the eGain system is used by the examiner and the taxpayer to interact during the examination process using a secure portal. Documentation can be uploaded in the portal and reviewed by the tax examiner and the tax examiner can upload documents and letters for the taxpayer to review. Both parties can communicate in the portal which reduces or eliminates the need for telephone calls.
- (3) The taxpayer's authorized representative can also sign up for the TDC, but their client must sign up first.
- (4) To register for Secure Messaging, the taxpayer will be prompted to authenticate their identity to prevent unauthorized disclosure of tax information. This authentication is performed by a third party on behalf of the IRS.
- (5) The IRS recognizes that some taxpayers may believe this is a scam or identity theft scheme and will call regarding the validity of the program. If you receive a call from a taxpayer whose case has an AIMS tracking code of 2020 and/or the taxpayer received a letter inviting them to use TDC, assure them of the validity of the program and encourage the taxpayer to sign up at IRS.gov/connect.

- IRS.gov/connect is only accessible by typing In IRS.gov/connect into the address bar on an internet web page. A search on IRS.gov or any other search engine (i.e. Google, Bing, etc.) will not access the site.

Note: This website address is only for invited taxpayers and should not be given to anyone that does not have an AIMS tracking code 2020 and/or did not receive an invitation letter to participate in TDC.

- If the invited taxpayer does not wish to participate in TDC - Secure Messaging, advise them to follow the instructions on the latest letter

they received regarding their examination and submit the requested information by Document Upload Tool (DUT), fax or mail.

4.19.13.33.1
(04-06-2022)

**Letters Sent for TDC
Correspondence
Examination**

- (1) Taxpayers who are invited to use TDC for their correspondence exam will receive an Initial Contact Letter (ICL) that includes the link to sign up for Secure Messaging. These ICLs include Letter 566-T, Initial Contact - Secure Messaging, and Letter 566-J, ICL - 45 Day Combo - Secure Messaging, and are sent in lieu of the standard Letters 566-S and 566-B. If a project code has a unique ICL, invited taxpayers will receive the TDC version of that ICL.
- (2) Letter 525-T, Exam 30-Day Letter - TDC Version, is used in lieu of Letter 525.
- (3) Letter 692-T, Request for Consideration of Additional Findings, is sent in lieu of Letter 692-M.
- (4) If any additional letters are needed, use TDC versions on RGS.

4.19.13.33.2
(04-06-2022)

**Tracking Codes for TDC
Cases**

- (1) To effectively identify how many taxpayers sign up to use TDC, various AIMS Tracking Codes are used. Proper input of the correct tracking code will assist management in determining if a taxpayer opts into TDC and will track the taxpayer's involvement throughout the TDC process.
- (2) Workload delivery inputs tracking code 2020 on all cases that are eligible and invited to use TDC.
- (3) A clerk will update the tracking code (TC) to reflect the current status of the TDC case. Updating a tracking code will override the previous tracking code since there can only be one tracking code per case. Based on actions taken by the taxpayer, the clerk will update the tracking code as follows:
 - Update to TC 2022 when a taxpayer opts in to use TDC.
 - Update to TC 2023 when a taxpayer opts in to use TDC but still sends in documentation using another method such as mail, Document Upload tool or eFax.
 - Update to TC 2024 when a taxpayer opts in to use TDC but later abandons the use of TDC. Use this tracking code when the taxpayer informs us, they no longer wish to communicate via Secure Messaging.
 - Update to TC 2028 on the current year when a taxpayer used TDC for a prior year and elects to use TDC for the current examination.
 - Update to TC 2029 when a taxpayer who was not invited to use TDC, (no TC 2020), but authenticated and accessed the TDC system and will be allowed to use TDC.

Note: It is the assigned tax examiner's responsibility to ensure tracking codes on AIMS and RGS are correct each time the case is worked.

4.19.13.33.3
(08-10-2023)

**Deviations From
Standard Procedures on
TDC Cases**

- (1) To facilitate the best use of the TDC digital platform, some standard procedures for correspondence examinations are modified for cases worked in TDC. Unless otherwise stated in this IRM section, the same procedures for working a paper correspondence examination are followed with the following exceptions:
 - When a Secure Message (SM) has correspondence attached, put the case in mail status by self-assigning the case. The Correspondence Received Date (CRD) must be the date the SM is received, unless after

2pm or received on Saturday, Sunday or a holiday which can be the next business day. However, there is no requirement to close the case within 48 hours. Refer to IRM 4.19.19.6, Self-Assign General, for additional information.

- If a taxpayer opted in to use Secure Messaging and is selected for a subsequent year examination, the subsequent year case can be self-assigned and worked in TDC at the taxpayer's request, even if it is open in another BOD. Refer to IRM 4.19.19.6, Self-Assign General, for additional information.
- An attempt to contact the taxpayer or authorized representative by telephone will not be made when the information provided is insufficient and an audit report has been sent per the TDC Terms of Service agreed to by the taxpayer, contact will be made via Secure Messaging. Refer to IRM 4.19.13.11, Taxpayer Replies, for additional information.
- If a taxpayer submits a signed agreement, the case may be updated to Status 51 prior to closing but is not required. Refer to IRM 4.19.13.11, Taxpayer Replies, for additional information.
- General contacts with the taxpayer that are not a part of the examination conclusion may be documented in non-action notes in lieu of the workpapers. Refer to IRM 4.19.13.3.3, Workpapers Support Conclusions, for additional information.
- If a taxpayer requests additional time to respond, Secure Message (SM) 686 B will be sent in eGain in lieu of Letter 686-B. Refer to IRM 4.19.13.11.7, Taxpayer Requests Additional Time to Respond.
- An interim secure message will generate to the taxpayer if an inbound activity is not completed within 30 calendar days of receipt. This message will advise the taxpayer that the IRS will respond no later than 45 days from the date the message is generated. If the message remains open after 45 days, the next interim message must be sent manually by the assigned examiner.

4.19.13.33.4
(04-06-2022)
Working a TDC Case

- (1) Guidance for working a correspondence examination in TDC can be found in the *TDC User Guide*.

4.19.13.34
(01-23-2026)
**Taxpayer Digital
Communications (TDC)
– Text Chat Assistance**

- (1) The Exam Text Chat feature was implemented to answer taxpayer's questions when they have received an exam letter or visited IRS.gov web pages for information regarding their examination. Taxpayers are able to text chat, in lieu of calling the Exam toll free lines. The taxpayer goes through a Chat Bot that contains scripted questions and corresponding answers. Answers are provided based on the question selected by the taxpayer. At the end of the series of questions and answers, the taxpayer has the opportunity to request to chat/text with a live assistor.
- (2) The system used for Exam Text Chat is eGain. The eGain system contains "Quick Responses" and "Knowledge Base Articles" (KBAs), that consist of canned language, to be easily added to the text chat in response to the taxpayer.
- (3) General guidance for all text chats are as follows:
 - a. Greet the taxpayer using the eGain Quick Response, "Chat – Greeting". This greeting informs the taxpayer not to enter sensitive information in the chat. The eGain Quick Response will populate with the assistor's

- name and 10-digit (SmartID Card) Personal Identification (PID) number. The assistor can choose to be setup with first initial and last name or Mr., Mrs., Ms. and last name.
- b. Assistors should use the Quick Responses and KBAs whenever possible to ensure consistency. There are times the assistor may need to edit an existing KBA or create a response if an applicable response is not readily available.
 - c. Use the Quick Responses, "Chat – Research Hold" and "Chat – Research Check In", when conducting research to answer the taxpayer's inquiry so the taxpayer knows they are still connected.
 - d. Once the taxpayer is satisfied and has no additional questions, use the Quick Responses, "Chat – Transcript" and "Chat – Thank you, Goodbye", to end the chat.
 - e. Appropriate Category and Resolution codes must be entered to close the chat on eGain.
- (4) There are two types of text chat once a taxpayer requests to chat with a live assistor, Unauthenticated and Authenticated Text Chat. See the chart below for the differences:

Unauthenticated Text Chat	Authenticated Text Chat
<ul style="list-style-type: none"> Assistor can only provide general answers. Assistor can provide alternative IRS.gov options for the taxpayer to get answers. If the taxpayer attempts to provide the TIN through chat, the system will mask the data. 	<ul style="list-style-type: none"> Taxpayer must authenticate through the Secure Access Digital Identity (SADI). For more information refer to IRM 21.2.1.58, Secure Access Digital Identity (SADI). Assistors provide the SADI/ID link for the taxpayer to authenticate or sign in if they already have an ID.me account. After the taxpayer authenticates or signs in, the identifying information transfers to eGain and is routed to the assistor. Assistors can provide account specific information.

4.19.13.34.1
(01-23-2026)

Processing Live Chats - Unauthenticated

- (1) If the chat is unauthenticated, the assistor can only answer general questions. If at any point during the chat, the taxpayer wants account specific information, the taxpayer must authenticate. The assistor can review what transpired between the taxpayer and the chat prior to requesting a live assistor.
- (2) Always use the Quick Response, "Auth Chat - Authentication Sending", to let the taxpayer know they are being sent to authenticate.
- (3) If the taxpayer returns to the chat unauthenticated, always use the Quick Response, "Auth Chat - Authentication Fail (Sorry)". This provides the taxpayer

the ID.me Help Center for assistance with authenticating and lets the taxpayer know we can still answer general questions.

- (4) If the taxpayer returns to the chat successfully authenticated, IRM 4.19.13.34.2, Processing Live Chats - Authenticated.
- (5) If the chat is unauthenticated and the taxpayer attaches documentation, do not print but send the attachments to clerical to be processed as incoming correspondence.

Caution: Even when the taxpayer attaches documentation, account specific information cannot be provided unless the taxpayer has been authenticated.

Reminder: Input a CEAS note to document the POA/authorized representative contact on the taxpayer's account.

4.19.13.34.2
(01-23-2026)
**Processing Live Chats -
Authenticated**

- (1) When a taxpayer successfully authenticates and returns to the chat, always use the Quick Response, "Auth Chat - Authenticated Thank You". This response lets the taxpayer know the assistor will take a few minutes to research the account.
- (2) The assistor can find the taxpayer's TIN in the customer pane on eGain. Do not complete disclosure since the taxpayer has authenticated through SADI/ID.me.
- (3) Request the tax year(s) the taxpayer is inquiring about prior to providing any information.
- (4) If the taxpayer attaches documentation and the case can be closed 'Agreed' or 'No Change', follow IRM 4.19.19.6.1, Self-Assign Procedures.
- (5) All authenticated chats must be appropriately documented in a CEAS action or non-action note. Refer to IRM 4.19.19.4, CEAS Notes

Note: A POA/authorized representative will also be required to authenticate through SADI/ID.me. They will authenticate with their individual information (name, TIN, date of birth, etc.). Once authenticated, the customer pane on eGain will display their information rather than the taxpayer's information. The POA/authorized representative will be required to attach a Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, to validate their authority. The assistor will access the taxpayer's account using the information on the attachments. For additional information see IRM 4.19.13.9, Power of Attorney and Other Third-Party Authorizations.

4.19.13.35
(04-06-2022)
**Qualified Business
Income Deduction
(QBID)**

- (1) The Tax Cut and Jobs Act (TCJA), enacted on December 22, 2017, created Section 199A, Qualified Business Income Deduction (QBID). Section 199A provides taxpayers, other than C corporations, with a deduction for income earned from other business types, including but not limited to sole proprietorships, partnerships, S corporations, and certain trusts and estates, and relevant passthrough entity (RPE). Income earned from providing services as an employee, with an exception for statutory employees or by a C corporation, is not eligible for the deduction.
- (2) For tax years beginning after December 31, 2017 and ending before January 1, 2026, individual taxpayers and certain trusts and estates may be entitled to

a deduction of up to 20 percent of their qualified business income (QBI) from a qualified trade or business (QTB), including income from a relevant pass-through entity (RPE), but not from a C corporation, plus 20 percent of qualified real estate investment trust (REIT) dividends and qualified publicly traded partnership (PTP) income which may be subject to a taxable income limitation. Further, depending on the taxpayer's taxable income, the deduction may be subject to additional limitations including the type of trade or business, the amount of qualified W-2 wages paid by the trade or business, and the unadjusted basis immediately after acquisition (UBIA) of qualified property held by the trade or business. The QBI deduction can be taken in addition to the standard or itemized deductions.

Note: See IRM 21.6.7.4.18, Qualified Business Income Deduction (QBID) or IRM 21.7.7.6.3.8, Section 199(A) - Qualified Business Income Deduction (QBID).

This Page Intentionally Left Blank

Exhibit 4.19.13-1 (08-10-2023)**Transfer Alert Checklist**

Copy and paste the checklist information below into a Word document. Complete and include Manager's signature.

The attached case was opened by the _____ Campus Correspondence Exam and transferred to the _____ Area Field Exam per Taxpayer or POA request on _____ (date)

TIN _____

Tax Year _____

Project Code _____

ASED _____

Please circle the correct answer:

1. Is there 13 months left on the ASED? (YES or NO)
 - a. **If NO, the case cannot be transferred.**
2. Was the ASED extended with a valid Form 872? (YES, NO or NA)
 - a. If YES is Form 872 in the casefile? (YES or NO)
3. Was there any frozen refund released? (YES or NO)
 - a. If NO, the case cannot be transferred.
4. Was a Statutory Notice of Deficiency (SNOD) issued? (YES or NO)
 - a. If YES, enter date of SNOD _____ (Copy of SNOD must be in casefile)
 - b. If YES, was SNOD rescinded? (YES or NO)
 - If YES, what is the date of rescission? _____ (Copy of recension must be in casefile)
 - If NO, the case can not be transferred
5. Was Letter 555 issued to the taxpayer? (YES or NO) (If YES copy must be in casefile)
6. If any of the **minimum requirements**, listed below, are answered NO then the case cannot be transferred.
 - Is the original return, RTVUE, MACS, or Mef print in the casefile? (YES or NO)
 - Is written request for transfer in casefile? (YES or NO)
 - Are workpapers and documents from the taxpayer in the casefile? (YES or NO)
 - Is completed Form 3185 included in the casefile? (YES or NO)
 - Has Letter 528 been sent to taxpayer? (YES or NO)

Reviewed by Campus Manager (Sign and Date) _____

Exhibit 4.19.13-2 (04-06-2022)**Related Resources**

IRM Section Number	Section Title
IRM 1.2.1.12.1	Policy Statement 20.1
IRM 2.3	Command Codes
IRM 2.3.51-13	Command Code IMFOL Output Display-Entity
IRM 3.10.5	Batch/Blocking Tracking System (BBTS)
IRM 3.17.79.6.4.2	Certifying Automated Clearing House (ACH) /Direct Deposit Hardship Refunds
IRM 4.10.1.2.1.14	Notification of Third Party Contacts
IRM 4.10.15	Report Generation Software
IRM 4.11.29	Transfer of Returns Open in Examination
IRM 4.11.29.4	Circumstances Which Permit a Transfer of Examination
IRM 4.11.29.7	Written Requests by the Taxpayer/Representative
IRM 4.13	Audit Reconsideration
IRM 4.18.1	Offers in Compromise Received in Exam
IRM 4.19.13.2.4	Standard Suspense Periods for Correspondence Examination
IRM 4.19.10.2	Fraud Development and Referrals
IRM 4.19.11.3.2	Employee Returns
IRM 4.19.14.5	RPS Casework Procedures
IRM 4.19.14.5.1	Revenue Protection Strategy (RPS) Examination Process
IRM 4.19.14.6	Evaluating EITC Taxpayer Responses
IRM 4.19.14.7	Recertification
IRM 4.19.14.7.1	EITC 2/10 Year Correspondence Guidelines for Examination Techniques
IRM 4.19.14.9.5	QRP Negative Deficiency Procedures
IRM 4.19.16.2	Claims
IRM 4.19.16.2.4.1	Claims Contact Procedures
IRM 4.19.19.4	CEAS Notes
IRM 4.19.20.2	Automated Correspondence Exam Overview (ACE)
IRM 4.19.20.2.6.2	Taxpayer Correspondence Received After the Issuance of Statutory Notice

Exhibit 4.19.13-2 (Cont. 1) (04-06-2022)**Related Resources**

IRM Section Number	Section Title
IRM 4.19.21.2	Processing Incoming Correspondence
IRM 25.23.10	Compliance Identity Theft Case Processing
IRM 4.19.3	IMF Automated Underreporter Program
IRM 4.2.7	Ex Parte Communication Procedures
IRM 4.4.12	Examined Closings, Surveyed Claims, Partial Assessments, and Closing to Appeals
IRM 4.38.1.7.3	Examined Closings, Surveyed Claims and Partial Assessments
IRM 4.4.12.3.13	Item 415: Amended Return Amount
IRM 4.4.33	Transfers
IRM 4.8.10.12.6	Status 90 Cases
IRM 4.8.9	Statutory Notices of Deficiency
IRM 4.8.9.23	Undeliverable Notice of Deficiency
IRM 4.8.9.23.1	In House Address Information
IRM 4.8.9.23.2	New Address Found
IRM 4.8.9.27	United States Tax Court Petition Filed
IRM 4.8.9.30	Rescinding Notices of Deficiency
IRM 4.8.9.10.1	Before Issuing Notice of Deficiency
IRM 4.8.9.9.2.5	Establishing the Last Known Address
IRM 5.19.13.3.2	Expenses Overview
IRM 5.19.7.2	Monitoring Offers in Compromise (MOIC)
IRM 11.3.2.6	Methods of Communication of Confidential Information
IRM 13.1.20	TAS Taxpayer Assistance Order (TAO) Process
IRM 13.1.7.3	Taxpayer Advocate Service (TAS) Case Criteria
IRM 13.1.7.5	Same Day Resolution by Operations
IRM 20.1.1.3.1	Unsigned or Oral Requests for Penalty Relief
IRM 20.1.5.16	IRC 6663, Civil Fraud Penalty
IRM 20.1.5.7.1	Reasonable Cause
IRM 20.1.5.7.2	Taxpayer's Effort to Report the Proper Tax Liability
IRM 20.1.5.7.3	Experience, Knowledge, Sophistication and Education of Taxpayer

Exhibit 4.19.13-2 (Cont. 2) (04-06-2022)**Related Resources**

IRM Section Number	Section Title
IRM 20.1.5.7.4	Reliance on Advice
IRM 20.1.5.8	IRC 6662(c) Negligence or Disregard of Rules or Regulations
IRM 20.1.5.9	IRC 6662(d) Substantial Understatement Penalty
IRM 21.1.3.19	Informant Contacts
IRM 21.1.3.2.3	Required Taxpayer Authentication
IRM 21.3.3.4.2.1	Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office
IRM 21.3.7	Processing Third Party Authorizations onto the Centralized Authorizations File (CAF)
IRM 21.4.4	Manual Refunds
IRM 21.4.5	Erroneous Refunds
IRM 21.5.2.4.23.6	Discriminant Function(DIF) SCORE or CLASSIFICATION Send Return(s) to Examination for Review
IRM 21.5.3	General Claims Procedures
IRM 21.6.1.5.3.1	Married Filing Separate, Single, or Head of Household to Married Filing Joint and Both Taxpayers Previously Filed
IRM 21.6.6.2.22.2	Killed in Terrorist Action (KITA)/Killed in Action (KIA) and Astronauts Killed in the Line of Duty
IRM 25.16	Disaster Assistance and Emergency Relief
IRM 25.16.1.3	Identification of Covered Disaster Area, Postponement Period and Affected Taxpayers
IRM 25.23.2.3	Identity Theft Claims - General Guidelines
IRM 25.24.1	Return Preparer Misconduct Victim Assistance - General Overview
IRM 25.6	Statute of Limitations
IRM 25.6.22	Extension of Assessment Statute of Limitations by Consent