



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.25.2

OCTOBER 20, 2023

EFFECTIVE DATE

(10-20-2023)

PURPOSE

- (1) This transmits revised IRM 4.25.2, Estate and Gift Tax, Campus Estate and Gift.

MATERIAL CHANGES

- (1) IRM 4.25.2.1(6) - Removed case building activities and classification of original returns.
- (2) IRM 4.25.2.1.4 - Added acronyms for Certified Automated Mailing Solution, Content Management and Collaboration, Estate Tax Closing Letter, Exam Case Selection, Intelligent Mail Package Barcode and LB&I Image Network.
- (3) IRM 4.25.2.2.1 - Content was moved from IRM 4.25.2.9.6.3 to increase up front awareness.
- (4) IRM 4.25.2.2.2(1) - Clarified clerical responsibilities for sorting, processing and controlling all incoming mail.
- (5) IRM 4.25.2.2.2(4) - Removed original return mail sorting.
- (6) IRM 4.25.2.2.2(5) - Added paragraph for misrouted mail procedures and provided link to Servicewide Electronic Research Program Mail Routing Guide.
- (7) IRM 4.25.2.2.2(6) - Added work assignment information.
- (8) IRM 4.25.2.2.2(7) - Added procedures for sorting and assigning mail.
- (9) IRM 4.25.2.2.2(8) - Added additional Letters and Forms to sorting information.
- (10) IRM 4.25.2.2.2(9) - Added IDRS activity information for international amended returns and pending Letter 627 requests.
- (11) IRM 4.25.2.3 - Added procedures for amended returns that bypass Submission Processing.
- (12) IRM 4.25.2.3(4) - Added If/AND/THEN chart for processing amended returns received with no TC 150.
- (13) IRM 4.25.2.3.1(3)(4) - Content was moved from IRM 4.25.2.3.1.1(1)
- (14) IRM 4.25.2.3.1(5) - Added table for valid Item Reference Numbers (IRNs).
- (15) IRM 4.25.2.3.1(6) - Added instruction for adjustments over \$999,999,999.99.
- (16) IRM 4.25.2.3.1.1(1) - Added procedures of when to secure original returns.
- (17) IRM 4.25.2.3.1.1(3) - Added a Note to indicate an explanation must be provided with referral.
- (18) IRM 4.25.2.3.1.1(4) - Added procedures for amended returns filed to correct math errors.
- (19) IRM 4.25.2.3.1.1(5) - Added IF/THEN chart for processing amended returns without TC 420.
- (20) IRM 4.25.2.3.1.2 - Added instruction for processing amended returns filed due to a math error.
- (21) IRM 4.25.2.3.1.2(3) - Added IF/THEN chart for processing amended returns with TC 420.

- (22) IRM 4.25.2.4(1) - Added Note for reference to IRM for adjustments over \$999,999,999.99.
- (23) IRM 4.25.2.4(4) - Added Note to indicate an explanation must be provided with referral.
- (24) IRM 4.25.2.4(5) - Added procedures for amended returns filed to correct math errors.
- (25) IRM 4.25.2.4(7) - Added routing guidance to IF/AND/THEN chart for WSD scanning.
- (26) IRM 4.25.2.4(8) - Added procedures for processing amended returns received with no TC 150
- (27) IRM 4.25.2.4.1(4) - Added instruction for processing amended returns when correcting a math error.
- (28) IRM 4.25.2.4.2 - Added procedures for late filed GST exemption allocations pursuant to Rev. Proc. 2004-46.
- (29) IRM 4.25.2.5.1 - Added Note for forwarding unprocessed Forms 56 to Entity.
- (30) IRM 4.25.2.5.2(2) - Added instruction to input CC STAUP to suppress balance due notices.
- (31) IRM 4.25.2.5.5(1) - Added instruction for when timely mailing equals timely filing or paying and Note regarding changing payment dates.
- (32) IRM 4.25.2.5.5(2) - Added instruction for when a return is late filed and the taxpayer has convincing evidence the return was timely mailed.
- (33) IRM 4.25.2.5.5(3) - Added procedure of documenting abatement requests with a Case History Sheet.
- (34) IRM 4.25.2.5.5(8) - Added instruction for routing penalty abatement request cases assigned to the Field to WSD for scanning.
- (35) IRM 4.25.2.5.5.2(1) - Added instruction to include a case history sheet for penalty abatements.
- (36) IRM 4.25.2.5.7(3) - Revised EGCs listed in IF/THEN chart and added instruction for screening criteria.
- (37) IRM 4.25.2.5.8 - Removed procedures of creating a potential penalty case file.
- (38) IRM 4.25.2.5.8(8) - Revised IF/THEN chart for processing Form 8971.
- (39) IRM 4.25.2.5.9 - Added information regarding protective claims, Schedule PC. Clarified requirements for a valid protective claim.
- (40) IRM 4.25.2.5.10 - Revised content to include updated estate tax closing letter and transcript request procedures.
- (41) IRM 4.25.2.5.10(5) - Added instruction regarding closing letter requests for Form 706-A, Form 706(QDT) and Schedule R-1.
- (42) IRM 4.25.2.5.10.1 - Added procedures for closing letter requests with less than 18 months left on the statute.
- (43) IRM 4.25.2.6 - Added procedures for resolving unresolved freeze codes.
- (44) IRM 4.25.2.7 - Moved Key Points to Every Call content from IRM 4.25.2.7.2 to this section.
- (45) IRM 4.25.2.7.1(2) - Added Note referencing to the closing letter IRM 4.25.2.5.10.
- (46) IRM 4.25.2.7.3 - Added communication skills procedures, included greeting the caller and appropriate hold procedures. Revised section title.

- (47) IRM 4.25.2.8.1(1) - Removed obsolete Payment Indicator Codes 2 and 3.
- (48) IRM 4.25.2.8.2.1(4) - Revised processing timeframe requirements for extensions to file and/or pay.
- (49) IRM 4.25.2.8.2.4(8) - Added note to clarify transaction day input for TC460/468.
- (50) IRM 4.25.2.8.2.6(1) - Added instruction for routing 6163 requests to WSD review.
- (51) IRM 4.25.2.8.3.10(7) - Added instruction to update database and send 86C letter when transferring 6166 to Appeals.
- (52) IRM 4.25.2.8.3.11 - Added information on using the Certified Automated Mailing Solution (CAMS).
- (53) IRM 4.25.2.9.1(2) - Revised estate activity codes.
- (54) IRM 4.25.2.9.2(1) - Removed information regarding classification guidelines issued to Campus E&G.
- (55) IRM 4.25.2.9.2(3) - Added classification mailbox information.
- (56) IRM 4.25.2.9.2.1 - Revised title of section.
- (57) IRM 4.25.2.9.2.1(1) - Revised IF/THEN chart for perfection.
- (58) IRM 4.25.2.9.2.1(2) - Revised IF/THEN table for taxpayer perfection responses.
- (59) IRM 4.25.2.9.3.1 - Revised procedures for closing procedures.
- (60) IRM 4.25.2.9.6.1 - Clarified TTT responsibility for processing Form 3870 requests.
- (61) IRM 4.25.2.9.6.2 - Added section for unpostable resolution.
- (62) Exhibit 4.25.2-5 - Added Letters 6477 and 6478 to list of frequently used letters.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.25.2, dated October 08, 2020. The following IRM Procedural Update (IPUs), issued December 2, 2021 and June 27, 2023, have been incorporated into this IRM: 21U1306 and 23U0780. IRM 4.25.2 also incorporates Interim Guidance Memorandum (IGM) SBSE-04-1021-0058 dated October 5, 2021.

AUDIENCE

Small Business/Self-Employed Campus Examination, Campus Estate and Gift operation employees.

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

4.25.2
Campus Estate and Gift

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4.25.2.1
(10-20-2023)
Program Scope and Objectives

- (1) **Purpose:** This IRM text pertains to the Campus Estate and Gift operation responsibilities for processing forms and correspondence that impact estate and gift tax accounts. This material provides direction that is estate and gift tax specific.
- (2) **Audience:** The primary audience for this IRM is Campus Estate and Gift operation managers and employees involved in processing and maintaining estate and gift tax accounts in the Cincinnati campus.
- (3) **Policy Owner:** Director, Small Business/Self-Employed (SB/SE), Headquarters, Examination - Field and Campus Policy.
- (4) **Program Owner:** Program Manager, Campus Examination and Field Support.
- (5) **Primary Stakeholders:** Campus Estate and Gift (E&G) operation employees processing forms and correspondence that impact estate and gift tax accounts.
- (6) **Program Goals:** The program goals are to ensure timely and accurate responses to taxpayer inquiries by telephone and correspondence, processing amended returns, managing installment accounts, and interest computations and extension request determinations related to estate and gift tax.

4.25.2.1.1
(10-20-2023)
Background

- (1) The Campus E&G operation processes items related to domestic and international estate and gift tax returns. This includes responding to telephone inquiries, processing amended returns, extensions to file and pay, and installment elections; maintaining annual installments and extensions, computing interest, classifying returns, preparing and sending closing letters upon request.
- (2) The site is a blended operation that provides service in the form of account maintenance activities, payment and filing activities, and reporting compliance activities. The IRM addresses all activities performed by the site with cross reference to other IRMs when appropriate.

4.25.2.1.2
(10-08-2020)
Authority

- (1) The information in this section is based upon the following authorities (not all inclusive):
 - a. IRC 2032A, Valuation of certain farm, etc., real property
 - b. IRC 2203, Definition of Executor
 - c. IRC 2204, Discharge of Fiduciary from Personal Liability
 - d. IRC 6075, Time for Filing Estate and Gift Tax Returns
 - (a) Estate Tax Returns
 - (b) Gift Tax Returns
 - e. IRC 6081, Extension of Time for Filing Returns
 - f. IRC 6161, Extension of Time for Paying Tax
 - g. IRC 6163, Extension of Time for Payment of Estate Tax on Value of Reversionary or Remainder Interest in Property
 - h. IRC 6166, Extension of Time for Payment of Estate Tax Where Estate Consists Largely of Interest in Closely Held Business
 - i. IRC 6501, Limitations on Assessment and Collection
 - (d) Request for Prompt Assessment

4.25.2.1.3
(08-30-2018)
Responsibilities

- (1) The Director, Examination - Field and Campus Policy, reports to the Director, Headquarters Examination, and is responsible for the delivery of policy and guidance that impacts the field and campus examination process.

- (2) Campus Exam and Field Support, which is under the Director, Examination - Field and Campus Policy, is the group responsible for providing Servicewide policy guidance on compliance processes that relate to campus examination operations and support Field Exam and Specialty programs in SB/SE and Large Business & International (LB&I).

4.25.2.1.4
(10-20-2023)
Acronyms

- (1) The following table lists commonly used acronyms and their definitions used throughout this IRM.

| Acronym | Definition |
|----------------|--|
| A/F | Advance File |
| AAF | Accepted as Filed |
| AIMS | Audit Information Management System |
| ALPHA | Alphabetical |
| AMRH | Accounts Maintenance Research |
| BLK | Block |
| BMF | Business Master File |
| BS | Blocking Series |
| CAMS | Certified Automated Mailing Solution |
| CAF | Centralized Authorization File |
| CC | Command Code |
| CCA | Case Control Activity System |
| CCP | Centralized Case Processing |
| Closing Letter | Letter 627 |
| CMC | Content Management and Collaboration |
| | |
| CP | Computer Paragraph |
| C-Site | Consolidated Site - the storage area for all Forms 709 dating back to 1976. C-Site is part of the Kansas City Campus and is in Independence, MO. |
| CUSIP | Committee on Uniform Securities Identification Procedures |
| DLN | Document Locator Number |
| DOD | Date of Death |
| DSUE | Deceased Spousal Unused Exclusion |
| E&G | Estate and Gift |
| ECS | Exam Case Selection |
| EEFAX | Enterprise Electronic Fax |

| Acronym | Definition |
|----------------|------------------------------------|
| EGC | Employee Group Code |
| ERCS | Examination Returns Control System |
| ERS | Error Resolution System |
| ETA | Estate Tax Attorney |
| ETCL | Estate Tax Closing Letter |
| ETL | Advisory Estate Tax Lien |
| ETP | Extension to Pay |
| FTP | Failure to Pay |
| GRAT | Grantor Retained Annuity Trust |
| GST | Generation Skipping Transfer |
| HC | Hold Code |
| HQ | Headquarters |
| IAT | Integrated Automation Technologies |
| ID | Identification Number |
| IDRS | Integrated Data Retrieval System |
| IMF | Individual Master File |
| IMPB | Intelligent Mail Package Barcode |
| IMS | Issue Management System |
| IRC | Internal Revenue Code |
| IRN | Item Reference Number |
| IRSN | Internal Revenue Service Number |
| ITM | IAT Tool Manager |
| LI | Late Installment |
| LIN | LB&I Image Network |
| MFT | Master File Tax |
| NIW | National Inventory Wall |
| NMF | Non-Master File |
| NSD | No Source Document |
| OFF | Organized Function Program |
| PC | Priority Code |
| PIC | Payment Indicator Code |
| POA | Power of Attorney |
| QDT | Qualified Domestic Trust |

| Acronym | Definition |
|------------|--|
| RC | Reason Code |
| Rev. Proc. | Revenue Procedure |
| Rev. Rul. | Revenue Ruling |
| RO | Revenue Officer |
| RTR | Remittance Transaction Research System |
| SD | Source Document |
| SOI | Statistics of Income |
| SSN | Social Security Number |
| ST | Status |
| STAT | Statutory |
| TC | Transaction Code |
| TE | Tax Examiner |
| TIN | Tax Identification Number |
| TP | Taxpayer |
| TRANS-DT | Transaction Date |
| TTEE | Trustee |
| TTT | Transfer Tax Technician |
| VMS | Voice Mail System |
| WAAG | Week-At-A-Glance |
| WSD | Workload Selection and Delivery |

4.25.2.2
(10-08-2020)

**Forms - General
Information**

- (1) Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, is used by the executor of a decedent's estate to report transfers subject to the federal estate tax imposed by Chapter 11 of the Internal Revenue Code (IRC), transfers subject to certain generation-skipping transfer (GST) taxes imposed at death under Chapter 13, and to determine the tax, if any, due on the reported transfers.

Caution: The statute of limitations for assessment of tax reported on Form 706 cannot be extended. All returns with a short statute have priority whether original or amended. See IRM 25.6, Statute of Limitations, for additional information.

- (2) There are several types of tax returns in the Form 706 series:
- Form 706-A, United States Additional Estate Tax Return, is used to report the additional estate tax imposed by IRC 2032A(c), for an early disposition of specialty valued property or for an early cessation of a qualified use of specialty valued property.

- Form 706-CE, Certificate of Payment of Foreign Death Tax, is used to provide evidence of payment of foreign death taxes.
 - Form 706-GS(D), Generation-Skipping Transfer Tax Return for Distribution, is used by a skip person distributee to calculate and report the tax due on distributions from a trust that are subject to the GST tax.
 - Form 706-GS(D-1), Notification of Distribution from a Generation-Skipping Trust, is issued by a trustee to report certain distributions from a trust that are subject to the GST tax and to provide the skip person distributee with the information needed to determine the tax due on the distribution.
 - Form 706-GS(T), Generation-Skipping Transfer Tax Return For Terminations, is used by a trustee to determine and report the tax due from certain trust distributions that are subject to the GST tax.
 - Form 706-NA, United States Estate (and Generation-Skipping Transfer) Tax Return, for the estate of a nonresident not a citizen of the United States, is used to complete the state and GST tax liability of the estate of a nonresident decedent who is not a citizen of the United States.
- (3) The Form 706 tax return and tax are due nine months from the date of death, unless Form 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate Taxes, has been filed and the extension of time to file and/or pay has been approved.
- (4) Form 706 is processed by Kansas City Campus using Master File Tax Account (MFT) 52, Tax Period 000000. MFT 52 requires a "V" definer after the Social Security Number (SSN). All Forms 706 automatically generate open controls on Audit Information Management System (AIMS) using status 06, Employee Group Code (EGC) 1000 for domestic returns and status 06, EGC 1001 for international returns. AIMS interfaces with the Examination Returns Control System (ERCS) and ERCS downloads information to the Issue Management System (IMS). IMS is used to maintain and store all audit records relating to estate and gift tax returns. Letter 627, Estate Tax Closing Letter, for Form 706, is issued only upon request and if the criteria for issuance are met.
- (5) The AIMS status codes are used to determine how to reply and route correspondence. The table below shows the AIMS Status Codes and Definitions:

| Status Code | Definition |
|-------------|---------------------------------------|
| 05 | SOI (Kansas City) |
| 06 | Awaiting Classification (Kansas City) |
| 08 | Selected, Not Assigned (WSD) |
| 10 | Assigned (Field EGC) |
| 12 and 14 | Started (Field EGC) |
| 90 | Closed |

Note: See Document 6209 for other AIMS status codes.

- (6) Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return, is used to report transfers subject to federal gift and certain generation-skipping transfer taxes and to determine the tax due, if any, on those transfers. The return is due the year following the calendar year in which the gifts were made. If the donor dies during the year gifts were made, the Form 709 must be filed not later than the earlier of:
- Due date (including extensions) of donor's estate tax return (Form 706)
 - April 15 of the year following the calendar year the gifts were made
- (7) Beginning in 2019 Form 709 is filed and processed in Kansas City Campus using Master File Tax (MFT) account 51, Tax Period YYYYMM. MFT 51 requires a "V" definer after the Social Security Number (SSN). Workload Selection and Delivery (WSD) receives Forms 709 from Kansas City Campus based on criteria provided by WSD. The returns meeting the criteria are classified by field examiners and selected returns are established on AIMS by WSD. Accepted returns are sent back to Files by WSD.
- (8) The following are IRM links to E&G Exhibits:
- IRM 3.12.263, Exhibit 6, Table A Unified Tax Rate Schedule (Form 706 and Form 709.)
 - IRM 3.12.263, Exhibit 7, Table B For Computing State Death Tax Credit (1977-2004.)
 - IRM 3.12.263, Exhibit 14, Estate and Gift Tax Facts.

4.25.2.2.1
(10-20-2023)

**Integrated Automation
Technologies (IAT) Tools**

- (1) E&G Operation employees are required to use the Integrated Automation Technologies (IAT) tools, shown in the tables below, whenever possible. The use of some of the tools is mandatory. The IAT tools simplify processing by assisting the user with IDRS research and input. The tools reduce the chance of errors and improve productivity. They are desktop productivity enhancing tools.

Note: The IAT website at *Integrated Automation Technologies - Home (sharepoint.com)* has a list of all available tools, description and job aid for each tool.

- (2) If an IAT tool is not available or an employee has a problem with the IAT Tool Manager, the case should be processed manually. Employees should report any issues with IAT to management.
- (3) IAT tool users can visit the IAT website to sign up as a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.
- (4) The following IAT tools are mandatory to be used:
- Address
 - Credit Transfer
 - Disclosure
 - Erroneous Refund
 - ESTAB
 - Fill Forms
 - Letters
 - Manager Security
 - New Name Search
 - NOREF
 - Payment Tracer

- REQ 54
- REQ 77
- UP Histories

(5) The following IAT tools are optional and available for processing E&G cases. This list is not all inclusive:

- Act On
- Clerical
- Closures
- Histories

Note: Check the IAT Website *Integrated Automation Technologies - Home* (*sharepoint.com*) for additional tools.

4.25.2.2.2
(10-20-2023)
Mail Desk

- (1) The clerical function is responsible for sorting, processing and controlling all incoming mail.
- (2) Mail is received twice a day (morning and afternoon).
- (3) Date Stamp all receipts.
- (4) Sort the mail by form:
 - Amended Forms 706
 - Amended Forms 709
 - Computer Paragraph (CP) 190, amended return with no original
 - CP 193, Duplicate Filing Condition (no open AIMS)
 - CP 293, Duplicate Filing Condition (open AIMS)
 - Form 8892, Application for Automatic Extension of Time to File Form 709 and/or Payment of Gift/Generation-Skipping Transfer Tax, with attached Form 709
 - Penalty abatement requests for Form 706 and Form 709
 - Form 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes – (Extensions to pay with money amount are batched separately)
 - Correspondence (including requests for closing letters, payment information, general questions)
 - Correspondence related to installments
 - Form 5495, Request for Discharge from Personal Liability Under Internal Revenue Code Section 2204 or 6905
 - Form 4810, Request for Prompt Assessment Under IR Code Section 6501(d)
 - Form 843, Claim for Refund and Request for Abatement
 - Form 8971, Information Regarding Beneficiaries Acquiring Property from a Decedent
 - Form 1127, Application for Extension of Time for Payment of Tax Due to Undue Hardship
 - Unrelated and/or mis-routed mail
- (5) Route any mail that does not belong to Campus E&G to the appropriate location using the Servicewide Electronic Research Program (SERP) Mail Routing Guides. See *SERP Mail Routing Guide*
- (6) All work is assigned by the clerical staff to TE's and TTT's through the direction of Campus E&G management.

(7) The table below shows the sorting of the mail:

| Type of Mail | Number in Batch | Clerical Input | Assign to |
|--|---------------------------------------|--|---|
| Amended Form 706 | To Be Determined by size of documents | <ul style="list-style-type: none"> • Open an IDRS control within 14 days of receipt using category code BDUP. • Input a TC 971 AC 010 to set the -A freeze. The transaction date for the TC 971 is the received date of the amended return. • Assign to 028300004 | Input ACTON on each account assigning to designated employee per the Clerical Request Work Order Form |
| Amended Form 709 | 10 | <ul style="list-style-type: none"> • Open an IDRS control within 14 days of receipt using category code BDUP. • Input a TC 971 AC 010 to set the -A freeze. The transaction date for the TC 971 is the received date of the amended return. • Assign to 028300004 | Input ACTON on each account assigning to designated employee per the Clerical Request Work Order Form |
| CP 190,193, 293 and AMRH Transcripts systemically controlled to IDRS # 028300005 | 10 | Assign to 028300004 | Input ACTON on each account assigning to designated employee per the Clerical Request Work Order Form Note: If 028300005 control has been open for 90 days or longer without receipt of the transcript, assign based on management designation. |

| Type of Mail | Number in Batch | Clerical Input | Assign to |
|---|--|--|---|
| Form 4768 – Additional sort needed. Sort by: <ul style="list-style-type: none"> • extensions to file only • extensions to pay (reflects money owed) | Size of batches to be determined by management based on daily volumes. | Batches of extensions to file are logged on batch control sheet for assignment. Batches for extensions to pay are assigned by management. | Do not control using ACTON |
| Form 8892 and Form 1127 | 10 | N/A | Do not control using ACTON |
| ETCL Requests | N/A | Clerical manager will control to 0283700001 | Input ACTON on each account assigning to designated employee |
| Correspondence | 10 | <ul style="list-style-type: none"> • Issue interim letter 2645/2644-C. See IRM 21.3.3.4.2, Policy Statement P-21-3 Procedures. • Assign to 028300004 | Input ACTON on each account assigning to designated employee per the Clerical Request Work Order Form |
| Correspondence related to installments | N/A | Assign based on Installment database information | Correspondence is given to employee assigned to installment |
| Form 5495 or Form 4810 | 5 | Give to management to determine assignment | Control using ACTON |
| Form 8971 | N/A | N/A | Sent to clerical team to be worked |
| Form 706-GS(D-1) | N/A | Give to management to determine assignment | Do not control using ACTON |

(8) Sort the following replies by IDRS Number:

- Form 2275, Records Request, Charge and Recharge
- Form 4251, Return Charge-Out
- Letter 249-C, Installment or Interest Due/Current Status Requested or Explained: Form 706
- Letter 950-H, 30 Day Letter - Intent to Terminate IRC 6166 Election
- Letter 1408-C, SSN and Name Verification for Estate or Gift Tax Returns
- Letter 2568, Follow-up for Installment Billing & Section 6161 Balance Due Billing: Form 706
- Letter 5666, F706-GS(D-1) Missing Information
- Letter 5950, Form 8971 Filed - No Form 706 Filed
- Letter 5951, Form 8971 Filed - No Form 706 Filed - No Authority
- Letter 5989, Form 4768 Missing Information
- Letter 6335, Estate Installment Program
- Letter 6335-F, Notice of IRC 6166 Denial or Termination
- Letter 6335-T, Final Notice for Payment of Estate Tax
- MFTRA and PINEX

- (9) Control on Integrated Data Retrieval System (IDRS) using appropriate literals. The table below shows the work Activity, Description, Organizational Function Program (OFP) and the IDRS Control Category:

| Activity | Description | OFP | Category |
|---------------------|------------------------------------|------------|-----------------|
| Corr/Fax | Account Work Correspondence | 12402 | TPCI |
| Amd 706/709 | Account Work Amended | 12401 | BDUP |
| INTL Amd 706/706-NA | Account Work International Amended | 12403 | IDUP |
| CP193 | Account Work Amended | 12401 | DUPE |
| CP293 | Account Work Amended | 12401 | AUDE |
| CP193 INTL | Account Work International Amended | 12403 | IDPF |
| CP293 INTL | Account Work International Amended | 12403 | IDPA |
| INTL | Account Work International | 12404 | IOTH |
| Form 4442 INTL | Account Phone Work International | 12406 | ITLR |
| Form 4442 | Account Phone Work | 12402 | TWRO |
| Form 843 | Account Work Correspondence | 12402 | CLAM |
| CP186 | Account Work Correspondence | 12402 | C186 |
| CP190 | Account Work Amended | 12401 | C190 |
| CP190 INTL | Account Work International | 12404 | I190 |
| AMRH & CP270 | Account Work Correspondence | 12402 | AMRH |

| Activity | Description | OFP | Category |
|---------------------------|-----------------------------|-------|----------|
| UNDLVR Mail | Account Work Correspondence | 12402 | UNDL |
| INV SSN | Account Work Correspondence | 12402 | ENTC |
| INVSSN INTL | Account Work International | 12404 | IENC |
| Action Request | Account Work Correspondence | 12402 | IRRQ |
| PND627RQST | Account Work Correspondence | 12402 | IRRQ |
| Forms/ Miscellaneous | Account Work Correspondence | 12402 | OTHE |
| L249C Reply | Account Work Correspondence | 61302 | L249 |
| L249C Bill | Account Work Correspondence | 61302 | B249 |
| Technical Referral to ETA | Account Work Correspondence | 12402 | TECT |

4.25.2.3
(10-20-2023)
Amended Form 706 Series

- (1) Different processes apply depending on which type of return or tax is involved.
- (2) Returns that bypass Submission Processing are **NOT** numbered and **DO NOT** create a CP 193/293 package.
- (3) The following actions are mandatory on amended returns that bypass processing:
 - a. Open an IDRS control within 14 days of receipt using category code BDUP.
 - b. Input a TC 971 AC 010 to set the -A freeze. The transaction date for the TC 971 is the received date of the amended return.
- (4) Because amended returns are filed directly to Campus E&G, it is possible for an amended return to be received before the original return has been processed by Kansas City Submission Processing. Follow the chart below for processing:

| IF | AND | THEN |
|---|---|---|
| Return is marked "amended" or "corrected" | Module does not contain a TC 150 | 1. Suspend for 30-days. 2. If no TC 150 is received, send the amended return to be processed as the original. Note: The words "amended" or "corrected" must be circled out in green. See IRM 21.7.9.3.1, Amended/Corrected/Adjusted/Original Returns that Bypass Submission Processing, for additional information. |
| Return is marked "amended" or "corrected" | Module contains an indication of TC 150 filed | Continue to monitor for TC 150 to post. |

- (5) Requests for audit reconsideration is outside Campus E&G scope and must be referred to Campus Estate Tax Attorney (ETA). Campus ETA will prepare the selected sheet for Exam Field review and return the case to the Transfer Tax Technician (TTT)/Tax Examiner (TE) with the completed sheet. The case and selected sheet are then forwarded to Workload Selection & Delivery (WSD), Stop 86F.

4.25.2.3.1
(10-20-2023)
Amended Form 706 or 706-NA

- (1) Estate amended returns are processed by examiners at the Cincinnati Campus.
- (2) Amended Form 706 or Form 706-NA can be received as an unnumbered (no DLN) return with correspondence or as a numbered return, posting as a TC 976, causing a CP 193 or CP 293, Duplicate Filing Condition. This creates an "-A" freeze. See IRM 21.7.9.4, Duplicate Filing Condition Procedures for additional instruction.
- (3) When processing an amended return, verify the following:
- **Signature:** Returns should have an original signature of the executor.
 - **Power of Attorney (POA), Form 2848:** Research POA information on page 2 of the return or Form 2848, Power of Attorney and Declaration of Representative, attached to the return. Check the Centralized Authorization File (CAF) on IDRS to see if the Form 2848 has been processed. If not, fax a copy of the Form 2848, or pages 1 and 2 of the Form 706, to the CAF unit for processing.

Note: A Form 8821, Tax Information Authorization, may be used instead of Form 2848. Refer to IRM 21.3.7, Processing Third-Party Authorizations onto the Centralized Authorization File (CAF), for more information.

- **Correspondence:** Search through the return for any correspondence the executor or preparer may have enclosed. Address the issues in the

correspondence with a reply letter as needed. See IRM 4.25.2.2.2, Mail Desk, for any correspondence unrelated to Campus Estate and Gift.

- (4) When processing amended returns, you need to research by checking the following:
- **SUMRY:** Research account for multiple controls. Contact other tax examiners on multiple controls before processing the case.
 - **ENMOD:** Verify addresses and update if necessary.
 - **BRTVU:** Research original and amended return figures.
 - **BMFOL/IMFOL:** Search IDRS using Command Code (CC) BMFOL/IMFOL and Universal CC for misapplied payments. You may also utilize Remittance Transaction Register (RTR) to confirm proper application of the payment(s).
 - **E&G Database:** Check Database for remarks and if necessary, follow the instructions.
 - **AIMS:** Check AIMS because any actions taken are based on the AIMS status of the case.
- (5) Use the applicable Item Reference Numbers (IRNs) when adjusting an estate return. The following table shows valid IRNs for Form 706:

| Item Reference Number (IRN) | Description | Location on Form 706 |
|-----------------------------|--|--------------------------|
| 074 | Generation-skipping transfer taxes | Page 1, line 17 |
| 075 | IRC 4980A Note: In 1997, P.L. 105-34, Section 1073(a) repealed IRC 4980A | Formerly page 1, line 23 |
| 076 | Net estate tax | Page 1, line 16 |

- (6) IDRS allows up to \$999,999,999.99 per adjustment. BMF processing only allows one adjustment to post per cycle. If an adjustment to the account is needed for more than the allowed amount, it is necessary to input an OSGetServices ticket to the BMF transaction posting team requesting for all adjustments to post within the same cycle. Open a OSGetServices ticket by:
1. Order from the Product and Services Catalog
 2. Technical and Support Services
 3. Information Technology Services Management (ITS)
 4. KISAM Administrative Support
 5. Full description of what is needed. Include the following verbiage:
Please assign ticket to BMF KISAM group CP-MF-BMF-POS&ANAL- Assistance requested with large dollar adjustment. Account will require multiple adjustments to correct tax module. All adjustments need to post in the same cycle. Requesting ticket be converted to IM before assigning to CP-MF-BMF-POS&ANAL workgroup.

6. Add to Cart
7. View Cart/Checkout
8. In Purpose Box restate full description from previous screen. See example above
9. Submit

4.25.2.3.1.1
(10-20-2023)
Amended Returns or Adjustment Requests with No Open TC 420 (-L freeze) or Record on AIMS (Audit Information Management System) (Form 706 or Form 706-NA)

- (1) If needed, secure the original return. Only secure the original return from Files if a copy is not provided or the original figures cannot be verified using available command codes, such as CC BRTVU or BMFOLR.
- (2) Math verify the return using the approved E&G Microsoft Excel computation tool.

Note: For an amended Form 706-NA, if there is a difference, check the Applicable Credit Amount (formerly Unified Credit Amount). An Applicable Credit of more than \$13,000 should be checked to confirm the decedent residence was a treaty country or a U.S. possession. Form 8833, Treaty Based Return Position Disclosure Under IRC 6114 or IRC 7701(b), is used to claim treaty benefits. A statement attached to the return providing the information is acceptable. If the form or statement is missing, check the original filed return or request the information from the estate.

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determination or refer to the Campus ETA. If the amount is below tolerance, continue processing for adjustment.

Note: If TTT is referring to an ETA, an explanation/reasoning must be cited on the Tech Referral.

- (4) If the amended return is filed to correct a math error, follow IRM 21.5.4, General Math Error Procedures. These amended returns should not be referred to a TTT or ETA to correct the math error.
- (5) Use the IF/THEN chart below to determine appropriate case action:

| IF | THEN |
|---------------------------------|---|
| No tax change or true duplicate | <ol style="list-style-type: none"> 1. Input TC 290 .00, blocking series (BS) 15 2. Close open control on IDRS. 3. Associate with the original return using Form 10023-B or Form 9856. 4. Notate the IMS system the purpose of the no tax change (for example: Part 2 line 2 total deductions, or true duplicate). |

| IF | THEN |
|--------------|---|
| Tax decrease | <ol style="list-style-type: none"> 1. Input TC 291 tax adjustment with BS 15 and appropriate IRNs. 2. Close open control on IDRS. 3. Associate with the original return using Form 10023-B or Form 9856. <p>Note: State Death Tax Deduction IRC 2058: If the required adjustment is the result of state death tax deduction, use TC 770 .00 on the adjustment. There is no allowable interest for this issue.</p> <p>Note: If account is restricted, adjust interest, and/or penalties as necessary. See IRM 20.2.1.4.2.1, Manual Calculation of Interest - Documentation, for more information.</p> |
| Tax increase | <ol style="list-style-type: none"> 1. Input TC 290 tax adjustment with BS 15 and appropriate IRNs. 2. Close open control on IDRS. 3. Associate with the original return using Form 10023-B or Form 9856. |

(6) If account is restricted, adjust interest, and/or penalties as necessary. See IRM 20.2.1.4.2.1, Manual Calculation of Interest - Documentation, for more information.

(7) Attach/Associate the amended return to the TC 421 (controlling Document Locator Number (DLN)) using Form 10023-B, Attachment, or Form 9856, Attachment Alert.

4.25.2.3.1.2
(10-20-2023)
Amended Returns or Adjustment Requests with Open TC 420 or Record on AIMS (Form 706 or 706-NA)

(1) Math verify the return using the approved E&G Microsoft Excel computation tool

(2) If the amended return is filed to correct a math error, follow IRM 21.5.4, General Math Error Procedures.

Note: For an amended Form 706-NA, if there is a difference, check the Applicable Credit Amount (formerly Unified Credit Amount). An Applicable Credit of more than \$13,000 should be checked to confirm the decedent residence was a treaty country or a U.S. possession. Form 8833, Treaty Based Return

Position Disclosure Under IRC 6114 or IRC 7701(b), is used to claim treaty benefits. A statement attached to the return providing the information is acceptable. If the form or statement is missing, check the original filed return or request the information from the estate.

(3) Use the IF/THEN chart below to determine appropriate case action:

| IF | THEN |
|---------------------------------|---|
| No tax change or true duplicate | <ol style="list-style-type: none"> 1. Input TC 290 .00 with Priority Code 1 2. Close open control 3. Associate with the original return using Form 10023-B or Form 9856 4. Notate the IMS system the purpose of the no tax change <p>Example: Part 2 line 2 total deductions or true duplicate</p> |

| IF | THEN |
|--------------|---|
| Tax decrease | <ol style="list-style-type: none"> 1. Do not input TC 291. Exception: Input TC 291 if the amended return is filed only to correct a math error.” Refer to IRM 4.25.2.3.1.2 (2). 2. Close open control on IDRS. 3. Using Form 3210, route document to WSD, M/S 86F Attn: National Gatekeeper. 4. Notate IMS system with the amount of the requested TC 291 and the date it was forwarded to WSD. 5. If the amended return does not meet classification criteria, the Gatekeeper will return the document to the originator to input adjustment, then associate with original return using either Form 10023-B or Form 9856. Note: State Death Tax Deduction IRC 2058: If the required adjustment is the result of state death tax deduction, use TC 770 .00 on the adjustment. There is no allowable interest for this issue. |
| Tax increase | <ol style="list-style-type: none"> 1. Input TC 290 tax adjustment with Priority Code 1. 2. Close open control on IDRS. 3. Using Form 3210, route document to WSD, M/S 86F Attn: National Gatekeeper. 4. Notate IMS system with the amount of tax adjustment and the date it was forwarded to WSD. |

4.25.2.3.2
(10-08-2020)

Amended Form 706-QDT

- (1) Form 706-QDT, U.S. Estate Tax Return for Qualified Domestic Trusts, is used by the trustee/designated filer of a qualified domestic trust to determine and report tax on certain distributions, the value of property on the date of the surviving spouse's death and the corpus portion of certain annuity payments. E&G assists NMF when secondary or duplicate returns are received by providing specific instructions on appropriate actions to NMF. TTT's review the account and document making one of the following recommendations:

- Associate with original return
- Process as new return
- Amend existing account

Note: Verify that the Trust's EIN is the TIN.

- (2) To associate or process as a new return, provide instructions to NMF on action to take using Form 3210, Document Transmittal.
- (3) To amend an existing account, prepare one of the following forms:
- TAX INCREASE: Prepare Form 5734, Non-Master File Assessment Voucher
 - TAX DECREASE: Prepare Form 1331-B, Notice of Adjustment
 - CREDIT TRANSFER: Prepare Form 2424, Account Adjustment Voucher
- (4) If an extension request is received on the Form 706-QDT, make the determination regarding the extension, notate whether it is approved and send to NMF for processing.

4.25.2.4
(10-20-2023)

Amended Form 709

- (1) Gift tax adjustments follow the basic procedures of other BMF adjustments.

Note: Refer to

IRM 4.25.2.3.1, Amended Form 706 or 706-NA, for inputting adjustments over \$999,999,999.99.

- (2) Verify amended return information and research IDRS per IRM 4.25.2.3.1, Amended Form 706 or 706-NA.

Note: If unable to verify by using BRTVU, prepare Form 2275 and request the original return from C-site.

- (3) Check Schedule A to ensure the donees' names are listed, then verify date of gift.

to a TTT for determination. If necessary, TTT with refer to ETA.

Note: Refer any questionable issues to TTT. If TTT is referring to an ETA, an explanation/reasoning must be cited on the Tech Referral.

- (5) If the amended return is filed to correct a math error, follow IRM 21.5.4, General Math Error Procedures. These amended returns should not be referred to a TTT or ETA.

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- (6) Input TC 29X, BS 15, NSD, using IRNs 074 (GST) and 077 (gift tax) and adjust the item reference numbers listed above when applicable. The dollar amounts for these fields may be positive or negative. However, do not attempt to reduce below zero.

Effective January 1, 2006, and subsequent, the following item reference numbers (IRN's) were assigned to Form 709 accounts and appear on CCs BMFOL and TXMOD:

| IRN | Description | Location on Form 709 |
|-----|-------------------------------------|----------------------|
| 115 | Taxable Gifts Current Period Amount | Line 1, page 1 |
| 116 | Taxable Gifts Prior Period Amount | Line 2, page 1 |
| 117 | Total Gifts Current Period Amount | Line 1, page 3 |

- (7) Research to determine if Form 706 has been filed. Follow the table below:

| IF | AND | THEN |
|-----------------------------|-------------------------|---|
| Form 706 has not been filed | N/A | Route Form 709 to C-site. |
| Form 706 has been filed | There is no open TC 420 | Route Form 709 to be associated with the Form 706 controlling DLN via Form 10023-B. |
| Form 706 has been filed | There is an open TC 420 | Route Form 709 for scanning to WSD, M/S 86F. |

Reminder: Use Form 3210 when shipping PII.

- (8) Because amended returns are filed directly to Campus E&G, it is possible for an amended return to be received before the original return has been processed by Kansas City Submission Processing. IRM 4.25.2.3.(4), Amended Form 706 Series.

4.25.2.4.1
(10-20-2023)
Amended Form 709 - International

- (1) **Form 709 – International Gift Tax Return:** Form 709, Part 1, Line 5 and Line 7 determine legal residence (domicile) and citizenship of taxpayer. A taxpayer is international if the residence (domicile) and citizenship shown on Lines 5 and 7 in Part 1 of Form 709 is not United States, USA, etc. International taxpayers filing Form 709 should be referred to a TTT due to the unique differences from the domestic returns. For example:
 - Nonresidents who are not citizens may not claim the applicable credit amount.

- A nonresident alien giving a cash gift from a foreign country to a U.S. citizen may require a Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts.
- (2) The referral package should include a MFTRA U print for the donor and spouse, if the information is available. Notate on the referral document if the donor and/or spouse are nonresident aliens. Process the amended return per instructions received from the TTT.

Note: If both are U.S. citizens and there is no indication of being an expatriate, process as a domestic return. See IRM 4.25.4.2.3, Expatriates, to determine when a taxpayer should be considered an expatriate.

- (3) **International Returns - Additional Information:** Treaty listings are found at the following site: <https://www.irs.gov/businesses/small-businesses-self-employed/estate-gift-tax-treaties-international>. Form 8833 is the form used to claim treaty benefits. A statement attached to the return providing the same information is acceptable. If missing, check the original return for the form or request from the estate.

Note: The United Kingdom of Great Britain and Northern Ireland (UK) includes: Northern Ireland, England, Scotland and Wales. The Republic of Ireland and Channel Islands are **NOT** part of the UK.

Note: Prior to 1982, Forms 709 were filed quarterly. Quarterly Forms 709 may be received in E&G because of an audit or because of background work done by an attorney or CPA in preparation for filing Form 706. Any returns received for years 1981 and prior would be processed to the fourth quarter.

- (4) If the amended return is filed to correct a math error, follow IRM 21.5.4, General Math Error Procedures. These amended returns should not be referred to a TTT or ETA.

4.25.2.4.2
(10-20-2023)
**GST Exemption
Allocation and
Supplemental Returns
Filed Pursuant to Rev.
Proc. 2004-46**

- (1) TTTs are responsible for processing amended Form 709 returns that are filed to report late Generation-Skipping Termination (GST) exemption allocation and supplemental returns filed pursuant to Rev. Proc. 2004-46.
- (2) The threshold requirement for relief pursuant to Rev. Proc. 2004-46 is that on or before December 31, 2000, the taxpayer made or was deemed to have made a transfer by gift to a trust from which a GST may be made. The allocation must:
- Clearly identify the trust to which the allocation is being made;
 - Report the amount of GST exemption that is being allocated to the trust;
 - In the case of a late allocation, or a claim by the taxpayer that the inclusion ratio is greater than zero, report the value of the trust assets at the effective date of the allocation; and,
 - State the inclusion ratio of the trust after the allocation.
- Note:** An allocation of GST exemption may be made by formula—by allocating an amount of exemption necessary to produce an inclusion ratio of zero.
- See Rev. Proc. 2004-46 for additional general and procedural requirement that must be satisfied.

- (3) Additional information should be requested if necessary to perfect the return and/or verify compliance. A determination will be made as to whether the requirements for granting relief to make a GST exemption allocation have been satisfied.
- (4) The Taxpayer will be notified if the requirements for granting relief to make the GST exemption have been satisfied and will notify the taxpayer of the result of the determination.
- (5) If necessary, complete a technical referral to Campus ETA to verify whether the amended return qualifies for the 2004-46 late GST allocation. See IRM 4.25.2.9.4.2, Technical Referrals for more information.
- (6) Any other questionable amended gift tax returns involving GST exemption allocation issues other than those addressed above (i.e. late elections out of the automatic allocation rules, incomplete information on the return, post 2000 gifts, 2010 GST issues, etc.) should be addressed at the discretion of the TTT as follows:
 - Technical referral to Campus ETA requesting guidance with a calendared requested response date.
 - Technical referral to the WSD National Gatekeeper for guidance with a calendared requested response date.
 - Issuance of a perfection letter requesting clarifying information from the filer. If the response does not provide adequate clarification, a referral should be made to Campus ETA or WSD National Gatekeeper.

4.25.2.5
(10-08-2020)
Correspondence

- (1) Correspondence related to account questions or correction can be received on a variety of issues. This IRM section will provide procedures on frequently raised issues.

Note: Policy Statement P-21-3 requires responding to the taxpayer within 30 days of the IRS received date. Issue an interim letter if unable to respond to the taxpayer request within 30 days. For additional information see IRM 21.3.3.4.2, Policy Statement P-21-3 Procedures.

Note: To ensure appropriate research refer to IRM 4.25.2.3.1.1(2).

- (2) This IRM section addresses only the most common items. Other items will be addressed as needed to protect the government's interest and the taxpayer's rights, and the case file documented accordingly.

4.25.2.5.1
(10-20-2023)
Deceased Executor

- (1) In the event of the death of an estate executor and/or the appointment of a new executor, secure verification that the new executor was appointed by the estate. This involves securing the appropriate documentation such as Will, Letter of Testamentary, Court Appointment or other appropriate documentation, such as a Form 56, Notice Concerning Fiduciary Relationship.

Note: If research does not reflect the Form 56 has been processed, forward to Entity for processing. See *SERP - Local Site Documents - Cincinnati* for routing information.

- (2) When it becomes known that a new executor has been appointed for an estate, the Tax Examiner (TE) will research using IDRS CC CFINK to

determine if a new Form 2848 is on file. CFINK will show a new signature date and what information the POA is entitled to for a specific estate. If there is a new Form 2848, the information may be disclosed to the POA on file.

Note: Any new estate executor is required to submit a new Form 2848 to include their information (name, address, phone number, etc.) even if they will continue to use the existing POA of the former executor.

- (3) If there is evidence that the executor appointed by the estate is deceased and/or a new executor is appointed, and there is no new Form 2848 on file (CFINK), the TE must contact the new executor via correspondence or phone call. The TE will advise the new executor that a new Form 2848 must be filed regardless of whether the same POA will be representing the estate. No release of information will be made to the POA until a new Form 2848 is received and approved by the IRS.

4.25.2.5.2 (10-20-2023)

Balance Due Notices

- (1) During processing, a line item on the return may be changed resulting in a balance due notice due to IRS error. See IRM 21.5.3.4.16.1, Account Adjustments, Administrative Errors. This can happen with both domestic and international returns. The individual responsible for the estate normally contends that the tax is not owed. To resolve this issue:

- Review the account and the return to determine the reason for the notice.
- Verify the Applicable Credit Amount (formerly Unified Credit Amount) is correct.

Note: For domestic, this is often changed during processing because the taxpayer filed for the incorrect year. The applicable credit for domestic returns is adjusted each year for inflation.

Note: The applicable credit is different for international returns (\$13,000) of nonresident aliens. An international estate may be entitled to more credit based on a valid treaty. International returns must reflect worldwide assets to correctly pro rate the applicable credit per a treaty. See the following for additional information: <https://www.irs.gov/businesses/small-businesses-self-employed/estate-gift-tax-treaties-international>.

- Adjust the account accordingly if needed. See IRM 4.25.2.3.1 for Form 706 or IRM 4.25.2.4 for Form 709.
- (2) Suppress balance due IDRS Notices with Command Code (CC) STAUP. See IRM 21.5.2.4.8.2, Suppressing Balance Due Notices, to determine the number of delay cycles necessary.

4.25.2.5.3 (10-08-2020)

Account Merge Issues

- (1) The same estate can have two separate accounts when there should only be one account. This frequently occurs with international accounts. The estate is given a Taxpayer Identification Number (TIN) beginning with a "9" to reflect an international temporary identification number. A return can be filed before the number is received resulting in two accounts. There can also be two returns for the same estate posted under different numbers. Research using IDRS CC NAMES, NAMEE and NAMEI. If two numbers have been assigned to the same

decedent, provide the estate with the correct number to use. Follow the procedures regarding merging accounts in IRM 21.7.10.4.3, Determining if Accounts Can/Should Be Merged.

4.25.2.5.4
(10-08-2020)
Misapplied Payments

- (1) The estate can receive a balance due notice if a payment is not shown on the account. The payment may be misapplied or was incorrectly moved off the account. Check the following for the payment:
- Decedent’s Individual Master File (IMF) account (TIN without a V)
 - Spouse’s account
 - SSN as Employer Identification Number (EIN) format (would be there as an unpostable)
 - Remittance Transaction Research System (RTR) to research payment amount and date
 - Integrated Automation Technologies (IAT) Tools for payment tracers

Note: See IRM 21.5.7.3, Missing Payments Research, IRM 21.4.5, Refund Inquiries - Erroneous Refunds, and IRM 21.5.8.4, IDRS Guidelines for Credit Transfers, if needed.

4.25.2.5.5
(10-20-2023)
Penalty Abatement Requests

source document and managerial approval (signature) **are required**. Refer to the If and Then Table in IRM 21.5.8.4.2, Determining Correct Credit Transfer Format.

- a. If IRS assessed a late filing penalty in error on a timely filed return Code (TC) 161 and Penalty Reason Code (PRC) 027, timely mailed/timely filed.
 - b. If there is an open AIMS, use command code AMSTU to correct the ASER if it is incorrect.
- (3) A Form 5706, Case History Sheet, is required on all penalty abatement cases. It must document the reason the estate feels the penalties should be removed, the TE’s determination and the adjustment.
- (4) If the penalty abatement determination by the TE results in an abatement of other requests are worked by the TE.
- (5) Reasonable cause should be considered for both domestic and international returns when a request to remove penalties is received. See IRM 20.1.1.3, Criteria for Relief from Penalties.

Note: When considering international returns, the lack of treaty with the domicile country does not prevent reasonable cause consideration.

- (6) If processing a penalty abatement request for an international return, consider the following:
- The decedent must be domiciled in the treaty country, not necessarily as a citizen.
 - It is unlikely the executor would have knowledge of the U.S. estate tax law so the penalty could be abated, but if the return was filed by an attorney, notary or other similar professionals, there would be a higher standard due to knowledge.
 - Use Reason Codes 062/030 if abating because the United States does not have a tax treaty with the country and not due to other reasonable cause.
 - For a list of treaty countries see: <https://www.irs.gov/businesses/small-businesses-self-employed/estate-gift-tax-treaties-international>

Note: See IRM 4.25.2.8.8, Monitoring International Accounts.

- (7) Check IDRS to see if the account is assigned to Collection or if there is a TC 421. If the account is assigned to Collection, coordinate with Collection regarding the abatement request.
- (8) Penalty abatement requests on accounts in open examinations require WSD scanning. If open to Field:
- a. Route to WSD, M/S 86F
 - b. Send Letter 86-C, Referring Taxpayer Inquiry/Forms to Another Office, to the estate stating the request will be addressed during the audit
 - c. Input a STAUP, if needed
- (9) If the return is in EGC 1078:
- a. Route to M/S 86F, Attn: National Gatekeeper
 - b. Input a STAUP, if needed
- (10) If return is in EGCs 1000, 1001, 1895, 1898 or 1899 Awaiting Classification:
- a. Process the penalty abatement request
 - b. Route to WSD for scanning, M/S 86F .

4.25.2.5.5.1
(10-08-2020)

**Processing Penalty
Abatement Denial**

- (1) If the abatement will not be allowed:
- A Form 5706, Case History Sheet, is required on all penalty abatement cases, and must document the reason for denial.
 - Input a TC 290 for zero, BLK 98/99 and Reason Code (RC) 062, HC 3 and, if appropriate, Priority Code (PC) 1.
 - Prepare Letter 854-C, Penalty Waiver or Abatement Disallowed/Appeals Procedure Explained.
 - Attach to the abatement request document, a copy of the Letter 854-C. Use the letter and the history sheet as the adjustment source document.

4.25.2.5.5.2
(10-20-2023)
**Processing Penalty
Abatements**

- (1) Input the appropriate transaction codes to reverse the penalty in full or in part. Hold all information until the adjustment posts.
 - Form 5706, Case History Sheet, is required on all penalty abatements and must document the reason for approval.
 - If the account still shows a balance due on an international account, refile the documents in the international monitoring file.

Note: Refer to IRM 20.1.1.3.2, Reasonable Cause, for a listing and description of reasonable cause.

- (2) Form 843, Claim for Refund and Request for Abatement: Refer to IRM 21.5.3.4, General Claims Procedures, for claim procedures.

4.25.2.5.6
(10-08-2020)
Form 4810

- (1) The purpose of Form 4810, Request for Prompt Assessment Under IR Code Section 6501(d), is for a taxpayer to request prompt assessment of gift tax or other kinds of tax (not estate tax). Requests for prompt assessment of gift tax may also be requested by a taxpayer using their own format if they list all the same information required on Form 4810 in their correspondence.
- (2) Form 4810 is a time sensitive document.
- (3) Assign all Form 4810 to a TTT in a red statute folder.
- (4) Requests that should be **denied immediately**:
 - a. Those described below, in (5)(a), which do not qualify for prompt assessment consideration.
 - b. Those requests that do not meet the other Form 4810 requirements stated in the instructions or in IRC 6501(d).
- (5) Forms in the Form 706 series ineligible for IRC 6501(d) prompt assessment:
 - a. IRC 6501(d) excludes from the request for prompt assessment those taxes imposed by chapter 11 of subtitle B, relating to estate taxes. Chapter 11 includes tax on: estates of citizens and residents (subchapter A), which includes Forms 706, 706-A, 706-QDT, and 706-D (Qualified Family Owned Business Interest (QFOBI) recapture returns, which are rare but could be filed pursuant to a Private Letter Ruling (PLR) and estates of nonresidents not citizens (subchapter B), which includes Form 706-NA.
- (6) **Review Requests:** A valid Form 4810 includes the following:
 - a. Request must be transmitted separately from any other document. The tax returns for the tax years listed on Form 4810 must be filed prior to the Form 4810. For example, verify that the Form 709 return was filed **prior** to the Form 4810.
 - b. Signed by Executor, Administrator or other Fiduciary representing the estate of the decedent.
 - c. Verification of authority to act for the taxpayer must be provided and copies of the authority must be attached. Examples include Letters of Administration and Letters Testamentary.
 - d. The kind of tax, form number and taxable period requested for the prompt assessment.

- e. The name and SSN shown on the original Form 709 or a copy of the tax returns clearly marked as copies.
- f. The date and location of the IRS campus or office where the return was filed.
- g. If request is made via correspondence, request for prompt assessment must clearly indicate citing “under provisions of IRC 6501(d).”

Note: IRC 6501(d) excludes from the request for prompt assessment those taxes imposed by chapter 11 of subtitle B, relating to estate taxes. Chapter 11 includes tax on: estates of citizens and residents (subchapter A), which includes Forms 706, 706-A, 706-QDT, and 706-D (Qualified Family Owned Business Interest (QFOBI) recapture returns, which are rare but could be filed pursuant to a Private Letter Ruling (PLR)) and estates of nonresidents not citizens (subchapter B), which includes Form 706-NA.

Note: If a Form 706 series return includes a request involving Generation Skipping Tax (GST), forward the request to a Campus ETA for a determination prior to updating the Assessment Statute Expiration Date (ASED). It is important to avoid confusion between a Form 706 ASED and a prompt assessment request for GST.

- (7) If request is incomplete or invalid for any reason, the TTT will advise the requestor accordingly using Letter 621-C, Prompt Assessment Request: Acknowledgement/Reply/Additional Information Requested, with the appropriate paragraph.
- (8) If Form 4810 lists a Form 706 return, deny as stated in IRM 4.25.2.5.6(5), unless the request pertains to GST tax. If GST tax is involved, forward to ETA for review and action determination prior to updating the Assessment Statute Expiration Date (ASED). Campus wants to avoid ASED confusion between the Form 706 estate tax return ASED and prompt assessment request for GST tax. Do not send the Form 4810 request to the National Gatekeeper if all gifts are a combination of:
 - a. Gifts of cash to persons and/or
 - b. Gifts of marketable securities where the securities were valued is provided or the value of the securities is under \$1 million
- (9) After verifying the listed Forms 709 have been filed, request all E&G returns listed on the forms and any additional Form 709 returns not listed regardless of open statute. (This pertains to Deceased Spousal Unused Exclusion (DSUE) and to determinations for classification and verification of accuracy of current filings.)
 - a. Do not update the ASED on additional returns not listed on Form 4810.
 - b. **Do not hold the Form 4810 until the additional Form 709s are received.**
 - c. Send the Form 4810 with the listed Form 709 gift tax returns to the National Gatekeeper for review.
 - d. Associate the additional requested Form 709s with the Form 4810 when received.
- (10) **There is a one-day turnaround from receiving Form 4810 to requesting returns.**

- (11) **Expedite return request due to short statute.**
- (12) After requesting the required tax returns for tax periods listed on Form 4810, input:
 - a. TC 560 using REQ77 for all years listed on Form 4810. Do not input a transaction code for tax years not listed on Form 4810.
 - b. Send Letter 621-C, Prompt Assessment Request; Acknowledgement/Reply/Additional Information Requested, using paragraph H.
 - c. Auto Select case.
- (13) Within 2 days of receipt of the gift tax returns **listed on Form 4810**, review the gift tax returns and follow the table below:

| IF | THEN |
|--|--|
| All Form 709s listed on Form 4810 reflect only cash gifts and/or gifts of marketable securities where the valuation data is included or the value is under \$1 million, | Accept the Form 4810 as filed and associate it with the most current year Form 709. Send Letter 621C using paragraph I to the taxpayer. Send all Form 709s to C-Site to be refiled. Close the AIMS base. Update case history sheet and attach to Form 4810. |
| Any Form 709 listed on Form 4810 reflects gifts other than cash gifts and/or gifts of marketable securities where the valuation data is included or the value is under \$1 million, | Send the required returns along with copies of all IDRS research to the National Gatekeeper in a Red Folder with Form 13153, Attention: 6501(d), on case folder identifying as IRC 6501(d) statute update. Do not send to the Gatekeeper until all tax years listed on Form 4810 have been received. Close AIMS base. Update and send case history sheet in the same red folder. |

- (14) If any requested gift tax returns **not listed on Form 4810** are not received at the same time as tax returns listed on Form 4810, follow the table below:

| IF | THEN |
|---|--|
| Form 709s for tax years not listed on Form 4810 are received at the same time those returns listed on Form 4810 are received, | Keep all related returns together. The related returns not subject to Form 4810 will follow the same path as those that are subject to form 4810. Do not separate them from the years listed on Form 4810. |

| IF | THEN |
|--|---|
| Form 709s for tax years not listed on Form 4810 are received after those returns listed on Form 4810 are received, | Send the returns along with copies of any IDRS research to the National Gatekeeper for association notating a 6501(d) Red Folder was previously sent for consideration. |

Note: Any returns that are not listed on Form 4810, **with open statutes**, should be identified separately from returns listed on Form 4810 (FOR INFORMATION ONLY – ASED NOT UPDATED – RETURN NOT LISTED ON FORM 4810).

- (15) If the National Gatekeeper sends the Form 4810 back to Campus E&G stating the Form 4810 will not be sent to the field, consider it accepted as filed. Associate the Form 4810 with the Form 709 and send to C-Site to be re-filed.
- (16) When IDRS indicates Form 706 for the taxpayer is under examination in the field, notify the Campus E&G Department Manager immediately of the Form 4810 receipt. The Department Manager will notify the National Gatekeeper for assignment and routing to Field ETA.

Note: When a Form 706 is under examination in the field, the gift tax returns listed on Form 4810 may have previously been associated with Form 706 and not available by making a request to the C-Site. The Department Manager will coordinate with the field examiner to determine the location of any necessary gift tax returns.

4.25.2.5.7
(10-20-2023)
Form 5495

- (1) Form 5495, Request for Discharge from Personal Liability Under IRC 2204 or IRC 6905, should be assigned to a TTT to make the determination if the request for discharge from personal liability should be granted.
- (2) If the Service does not issue a notification of determination of estate tax timely based on the received date of the request, the fiduciary or executor is automatically discharged from personal liability (applying only to them in their personal capacity and their personal assets).
- a. Requests received from a fiduciary must be worked within six months of the received date.
 - b. Requests received from an executor must be worked within nine months of the received date.
- (3) The following table provides instructions for Form 5495:

| IF | THEN |
|---|--|
| <p>No TC 150 posted:</p> <ol style="list-style-type: none"> 1. Indication return was filed, 2. No indication that return was filed, | <ol style="list-style-type: none"> 1. Hold Form 5495 until TC 150 posts. 2. Send Form 5495 back to originator advising a return must be filed before Form 5495 can be processed. Send Letter 738-C, Decedent Income/Gift Tax Return; Personal Liability Discharge Request. |
| <p>Open AIMS: If there is an open AIMS for Form 706 and a Form 5495 related to gift taxes is received:</p> <ol style="list-style-type: none"> 1. EGC 1000, 1001, 1073 or 1074, 2. EGC 1078, 1895, 1898 or 1899), 3. In the Field for audit, | <p>The Form 5495 related to the listed (and filed) Forms 709, is considered along with the Form 706 (if filed) and any additional Forms 5495.</p> <ol style="list-style-type: none"> 1. Refer to IRM 3.11.106.2(4)(5), General Information, and IRM 3.5.61.13.3(4)(5) for screening criteria. Review CC BRTVU, BMFOLI, BMFOLR and BMFOLT to confirm if the screening criteria is met or not met. Criteria met: Update IDRS control to "M" status and continue to monitor for EGC update Criteria not met: Proceed to Return is Accepted as filed procedures below. 2. Route Form 5495 to Stop 86F Attn: National Gatekeeper. 3. Route Form 5495 to Stop 86F for WSD scanning. |

| IF | THEN |
|---|---|
| <p>Return is Accepted:</p> <p>1. Zero balance due on the account, Note: Once return is accepted, it is not necessary to wait for AIMS to close before sending Letter 6150, U.S. Estate or Gift Tax Discharge from Personal Liability/Property.</p> <p>2. Balance due on the account, Caution: Never send a Letter 6150 when there is a balance due on the account.</p> | <p>Send:</p> <p>1. Estate Tax Return or Gift Tax Return - Letter 6150, U.S. Estate or Gift Tax Discharge from Personal Liability/Property.</p> <p>2. Letter 738-C, Decedent Income/Gift Tax Return; Personal Liability Discharge Request.</p> |

Note: Field classifiers will send Form 5495 to the campus to issue the certificate of discharge for any non-selected cases with zero balance due.

4.25.2.5.8
(10-20-2023)
Form 8971

- (1) For certain estate tax returns (Form 706 and Form 706-NA) filed after July 2015, Form 8971, Information Regarding Beneficiaries Acquiring Property from a Decedent, along with a copy of any required Schedule A, is used to report values of property passing to beneficiaries from an estate.
- (2) Only estates required to file Form 706 or Form 706-NA are required under IRC 6018(a) and (b) to file Form 8971 and only certain property is required to be reported.
- (3) Form 8971 is not required when:
 - The total of the gross estate plus adjusted taxable gifts is less than the basic exclusion amount (for example the estate tax return is not required to be filed under IRC 6018;
 - The estate tax return is filed solely to make an allocation or election respecting the generation-skipping transfer tax; or
 - The estate tax return is filed solely to elect portability of the deceased spousal exclusion amount (DSUE).
- (4) The executor must file the Form 8971 with the IRS on or before the **earlier of**:
 - a. The date that is 30 days after the due date of the Form 706 or Form 706-NA required by IRC 6018 (including extensions, if any), or
 - b. The date that is 30 days after the date Form 706 or Form 706-NA is filed with the IRS (for example, if filed before the extended due date).
- (5) Failure to file a valid Form 8971 by the due date will result in penalties under IRC 6721. Only one penalty will apply for all failures relating to a single filing of

a single Form 8971 and the Schedules A required to be filed along with it. The amount of the penalty depends on when the valid Form 8971 with the required Schedule A is filed.

- (6) Form 8971 is filed at the Cincinnati Campus, Stop 824G. Campus E&G is responsible for the initial processing of Form 8971 as described in this IRM section.
- (7) On receipt of Form 8971, Information Regarding Beneficiaries Acquiring Property from a Decedent, check the Form 706 account to determine if the TC 150 has posted.
- (8) Document all actions on Form 5706, Case History Sheet, or similar document. Use the IF/THEN Table below to determine what should be done with Form 8971, based on if TC 150 has posted or not posted:

| IF | THEN |
|--|--|
| TC 150 has posted | <p>On IDRS:</p> <ul style="list-style-type: none"> a. Input a TC 971 Action Code 368 on the MFT 52 account to show a Form 8971 was received. b. For TRANS-DT (transaction date) input Form 8971 received date. c. Remarks: NSD, Form 8971. <p>Associate the Form 8971 with the Form 706 or Form 706-NA estate tax return by forwarding to Kansas City Files, Stop 6700 with Form 10023-B attached and Form 3210 indicating "For Association with Form 706".</p> <p>Note: Do not send to an open IDRS control unless they have the original Form 706 return.</p> <p>Note: A TC 971/AC 368 should not be put on an account if a Schedule A is received without Form 8971. Associate the Schedule A with Form 706 or Form 706-NA.</p> <p>Note: There may be more than one TC 971/AC 368 on an account.</p> |
| TC 150 has not posted, | <p>Hold Form 8971 for 60 days monitoring for TC 150 to post.</p> <ul style="list-style-type: none"> a. If TC 150 posts, follow steps above. b. If TC 150 does not post, follow steps below for when no TC 150 posts after holding Form 8971 for 60 days. |
| After holding Form 8971 for 60 days and no TC 150 has posted, | <p>Issue Letter 5951, Form 8971 Filed – No Form 706 Filed – No Authority, to the person who filed the Form 8971 (see line 4, Form 8971). Allow 30 days for a response.</p> |

| IF | THEN |
|--|---|
| Taxpayer responds with evidence of being executor, administrator, or IRC 2203 executor (in actual or constructive possession of decedent's property), and after an additional 30 days no Form 706 has posted, | Issue Letter 5950, Form 8971 Filed – No Form 706 Filed. |
| Taxpayer responds without satisfactory evidence of having authority to file Form 8971, or taxpayer does not respond within the 30 days, verify that Form 706 TC 150 has not posted, | Issue Letter 5952, Return Form 8971 to Taxpayer, with the first option box checked (no satisfactory evidence/authority). |
| Taxpayer responds with a copy of the already filed Form 706 and proof of mailing (or an original, unfiled Form 706), | Process as appropriate and associate the Form 8971 with the Form 706. |
| Taxpayer responds stating the Form 706 was already filed, but did not provide a copy and proof of mailing, and after an additional 45 calendar days allowing Form 706 to post, if Form 706 does not post, | Issue Letter 5952, Return Form 8971 to Taxpayer, with the second option box checked (no Form 706 filed). |
| Taxpayer responds with correspondence stating a Form 706 will be filed (regardless of any date provided), hold the Form 8971 for 60 days from the date of taxpayer's response. If no Form 706 posts, | Review all Schedules A filed with Form 8971. <ul style="list-style-type: none"> a. No: Issue Letter 5952, Return Form 8971 to Taxpayer, with box 2 checked (no Form 706 filed) to send Form 8971 back to taxpayer. b. Yes: Issue Letter 5952, Return Form 8971 to Taxpayer, with box 2 checked (no Form 706 filed). Forward a copy of the Form 8971 to WSD clerk for review as possible Form 706 non-filer. |
| Taxpayer does not respond to Letter 5950 or states Form 706 has not been filed, should not have been filed or doesn't need to be filed (or similar), | Review all Schedules A filed with Form 8971. <ul style="list-style-type: none"> a. No: Issue Letter 5952, Return Form 8971 to Taxpayer, with box 2 checked (no Form 706 filed) to send Form 8971 back to taxpayer. b. Yes: Issue Letter 5952, Return Form 8971 to Taxpayer, with box 2 checked (no Form 706 filed). Forward a copy of the Form 8971 to WSD clerk for review as possible Form 706 non-filer. |

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Note: If a Schedule A is received not attached to a Form 8971, follow the IF/THEN table above.

Note: If the TC 971 is input on an account that does not have a posted TC 150, the TC 971 will go unpostable.

- (9) The process of creating a potential penalty case file for a valid Form 8971 not timely filed (as previously described in IRM 4.25.2.5.8(9)(10-08-2020)), has been suspended.

4.25.2.5.9
(10-20-2023)
Schedule PC

- (1) A protective claim may be filed at any time before the RSED expiration to preserve the estate’s right to claim a refund by reason of claims or expenses that are not paid or do not otherwise meet the requirements of deductibility. A protective claim does not have to state a particular dollar amount or demand an immediate refund. However, to be valid, a protective claim must:
 - Be in writing and be signed,
 - Include the estate entity information (name, address, TIN)
 - Identify and describe the contingencies affecting the claim,
- (2) Processing Schedule PC, Protective Claim for Refund: A protective claim can be filed with the return or submitted after the return is filed. A protective claim is normally filed on the Schedule PC and attached to the original return. Submission Processing will copy the schedule and route to Campus E&G. Protective claims can be filed on an amended estate tax return. All protective claims must be processed so the account reflects that a claim was filed.
 - a. To process, input a TC 971 with action code 700 via CC REQ77.
 - b. Issue Letter 5169, Schedule Protective Claim (PC) Acknowledgement.
 - c. Associate a copy of Letter 5169 with the original Form 706 filing.

Note: Protective claims can take years to resolve. The claim will remain open until the estate files a perfected claim. When the perfected claim is processed, a TC 972 is input with action code 700 via CC REQ77 to show the issue is resolved.

4.25.2.5.10
(10-20-2023)
Closing Letters and Account Transcript Requests

- (1) Effective October 28, 2021, **Treasury Decision 9957** established a user fee of \$67 for persons requesting the issuance of Letter 627, Estate Tax Closing Letter. The requestor must utilize Pay.gov (at www.pay.gov) to pay the user fee and request the estate tax closing letter, however the closing letter will be issued only to the address(es) of record. A closing letter cannot be issued until TC 421 is posted and the account is full paid. The status on AIMS must be closed before a closing letter can be issued.
- (2) Phone Requests: The phone assistor should advise the caller to submit the request for closing letter and pay the user fee through Pay.gov. No estate tax closing letters will be issued over the phone.
- (3) If the caller requests a transcript, advise the caller to submit Form 4506-T, Request for Transcript of Tax Form. The form and its instructions can be obtained on IRS.gov. Most requests are processed within 10 business days.
- (4) Authorized representatives may request transcripts through the e-Services Transcript Delivery System (TDS), found on IRS.gov. If the caller states they are unable to secure the transcript via TDS, advise the caller to submit Form 4506-T, Request for Transcript of Tax Form. They may also contact the e-help desk at 866-255-0654 for further assistance.

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- (5) Closing letters only apply to Form 706 and Form 706-NA. If a closing letter request is made on a Form 706-A, 706(QDT) or Schedule R-1, a NMF transcript should be issued in lieu of a closing letter.
- (6) Campus E&G will generate the Pay.gov Collections Report weekly to identify estates that have paid the user fee and need an estate tax closing letter issued. In addition, an automated payment confirmation is emailed from Pay.gov to the designated E&G mailbox, SBSE.EEF.Closing.Letter.User.Fee, once the requestor pays the user fee. See IRM 4.25.2.5.10.1, Processing and Monitoring Pay.gov ETCL Requests
- (7) Utilize the payment confirmation email to locate the Estate's TIN. Update the applicable weekly Pay.gov Collection Report Excel spreadsheet with the applicable information.
- (8) TIN's listed on Campus Closing Letter Fee spreadsheet indicate a user fee was paid. Follow the IF/THEN chart to determine if a closing letter should be issued:

| IF | THEN |
|-------------------|--|
| AIMS Status 90 | <ul style="list-style-type: none"> Issue the closing letter Ensure the Campus Closing Letter Fee spreadsheet is updated to reflect issuance. |
| AIMS Status 00-89 | Monitor for closed AIMS Status 90. |

- (9) If the tax period reflects a prior tax change (29X or 30X), the request should be assigned to a TE or TTT for closing letter research and issuance.
- (10) Correspondence Requests received before 10/28/2021:

| IF | AND | THEN |
|---|-----------------------------|---|
| TC 421 posted with a trans-date before 10/28/2021 | Closing letter is requested | Issue the closing letter. |
| TC 421 posted with a trans-date after 10/28/2021 | Closing letter is requested | The request is considered premature and will be denied. Issue Letter 6477, Notice of Denial, Estate Tax Closing Letter, using the appropriate selectable paragraph. |

| IF | AND | THEN |
|-------------------|-----------------------------|---|
| TC 421 not posted | Closing letter is requested | The request is considered premature and will be denied. Issue Letter 6477, Notice of Denial, Estate Tax Closing Letter, using the appropriate selectable paragraph. |

Note: A closing letter cannot be issued until a TC 421 has posted and the AIMS status is closed.

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- (11) Correspondence Requests received on or after 10/28/2021: The request should be denied by issuing Letter 6477, Notice of Denial, Estate Tax Closing Letter, using the appropriate selectable paragraph. Valid closing letter requests will be addressed through Pay.gov reports and the email confirmations received through the designated E&G mailbox, as cited above.
- (12) All closing letters should be issued from the IMS closing letter database. Place letters in the designated area for PAS sampling. Once PAS completes the pull of letters for review, the remaining letters are mailed by clerical.
- (13) Refund Requests: Refund requests are emailed directly from the requestor to the designated E&G mailbox, SBSE.EEF.Closing.Letter.User.Fee@irs.gov. Refund requests received through the mailbox are considered correspondence. The request must contain the following:
 - Detailed information and/or documentation, and
 - The Pay.gov Tracking ID Number
- (14) If the request does not contain the above required information, issue Letter 6478, Notice of Denial, Estate Tax Closing Letter User Fee Refund Request, using paragraph F.
- (15) Refund Approval: If the refund request is initially determined to be warranted by the employee reviewing the request, approval for refund requires managerial and HQ Policy approval. Research conducted and supporting documentation regarding the refund request should be provided to the manager. If the manager agrees, HQ Policy will review for concurrence. Refunds will be issued only in limited cases. See “What if I want to request a refund?” on IRS.gov’s FAQ on ETCL for additional information.
- (16) Refund Denial: If the refund request is denied, issue Letter 6478, Notice of Denial, Estate Tax Closing Letter User Fee Refund Request, using the appropriate paragraph.
- (17) Ensure the Campus Closing Letter Fee excel spreadsheet is updated to reflect the refund request status.

- (18) All closing letters should be issued from the IMS closing letter database. Place letters in the “Quality Review” basket. When the Program Analysis System (PAS) completes the pull of letters for review, the clerk gives the remaining letters to the examiners to mail.

4.25.2.5.10.1
(10-20-2023)
Closing Letter Requests

- (1) Due to the processing time of Form 706, it is possible that a closing letter request may be received prior to SOI scanning and WSD classification.
- (2) A closing letter may be issued when a TC 421 has not posted if the following conditions are all met:

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- (3) If screening criteria is met, continue monitoring the closing letter request for the TC 421 to post.

4.25.2.5.11
(10-08-2020)
Transfer Certificate Requests

- (1) Follow normal procedures for Closing Letters for requests from Nonresident Citizens and Nonresident not citizens of the United States. Follow the procedures in this section for Transfer Certificate Requests.

4.25.2.5.11.1
(10-08-2020)
Nonresident Citizen of the US (NR-C)

- (1) Follow procedures in the following table for Transfer Certificate Requests received from Nonresident Citizen of the U.S. (NR-C):

| IF | AND | THEN |
|----------------------------------|---|----------------------------|
| Form 706 is required to be filed | Investigation is completed and tax is fully paid. Note: Investigation means substantive review of taxpayer’s submitted documents. | Issue Transfer Certificate |

| IF | AND | THEN |
|--|---|---|
| Form 706 is NOT required | No filing requirement is verified per the documents submitted with the request and investigation is complete. | A Transfer Certificate may not be required. Note: If the estate has a duly qualified executor or administrator who has been appointed and is acting in the U.S., no Transfer Certificate is required. See 26 CFR 20.6325-1 for more information. A request may still be made, even if the response will be Letter 4944, Reply to Request for Transfer Certificate, paragraph D. |
| Determination cannot be made on whether there is a Form 706 filing requirement based on the documents submitted. | Refer as necessary to TTT, if, per the submitted documents, taxpayer may have had a filing requirement. | Once investigation is complete, issue Transfer Certificate with Letter 4943, Transfer Certificate Cover Letter, or Letter 4944, Reply to Request for Transfer Certificate, as applicable. |

4.25.2.5.11.2
(10-08-2020)

**Nonresident not a
Citizen of the US (NRNC)**

- (1) Follow procedures in the following table for Transfer Certificate Requests received from Nonresident Not a Citizen of the U.S. (NRNC):

| IF | AND | THEN |
|---|--|---|
| Form 706-NA is required to be filed | Investigation is completed and tax, penalty and interest are fully paid. Note: Investigation means substantive review of taxpayer's submitted documents. | Issue Transfer Certificate |
| Form 706-NA is NOT required | No filing requirement is verified per the documents submitted with the request and investigation is complete. | A Transfer Certificate may not be required. Note: If the estate has a duly qualified executor or administrator who has been appointed and is acting in the U.S., no Transfer Certificate is required. See 26 CFR 20.6325-1 for more information. A request may still be made, even if the response will be Letter 4944, Reply to Request for Transfer Certificate, paragraph D. |
| Determination cannot be made on whether there is a Form 706-NA filing requirement based on the documents submitted. | Refer as necessary to TTT, if, per the submitted documents, taxpayer may have had a filing requirement. | Once investigation is complete, issue Transfer Certificate with Letter 4943, Transfer Certificate Cover Letter, or Letter 4944, Reply to Request for Transfer Certificate, as applicable. |

4.25.2.6
(10-20-2023)
Transcripts

- (1) For processing Accounts Maintenance Research (AMRH) transcripts, follow the procedures in IRM 21.2.4.3, Procedures for Accounts Maintenance.
- (2) For transcripts received based on an unresolved freeze code, follow procedures in IRM 21.5.6.4, Freeze Code Procedures.

Note: See Document 6209, IRS Processing Codes and Information, for freeze code information.

4.25.2.7
(10-20-2023)
Phones

- (1) Employees are responsible for providing the best possible service to all taxpayers based on their function within the E&G Operation. Contact with taxpayers should instill confidence in the integrity and efficiency of the IRS by providing top quality customer service.
- (2) The key points for every call are as follows:
 - Always greet the caller with your name and 10-digit identification (ID) number. Prompt the caller for the tax form they are calling about.
 - Maintain professional courtesy.
 - Control the direction of the contact.
 - Give accurate and complete assistance based on your job duties within the operation.
 - Resolve the taxpayer's issue, to the extent possible.
 - Do not use IRS jargon.
 - Do not address questions unrelated to E&G. Forward calls as appropriate. See IRM 4.25.2.7.4, Calls Unrelated to Estate and Gift.
 - Use appropriate hold procedures by giving a reason and thanking the taxpayer upon your return.
 - If a caller indicates they have called more than two times without a response, notify the manager.

Note: If a call is received within one hour of the toll-free phone lines shutting down, the phone assistor has 24 hours to resolve the issue or open a control.

4.25.2.7.1
(10-20-2023)
Types of Incoming Calls

- (1) General information for Form 706 and Form 709.
- (2) Closing Letter Requests.

Note: See IRM 4.25.2.5.10, Closing Letters and Account Transcript Requests, for handling closing letter requests over the phone.

- (3) Status of Form 706.
- (4) Balance Due notices.
- (5) General information on GST.
- (6) Form 706 and Form 709 transcript requests.
- (7) Status of international transfer certificate.
- (8) Form 4422, Application for Certificate Discharging Property Subject to Estate Tax Lien, requesting address to mail the form.
- (9) Other types of calls not listed here.

4.25.2.7.2
(10-20-2023)

Communication Skills

- (1) **Greet the caller.**
- a. Greet the caller by saying "Internal Revenue Service".
 - b. Provide your Title (Mr., Mrs., Ms., Miss), your last name and 10 digit IRS Identification (ID) Number.
 - c. If the caller asks you to repeat your name and identification number, do so courteously and professionally.
 - d. Speak to the caller in a pleasant, courteous and professional manner. Show a willingness to help, by using phrases such as "May I help you?" or "How can I help you?".

Note: If no one is on the line, first try to ensure the caller can hear you, (For example, ask if the caller can hear you, repeat name and badge number.). Allow **30 seconds** for a response. If no response after 30 seconds, disconnect the line and move to the next call.

- (2) **Target the caller's question.**
- a. Ask questions necessary to determine nature of inquiry.
 - b. Paraphrase to show comprehension.
- (3) **Provide assistance.** Provide accurate and complete assistance and/or appropriately refer the taxpayer to another source, if required.
- (4) **Use appropriate hold procedures.**
- a. You **must** place the caller on hold while researching account information not readily available.
 - b. Provide the reason for placing call on hold, ask the caller for permission and wait for a response.
 - c. Advise the caller of expected wait time, which should never be longer than **five minutes**. Do not keep the caller on hold for more than five minutes without returning to the call.
 - d. When returning to the caller, **always** thank them for holding.
 - e. If the caller requests you to hold, advise the caller hold can be no more than two minutes. If the caller does not return, disconnect call and notate the call was terminated.
 - f. If the caller is sending information via fax, confirm the caller has already sent the fax and confirm the IRS fax number they sent it to before placing the caller on hold to retrieve the document.
 - g. If the caller is not able to send the fax immediately, advise the caller to call back when they are able to fax the required document(s).
- (5) **Close the conversation.** Verify the taxpayer's understanding and conclude the contact courteously.

4.25.2.7.3
(10-08-2020)

Taxpayer Authentication

- (1) Use IAT Disclosure Tool when possible. For additional information on IAT Tools see IRM 4.25.2.2.1 , Integrated Automation Technologies (IAT) Tools.
- (2) For calls about Forms 706-NA, IRM 4.25.2.7.5, International Calls.
- (3) The table below provides taxpayer and representative authentication for Form 706:

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(4) The table below provides taxpayer authentication for Form 709:

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Note: The phone assistor will research using IDRS CC “CFINK” when a POA requests estate information. The POA must have a valid status on CFINK and will only be entitled to information as indicated on CFINK. In the event the information is not current on CFINK and/or you become aware that the

executor has changed since the POA's appointment, the assistor will not disclose any information and will request that a new Form 2848 be sent in by the new executor.

Note: Although there are normally several individuals entitled to information from an estate, requested closing letters will be sent to the address of record, as provided on the estate tax return.

Note: Refer to IRM 21.1.3.3, Third Party (POA/TIA/F706) Authentication, for POA authentication.

(5) To ensure quality service, E&G employees can provide the name and extension number of the E&G campus employee assigned to the taxpayer's case when transferring the customer to the correct extension.

4.25.2.7.4
(10-08-2020)

Calls Unrelated to Estate and Gift

(1) Calls unrelated to E&G should be transferred to the appropriate phone number. Provide the phone number to the taxpayer prior to transferring a call.

Note: The taxpayer is referred to <https://www.irs.gov/> website during the hold message.

(2) The table below provides a listing for transfer numbers to be provided to the taxpayer prior to transferring the call:

| ISSUE: | TRANSFER NUMBER: |
|-------------------------------|--|
| IMF | Accounts Management Phone Number: 800-829-1040 Transfer Number: #1020 English Transfer Number: #1021 Spanish |
| Form 1041 (Estate and Trusts) | Accounts Management Phone Number: 800-829-4933 |
| Balance Due | Refer TP to the phone number on the letter they received and suggest they can make a payment on https://www.irs.gov/ with multiple options. |
| Refunds | Refund Hotline: 800-829-1954 |
| Taxpayer Advocate | TAS: 877-777-4778 |

Note: The above listing is not all inclusive. Refer to *The Source for Telephone Numbers* or *SERP Campus Directory* for additional numbers.

4.25.2.7.5
(10-08-2020)

International Calls

(1) E&G has a phone voice mail system (VMS) dedicated to international phone calls. The number is 859-320-3456 and used by international callers who can't use the 800 number. Check the international mailbox and voicemail daily and respond within three business days. The same domestic call disclosure rules apply to international calls. Incoming international calls may present a communication or language problem. The caller may be an interpreter or a TTY

representative, calling on behalf of the executor. Follow IRM 11.3.3.3.1, Use of Interpreters in Tax Administration. There may be people in the work area that can communicate in Spanish if needed, check with your manager. It may be helpful if you speak slowly, use short sentences, and ask the caller if the instructions are understood and have them repeat the instructions back.

- (2) Incoming phone calls can be received over the Finesse phone system or the unit phone. Some callers from Canada cannot call the U.S. toll free line. When possible, give the non-toll free number on outgoing correspondence as well as the toll-free number.
- (3) If the caller claims they have submitted some type of document but does not know the SSN or Internal Revenue Service Number (IRSN), request them to spell the decedent's first and last name, where decedent was domiciled and where the executor resides. Research using IDRS CC NAMES and NAMEE, ** in the country and it will bring up all foreign addresses under that name. NAMEI, 000 can be used as the zip code if foreign country. If a number is found, proceed with disclosure and assist the caller. Issue a letter to advise the estate of the correct number to use.
- (4) If a SSN or IRSN number is not found, check the listing for transfer certificates found on the E&G common drive at: S:SBSE:CP:FSD:Dept 1, Common Area, Forms Letters and Work Sheet, International, Transfer Certificates. The listing is in ALPHA order and will indicate if a SSN/IRSN was provided. Access to this common drive is limited to specified campus employees.
- (5) If no information is located, use the probe and response technique to establish the best course of action needed to help them. The assistor may need to request the information be faxed or resubmitted.
- (6) Outgoing phone calls can be made on one line in each team. Check with your manager to confirm the correct line to use. Prior to making a call, the website <http://www.countrycallingcodes.com/> can be used to confirm the international prefix and country code for the location being called. Be considerate of the time difference when calling another country.
- (7) **International Electronic Facsimile (E-FAX):** E&G has an e-fax number for POA and executors located in the United States to use, 855-201-8011. The e-fax number for POA and executors located outside of the United States is 304-707-9970.

4.25.2.8
(08-30-2018)
Collection Activities

- (1) The E&G campus handles various collection activities. The following sections provide guidance for processing extensions, installments, preparing lien packages and monitoring international accounts.

4.25.2.8.1
(10-20-2023)
Understanding Estate Accounts

- (1) When an Estate Tax Return is filed, it is processed and posted to the Business Master File (BMF). During the process, the return is marked with certain identifiable codes called a Payment Indicator Code (PIC). When these indicator codes are identified in the system, CP 191, computer generated notices are issued to the campus. The codes and indicator explanations are in the following table:

| CODE | EXPLANATION |
|------|--|
| 0 | No Installment Privileges. Payment indicator will follow normal BMF settlement procedures and will not generate a CP 191. |
| 1 | Requests (IRC) Section 6166 or 6163. Form 706, Page 2, Part 3, Line 3 or Line 4 checked "YES". |

4.25.2.8.2
(10-08-2020)
Form 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes

- (1) The following sections provide guidelines for processing IRC 6081, Extension of Time for Filing Returns, IRC 6161, Extension of Time for Paying Tax, and IRC 6163, Extension of Time for Payment of Estate Tax on Value of Reversionary or Remainder Interest in Property.
- (2) An estate will be allowed an automatic 6-month extension of time to file the estate tax return within the Form 706 series, if Form 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes, is filed on or before the due date of the applicable return.
- (3) **Basics:**
 - a. An estate tax return is due 9 months after the date of death.
 - b. Form 4768 should be used to request the extension and sent to the Internal Revenue Service office where the return is required to be filed.
 - c. The extension of time to file may be granted for a period not to exceed 6 months from the due date of the return (12 months if the executor is living out of the country or out of the country for an extended period).
 - d. To avoid assessment of failure to file penalties, a return must be filed as accurately as possible before the extension date expires.
 - e. An extension of time for filing the estate tax return does not allow for an extension of time for payment of any estate tax due.
 - f. An extension of time to pay may be granted up to 12 months per request. Generally, the same length of time is given as the extension to file making it reasonable to expect the executor will know the tax liability and liquidity of assets by the end of the six-month period. When the extension to file and pay dates match, IDRS will systemically process the account.

Note: An extension of time to pay (under IRC 6161) is not automatically granted.

- (4) A request for an automatic extension of time to file will be disapproved if any of the following conditions are met:

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For additional information on extension of time to file or pay estate tax returns, see IRM 5.5.5, Processing Estate and Gift Tax Extensions.

4.25.2.8.2.1
(10-20-2023)

Batching and Assigning Extensions

- (1) All Form 4768 must be date stamped upon receipt, sorted by type, and batched.
- (2) Clerks will sort and batch extension requests as follows by looking at Form 4768, Part IV Line 3:
 - Extensions reflecting money
 - Extensions reflecting no money (balance due)
- (3) Extensions will be batched and assigned upon receipt. Each batch will be:
 - Numbered and contain up to 20 documents
 - Entered on the spreadsheet reflecting the date, batch number, and volume
- (4) **Time frames to Complete Batched Work** - Complete all work within the following response times from E&G received date:
 - Extensions to File and/or pay with no payment will be approved or denied within 20 calendar days (30 calendar days during filing season February-April)
 - Extension to Pay reflecting money owed - 8 calendar days

Note: Per IRS Regulations, the application will be examined and within 30 days, if possible, will be denied, granted, or tentatively granted subject to certain conditions of which the taxpayer will be notified.

- (5) **Assignment of Work** - Before distributing the extensions to the employees, the managers will maintain a spreadsheet to track the following:
 - a. Number of extensions per batch,
 - b. Batch number, and
 - c. Name of assigned employee.

Upon completion of an extension batch, the batch sheet and extensions will be returned to the team manager. The manager will count and verify the number of extensions and maintain the total extensions worked on the team inventory report.

4.25.2.8.2.2
(10-08-2020)

Extension Procedures

- (1) **Standard Procedures for all Extensions to File and/or Pay:**
 - All extensions must be screened for accuracy.
 - The entity must be established on IDRS before the extension can be processed.
 - Specific transactions must be input on IDRS to reflect the appropriate outcome.
 - Extensions to pay and denied extensions to file must be added to the extension database.
- (2) **Screening** - All Forms 4768 will be screened as follows:
 - Verify the form is timely filed
 - Verify signature
 - Verify SSN
 - Verify Date of Death
 - Check for cash shortage (reference IRM 5.5.5.4, Processing Responsibility of Forms 4768, Application for Extension of Time to File a Return

and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes). Follow up on indications of payment to ensure posting before determining a cash shortage.

(3) **Additional Screening for International Extensions:**

- Check that entity is established,
- If entity not established, research IDRS with command codes NAMEE/NAMEI for a SSN or a previously filed IRSN.
- If no SSN or IRSN found, obtain IRSN by preparing Form 9956,

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will E-Fax the assigned IRSN for the estate. Correspond with Estate informing them that an IRSN has been assigned for the estate to use for filing Form 706-NA and all other correspondence. See IRM 3.13.2.7.4.1, Internal Revenue Service Numbers (IRSNs), for more information on requesting IRSN.

Extensions to File that meet the above screening criteria can be processed. For IDRS input see IRM 4.25.2.8.2.4, IRC 6161 Extension of Time to Pay, paragraph (8). For timeframes to complete extensions see IRM 4.25.2.8.2.1, Batching and Assigning Extensions.

(4) **International Extensions to File:**

- Grant six months extension if the estate does not specify a length of time for the extension.
- Grant an additional six-month extension if the estate correspondence advises the executor is out of the country and is requested before the expiration of the extended due date.
- Verify that a statement is attached explaining in detail why the Form 706-NA cannot be filed by the due date.

Note: Do not assume that because the executor has a foreign address, they live out of the country for more than 6 months.

Note: The Service may, upon the showing of good and sufficient cause, grant an extension of time to file the return.

Note: Failure to file an extension request timely may indicate negligence and constitute sufficient cause for denial.

4.25.2.8.2.3
(10-08-2020)

**Screening Requests for
Extension to File and
Pay**

- (1) Applications that meet the criteria below must be sent to the Advisory Estate Tax Lien (ETL) group for consideration. Due to the 30-day period to reply to the taxpayer on their application, the applications and attachments must be e-faxed to Advisory ETL group within 3 business days of assignment to a tax examiner.

- All requests for extension to file and pay involving unfiled tax returns in which the estate anticipates a cash shortage to pay taxes that will
- approval consideration.
- Extension requests on unfiled returns, where the estate sends payment of the estimated liability with the request (payment and estimated tax are equal), will not be sent to Advisory ETL group; requests where the

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estimated tax is not paid will be sent to Advisory ETL group if the

- All requests for extensions to pay on accounts in which the tax return
- Advisory ETL group.
- All extensions to pay where it is the third request, regardless of the dollar amount, will be sent to Advisory ETL group.
 - All requests for extension of time to pay annual installments that are deferred under IRC 6166 will be sent to Advisory ETL group.

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(2) **Forwarding Extension to Pay to Estate Tax Lien (ETL) Group:**

- Campus E&G teams will work Form 4768 extensions within one day.
 - All extensions to pay (ETP) meeting Advisory ETL group criteria will be assigned to a TE and controlled on the extension database.
 - The extension to pay will be e-faxed daily to Advisory ETL group. Send Letter 5986, Form 4768 Sent to Advisory, to executor/POA.
- Each Form 4768 and attached correspondence will be e-faxed with a separate two-way transmittal, notating the name and e-fax number of the sender (TE).
- Note:** For second request and beyond, include a copy of the Letter 2568-C, Follow-up for Installment Billing & Section 6161 Balance Due Billing: Form 706, in the submission to Advisory.
- The TE will schedule a follow up in the extension database for 45 days from the date the Form 4768 was e-faxed to Advisory ETL group. If after 45 days a response has not been received from Advisory ETL group, the TE will contact Advisory ETL group to inquire who the Form 4768 is assigned to and status of the Form 4768 request. A new follow up date should be noted in the extension database.
 - The same day ETP is closed, Advisory ETL group will send a copy of the letter mailed to the taxpayer and page two of the Form 4768, or a copy of Form 4768-A, Reply to Request for Extension of Time to Pay U.S. Estate Taxes, to the examiner listed on the transmittal by e-fax. The E&G examiner will input the TC 468 on IDRS and update the extension database within three days of Advisory ETL group's response.
 - E&G managers will monitor the extension database to ensure time-frames are met.
 - When the account is full paid and AIMS is closed, the campus will associate the closed extension file with the Form 706 tax return.

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Note: Always use the date Advisory ETL group provides.

4.25.2.8.2.4
(10-20-2023)
Extension of Time to File and IRC 6161 Extension of Time to Pay

- (1) A request for extension to pay can be made for:
- The amount owed with the original return, or
 - An audit assessment, or
 - An IRC 6166 annual installment amount due.
- (2) All extension to pay requests are entered into the extension database.
- (3) Any extension to pay request that doesn't have an accepted reasonable cause statement will be allowed an additional fifteen (15) calendar days to provide this statement.

- (4) The employee reviewing the extension to pay request will:
- Send Letter 5989, Form 4768 Missing Information, to the executor requesting the additional information needed, and
 - Document the extended time allowed in the case history.

If the estate does not provide a timely response, the request will be denied.

(5) **International Extensions to Pay:**

- Generally the same length of time is given as the extension to file, making it reasonable to expect the executor will know the tax liability and liquidity of assets by the end of the six month period.
- Allow twelve months due to the executor being out of the country if a filing extension was granted for the same time period.

(6) For additional information concerning extension of time to pay estate tax see:

- IRM 5.5.5.2, Section Overview Request for Extension of Time to Pay Estate Tax
- IRM 5.5.5.4, Processing Responsibility of Forms 4768, Application for Extensions of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes
- IRM 5.5.5.5, Evaluating Requests for Extension of Time to Pay
- IRM 5.5.5.8, Approval of Requests for Extension of Time to Pay

(7) The table below shows the IDRS command codes and the actions to take for researching extensions and establishing the entity if needed.

| COMMAND CODE (CC) | ACTION TO TAKE |
|---------------------|--|
| INOLES XXX-XX-XXXX | Verify the Date of Death (DOD), then |
| INOLES XXX-XX-XXXXV | Verify if account is on ENMOD, then |
| ENMOD XXX-XX-XXXXV | Verify information is correct including DOD. If not on ENMOD, establish entity with TC 000. See IRM 3.13.5.115, Establishing a New Account (TC 000). Overlay ENMOD with ENREQ and press enter, then input the information on ENREQ (mailing information), then |

| COMMAND CODE (CC) | ACTION TO TAKE |
|--|---|
| BNCHG will appear Note: Information entered on this screen should be in all CAPS. | Enter TC (Transaction Code) Enter NEW-NAME-CTRL (New Name Control) Enter PRIMARY-NAME (Name of Estate) Enter SORT-NAME (Name of Executor) Enter Street Address, City, State, Zip Code Enter MFT Enter (DT-OF-Death) Enter Remarks (Example: Per Form 4768), then |
| MFREQ | Use MFREQ if corrections are needed as follows: MFREQC SSN 00*000000*Name Control (* equals space), then |
| BMFOLI | If tax period in not on BMFOLI, then enter MFREQ. This will create a dummy account only after TC 000 is on account, then |
| TXMOD XXX-XX-XXXXV Note: Verify that payment date and Form 4768 IRS received date are the same. If not, correct the TC 670 payment date. | This will bring up the dummy account, then Enter REQ 77, then Enter TC 46X, then EXTENSION-DT (enter extension date), then At the bottom input: NSD approved extension (mailing the information what needs to be input). |

Note: The date of death must be present on the IDRS account to prevent an un-postable.

(8) **Allowing and Denying Extensions:** The IF/THEN table below shows the extension processing inputs for IDRS Command Code REQ77.

Note: The TC 460/468 transaction date field is the IRS receive date of the extension request.

| IF | THEN |
|----------------------------|---|
| Allowing extension to file | Input TC 460 with approved extension date. Monitor for TC 460 to post. |

| IF | THEN |
|---------------------------|--|
| Allowing extension to pay | <ol style="list-style-type: none"> 1. Input TC 468 with approved extension date. 2. Send to the estate a completed and Director signed copy of Form 4768-A if campus approved the extension. |
| Denying extension to file | <ol style="list-style-type: none"> 1. Input TC 460 with the original return due date or the previously approved extension date (whichever is later). Notate "Denied" in the comments. 2. Prepare and send Letter 297-C, Extension of Time to File and/or Pay (IMF/BMF); Denial Explained, by inserting the appropriate explanation paragraph(s) advising the taxpayer of the denial. 3. Input on the extension database including the received date and the reason for denial. Input denial reason on the remarks tab in the database to properly document history sheet. 4. Notate the TC 460 date on the top of the Form 4768 and place in appropriate receptacle. 5. Destroy Form 4768 extension to file after one year from the denied TC 460 date. |

| IF | THEN |
|--------------------------|---|
| Denying extension to pay | <ol style="list-style-type: none"> 1. Input TC 468 with the return due date to indicate the extension was denied for the first request. 2. If the original extension to pay is denied and subsequent extension to pay requests are denied, input TC 468 using the original due date of the estate tax return and the correct closing code. 3. If any prior extension to pay requests were previously approved, then use the last approved extension to pay request date. 4. Prepare and send Letter 297-C, Extension of Time to File and/or Pay (IMF/BMF); Denial Explained, by inserting the appropriate explanation paragraph(s), enclosing a Director signed Form 4768-A, and notifying the taxpayer of their appeal rights. OR 5. Prepare and send Form 4768-A, Reply to Request for Extension of Time to Pay U.S. Estate Taxes, which explains appeal rights. 6. Form 4768 instructions state that a written appeal may be made by registered or certified mail to the IRS official shown on the Letter 297-C, Extension of Time to File and/or Pay (IMF/BMF); Denial Explained, within 10 days after the extension denial is mailed to the executor. <p>Note: If Advisory ETL group denies the extension, do not send Letter 297-C, Extension of Time to File and/or Pay (IMF/BMF); Denial Explained. Advisory ETL group sends a letter.</p> |

Note: For additional information on IDRS CC REQ77, See IRM 2.4.19, Command Codes REQ77, FRM77 and FRM7A, Exhibit 2.4.19-2, Command Code REQ77 Response.

Note: Refer to Document 6209, IRS Processing Codes and Information, *SERP - 6209 - IRM Supplements (irs.gov)*, for the appropriate closing codes.

Note: For additional information on denied extension requests for time to pay, see IRM 5.5.5.9, Denial of Requests for Extension of Time to Pay.

- (9) **Tax on Return** - A request for an extension of time to pay is made on Form 4768 and should contain a detailed written statement explaining why the estate can't pay the full amount of tax by the return due date.
 - a. In lieu of filing Form 4768, the application for extension of time to pay shall be in writing, state the period of extension requested, and include a declaration that it is made under a penalty of perjury.

- b. Any extension for time to pay will not be considered by the Service unless the extension is applied for on or before the date fixed for payment of tax.

Note: For additional information refer to IRM 5.5.5.5, Evaluating Requests for Extensions of Time to Pay.

(10) **Tax on Deficiency:**

- a. The extension to pay request may be made on Form 4768 or by letter. The request must show there is reasonable cause to extend the payment date. Verify that the statement of reasonable cause is attached.
- b. The extension for time to pay may be granted for a period not to exceed 4 years from the date fixed for payment of the deficiency, for up to one year at a time.
- c. To be considered, the extension application must be filed on or before the date fixed for payment of the deficiency billed.
- d. The extension shall not be granted if the deficiency is due to negligence, or intentional disregard of rules and regulations, or fraud with intent to evade tax.

Advisory ETL group.

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(11) **IRC 6166 Annual Installments:**

- a. The extension for time to pay must be filed on or before the due date of the annual installment to be considered.
- b. The procedures for processing annual installment extensions are similar to procedures for processing IRC Section 6161(a)(2)(A) extensions. The main difference is interest and penalty amounts are computed on the unpaid installment amount instead of the unpaid total tax due.
- c. ALL extension requests for IRC 6166 annual installments are sent to Advisory ETL group for consideration.

For additional information see IRM 5.5.5.6, Requests for Extension to Pay Tax Deferred under IRC 6166.

(12) **Reasonable Cause** - See IRM 5.5.5.5, Evaluating Requests for Extension of Time to Pay.

(13) **Case Monitoring:**

- If the initial extension to pay date is different from the initial extension to file date, a case file must be set up and manually maintained for any future actions such as interest, penalty adjustments and manual billing.

Note: If the initial extension to file date and the initial extension to pay date are the same, monitoring is not needed. The computer will assess any interest and/or penalties due. Subsequent extensions to pay do not need to be monitored unless the tax module updates to status 14.

(14) The table below shows the steps for monitoring extension cases with different extension to file and pay dates:

| IF | THEN |
|--|--|
| TC 150 posts with no tax liability or the liability is full paid by the file and pay extended date | <ol style="list-style-type: none"> 1. No further action is necessary. 2. Close the case file. |
| TC 150 posts with a balance due on the account and the date to pay has expired | <ol style="list-style-type: none"> 1. Research IDRS for potential misapplied payments. 2. Compute interest from return due date to the 23c date, considering any payments on the account. 3. Input TC 340 for un-assessed interest and a Hold Code zero (0). 4. Compute Failure to Pay (FTP) penalty from the extended payment date to the 23c date and input on IDRS with a TC 270 and a Hold Code zero (0). 5. Input TC 489 on IDRS to terminate the deferred status. |

- (15) A subsequent additional extension of time in which to pay may be granted for reasonable cause per Treas. Reg Section 20.6161-1(a)(1). The following actions are needed:
- Extension should be to a stated date on the Form 4768.
 - File should be notated and transferred to the IRC 6161 file.
 - File should be filed chronologically by the new date, and
 - Attach a copy of the document granting the additional extension.
- (16) If notification of denial is received from the Advisory ETL group, compute penalty from the payment due date to the date of payment or to the date of Notice and Demand. Input TC 270 on IDRS.
- (17) If extension is terminated, input TC 489 to remove the account from the deferred status.
- (18) **Manual Billing:** A manual billing is done on extension accounts that are in status 14. It may be necessary to cross-reference extended payment dates for billing purposes when the approved Form 4768 is received as follows:
- Annotate the new extended payment date shown on Form 4768, Part III, and
 - Establish a filing system for the extension to pay cases in chronological order per the approved extension date.
- (19) The manual billing process is initiated four weeks in advance of the extended payment date as follows:
- a. Compute interest at the existing rate from the return due date to the extended date, applying payments as necessary.
 - b. Input TC 340 on IDRS to assess interest.

- c. Prepare and mail Letter 6335, Estate Installment Program, or Letter 2568-C, Follow-up Letter for Installment Billing and Section 6161 Balance Due Billing: Form 706.

(20) **Missing Payments:** If an extension indicates a payment was sent (green rocker) but not on IDRS:

Note: The green rocker will show amount of money received with a return or extension.

- Input on extension database the Form 4768 data and a history item of what the green rocker shows as a payment.
- Check IDRS for payment.
- Research RTR for payment.
- If payment not found, contact estate representative to verify a payment was sent.

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4.25.2.8.2.3, Extension to Pay Sent to Advisory Estate Tax Lien Group for Processing. Send to Advisory ETL group (even if payment hasn't posted), noting the amount of misapplied funds that will be moved to the account.

(21) **CP 191 Payment Notification:** When a payment is received, and posted to the account on BMF, a CP 191 Notice will generate (Code 2). For list of CP 191 codes and definition see IRM 4.25.2.8.1, Understanding Estate Accounts. The payment should include the tax amount in full and interest accrued from

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cable.

Note: Do not enter a hold code with TC 340, when removing from deferred status 14.

If CP 191 indicates the account is not paid in full:

1. Research IDRS or NMF for potential misapplied payments and/or additional extensions of time to pay.
2. If the extension has expired and no payments or additional extensions are found, compute interest from return due date to the 23C date, taking into consideration any payments made on the account. See IRM 20.2.10, Interest on Estate, Excise, Employment, and Foreign Taxes, for computation of interest. Input TC 340 for any interest that has not yet been assessed and a hold code zero. Compute FTP penalty from the extended date of payment to the 23C date. Input TC 270 on IDRS to assess the penalty. Input TC 489 to terminate deferred status.
3. When the penalty and interest transactions post on IDRS, a computer-generated notice will be issued to notify the taxpayer of the balance due. When CP 191 is received showing TC 270, TC 340, and TC 489 have posted, associate with the original Form 4768 case file and close the case. If an additional extension of time in which to pay was granted, change the extended payment date on the 4768 case file accordingly.
4. Attach a copy of the document authorizing the additional extension and refile the case according to the new extended payment date.

- (22) **Taxpayer Extension Correspondence** - Taxpayer correspondence may be received indicating that an extension under IRC Section 6161 was requested, but IDRS notices are still being sent to them.
- Research account for TC 460/468.
 - Input STAUP for nine weeks to stop collection activity.
 - Check extension database. If extension is listed on the database, but not on IDRS, then update IDRS with TC 460/468.
 - If extension is not on IDRS or the database, request from the taxpayer a copy of the submitted Form 4768 and proof of timely mailing.
 - Once the extension is received with timely proof of mailing, follow the table in paragraph (22) below for allowing and denying extensions.
- (23) The IF/Then table below shows what action the TE should take for allowing and denying the timely filed extension.

| IF | THEN |
|---|--|
| The extension is allowed | <ol style="list-style-type: none"> 1. Research for Form 4768. See IRM 4.25.2.8.2.4, IRC 6161 Extension of Time to Pay and Extensions to File, paragraph (8). 2. Input a TC 460/468 with approved extended date. 3. Input on database and set monitor for TC 460/468 to post. <p>Note: If extension to pay and file dates are the same, close the extension database file and retain Form 4768 to monitor for TC 150 to post.</p> |
| The extension is denied by campus | <p>See IRM 4.25.2.8.2.4, IRC 6161 Extension of Time to Pay and Extensions to File, paragraph (8), for instructions on denying an extension.</p> <p>Note: Release STAUP and allow IDRS notices to generate.</p> |
| The extension is denied by Advisory ETL group | <ol style="list-style-type: none"> 1. Input TC 468 with the original return due date or the previously approved extension date (whichever is later). Notate "Denied" in the comments 2. Release STAUP and allow IDRS notices to generate. 3. Associate file with original document (controlling DLN.) |

(24) **Retention:**

- Form 4768 is held for at least one year past the approved extension to pay date. If Master File indicates there is no liability on the account or the account is in Tax Delinquent Investigation (TDI) or Tax Delinquent Account (TDA) status, no further action is necessary.
- If extension requests for time to pay under IRC Section 6161 have been appealed, denied by Advisory ETL group or there is a balance due on the account, follow instructions in the table above. See IRM 4.25.2.8.2.4, IRC 6161 Extension of Time to Pay and Extensions to File. Associate the file with the original Form 706 document (controlling DLN).
- Form 4768 extension to file can be destroyed after the posting of the TC 460 and TXMOD history is documented.

4.25.2.8.2.5
(08-30-2018)

**Form 1127, Application
for Extension to Pay
Due to Undue Hardship**

- (1) An application for an extension of time to pay certain tax liabilities under IRC 6161 is made by timely filing Form 1127, Application for Extension of Time for Payment Due to Undue Hardship. The types of taxes for which an extension to pay requested on Form 1127 are listed in the instructions to the form. These include income taxes, gift taxes, and certain excise taxes.
- (2) See IRM 5.1.12.26, Form 1127 Application for Extension to Pay Due to Financial Hardship, for additional information.
- (3) The E&G unit will determine whether the application is processable in accordance with the guidelines provided in IRM 5.1.12.26, Form 1127 Application for Extension to Pay Due to Financial Hardship. Applications that are determined non-processable may be signed by the E&G unit manager and returned to the taxpayer along with a cover letter explaining why the application is non-processable. If it is determined that the application is processable, the following steps will be taken within seven calendar days of receipt:
 - Establish an entity under MFT 51.
 - Document the TXMOD history with the date the application was received and the date it was forwarded for consideration.
 - Forward the application and supporting documents to the Advisory ETL Group.
 - Monitor the account for the approved application, reverse the TC 470 when necessary, and abate the FTP penalty if assessed for the period the extension was granted.
 - Associate a copy of the application and the cover letter sent to the taxpayer with the related Form 709 tax return.
- (4) Applications from the Advisory ETL Group:
 - Denied applications from the Advisory ETL Group will include copies of the denied application and the cover letter sent to the taxpayer. Document the TXMOD history that the extension request was denied.
 - Approved applications from the Advisory ETL Group will include copies of the approved application, cover letter sent to the taxpayer, and a Form 4844, Request for Terminal Action, requesting the E&G unit to input a TC 470, no closing code, for the appropriate number of cycles, and a TC 270 for \$0.00. Document the TXMOD history that the extension request was approved and the new extension date.

4.25.2.8.2.6
(10-20-2023)

Estate Tax Extension of Time to Pay Under IRC 6163

- (1) WSD Review: Forward the 6163 request to WSD National Gatekeeper electronically for review. WSD will determine if the election is approved for 6163. Once Campus E&G receives the case back from WSD, proceed to (4).
- (2) **General Information:**
 - **Field Exam** analyzes the election and works with Counsel to secure the bond. Counsel ensures that the language of the bond is sufficient. Once the bond is secured, it is sent to Advisory ETL for safekeeping.
 - **Campus** monitors the election case file and issues annual letter to estate to ensure that the condition precedent hadn't been triggered.
 - **Advisory ETL group** stores the bond (like they do for other collateral agreements.) Once condition precedent is triggered, they start collection proceedings. Campus lets Advisory ETL group know that the condition was triggered and the freeze code expired.
- (3) See IRM 4.25.14.2.4, Estate Tax Extension of Time to Pay - IRC 6163, and IRM 4.25.11.11.5, Preparing Agreed Case with 6163 Election Case File for CCP, for additional information.
- (4) **Campus Process** - Prepare a folder notating the following:
 - Estate's name, and
 - Received date of the return, and
 - Date request was referred to Field Exam.
- (5) The folder will be placed in temporary suspense in front of other extensions granted under IRC Section 6163 and then do the following:
 1. Forward the request to Field Exam along with a copy of the return.
 2. Forward a copy of the return to Advisory ETL group with a note indicting an election under IRC Section 6163 by the estate.
 3. Approximately 90 days after the return received date, verify receipt of Form 2276, Collateral Deposit Record.

Note: Collateral is equal to twice the amount of tax deferred under IRC Section 6163.
 4. If the collateral is on deposit with the Advisory ETL group, annotate case file "Form 2276 Received reflecting collateral secured" and file by received date in a separate IRC Section 6163 folder.
 5. Put on extension database with notation 6163 extension with annual follow-up date.
 6. Input TC 488.
 7. Pending termination of the precedent interests (surviving heirs) at a future unknown date, no further collection or follow-up action is required other than annual letter. The file becomes essentially informational.
 8. If Form 2276 has not been received, contact the responsible Advisory ETL group to determine the required collateral status. If the Advisory ETL group did not receive the required collateral, advise the Revenue Officer and the taxpayer in writing that the election of an extension under IRC Section 6163 is not valid. Terminate the extension. Reverse the TC 488 with a TC 489 to remove the account from deferred status.

4.25.2.8.3
(08-30-2018)

IRC 6166 Installments

- (1) The following sections provide guidelines for processing IRC 6166 installments.

4.25.2.8.3.1
(08-30-2018)

General Information

- (1) Per IRC 6166(a)(1), an executor may elect to pay all or a portion of the estate tax attributable to a closely held business in two (2) or more equal annual installments.

Note: No more than 10 annual installments are allowed.

- (2) To qualify for annual installments:
- a. Decedent was a citizen or resident of the United States on the date of death.
 - b. The value of the decedent's interest in a closely held business must exceed 35 percent of the adjusted gross estate.
 - c. A timely filed return including a timely IRC 6166 election request was filed.
- (3) An interest in a closely held business is defined as:
- a. A proprietorship that carries on a trade or business.
 - b. An interest in a partnership that carries on a trade or business. Deceased partner's interest must be 20% or more of the total capital interest in the partnership or the partnership has 45 or fewer partners.
 - c. Stock in a corporation carrying on a trade or business if 20% or more of the value of voting stock of the corporation is included in the gross estate or the corporation has 45 or fewer shareholders.
- (4) Deferred tax is the amount of estate tax owed that is applicable to a closely held business if the installment request is approved.
- (5) Non-deferred tax is all other tax owed on the balance of the estate.

Note: An estate can have more than one closely held business and can request an installment arrangement on all closely held businesses.

- (6) Estates with approved IRC 6166 installment, must certify each year that the assets associated with the closely held business are intact, or explain the changes, to ensure the qualification for installment still exists. This is called a Certification of Unchanged Status. This certification is sent with the annual bill and must be signed under penalty of perjury.
- (7) Monitor for TC 150 and status 14. If account is not in status 14, input TC 488 provided the TC 150 posted.

4.25.2.8.3.2
(10-08-2020)

**How IRC 6166
Installments are
Received**

- (1) Installment elections or requests are filed with the original Form 706. The return with the installment election is referred from Submission Processing to E&G to ensure prompt processing of the requested installment before the return is processed.
- (2) Occasionally, Submission Processing fails to refer installment requests to E&G. These are known as missed elections. Missed elections are found through the following:
- Taxpayer correspondence, or
 - Generated CP 191, or
 - Classification of the return

- (3) In addition to the pre-and post-processing of installment requests, installments are received from the field due to an audit adjustment.
- (4) Submission Processing identifies IRC 6166 installment requests:
 - On Form 706, Part 3, Number 3, if the Section 6166 box is checked “yes” or installments, Code and Edit codes the return and rejects to Error Resolution System (ERS).
 - ERS sends the Form 706 to SOI to be scanned. After the documents are scanned ERS notifies E&G via email at *SBSE Estate & Gift 6166 once the return is available for viewing. Designated employee prints necessary documentation for 6166 set up.

4.25.2.8.3.3
(10-08-2020)
**IRC 6166 Installment
Intake Process**

- (1) The designated employee assigns IRC 6166 installment set-ups to the teams using the employee assignment listing.
- (2) The Form 706 is entered on spreadsheet including the date received, date received from ERS or the date notified of a missed 6166 election set up and the team the case is assigned to.
- (3) There is a ten-day turn around (two work weeks) for returning Form 4349, Computation of Estate Tax Due with Return and Annual Installment, and completed spreadsheet to processing.

4.25.2.8.3.4
(08-30-2018)
**IRC 6166 Installment
Process - Tax Examiner**

- (1) The following must be verified for an estate to qualify for an IRC 6166 installment:
 - Timely filing of Form 706 estate tax return and IRC 6166 installment election request.
 - Decedent was a United States citizen or resident on the date of death.
 - Value of interest in closely held business must meet or exceed 35% of the adjusted gross estate.
 - SSN on Form 706 belongs to the decedent.
 - DOD on INOLE.
 - POA on CFINK.

Note: If POA not on file, fax signed Form 706 pages one and two or Form 2848 to the appropriate CAF unit as found in Form 2848 instructions.

4.25.2.8.3.5
(10-08-2020)
**Review of IRC 6166
Election**

- (1) Review the IRC 6166 election. This election must be made with a timely filed Form 706. A statement must be attached to the Form 706 with computations indicating the deferred tax, non-deferred tax and the value of the closely held business amount with a list of the schedules showing the amounts of what makes up the closely held business.
The above statement should include the following information:
 - Decedent’s name and SSN.
 - Amount of tax to be paid in installments.
 - Date selected for the first installment payment.
 - Number of annual installments in which the estate tax is to be paid. This includes the first installment payment.
 - Properties shown on the estate tax return which constitute the closely held business interest and are identified by schedule and item number.

- Facts that formed the basis for the executor’s conclusion that the estate qualifies for estate tax installment payments.

Note: See Treas. Reg. 20.6166–1(b), Time and Manner of Election, which provides information necessary for the Notice of Election.

- (2) Non-deferred tax must be paid by the return due date unless the estate has an extension of time to pay under IRC 6161.
- (3) Math verify the Form 706 by completing the Computation of Estate Tax Worksheet (Excel program located in the E&G common drive) to verify tax computation per return. If there is a math error, correct in red ink on return.

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4.25.2.8.3.6
(08-30-2018)
IDRS Research

- (1) Research IRC 6166 installment for correctness. Verify the IDRS information is the same as the information on the Form 706 by using IDRS CC INOLES to check decedent’s SSN, name and date of death.
- (2) If the decedent’s information is not on file, establish the entity using CC ENREQ.
- (3) If the decedent’s information is on file, verify that the entity information is the same as Form 706: decedent’s name, SSN, executor’s name and address, city, state, zip code.
- (4) IDRS CC CFINK is used to research the CAF system for authorization information from both power of attorney and tax information authorization. The following table provides guidance researching the POA:

| IF | THEN |
|--|---|
| Power of Attorney (POA) is on file: 1. The information is the same 2. The information is different 3. No signed representative is listed on page 2 of Form 706 | Verify the name and address is the same on file as on page 2 of Form 706. 1. No additional action is required now. 2. Fax copies of pages 1 and 2 of the signed Form 706 to the appropriate CAF unit. 3. No further verification of POA is required. |
| No POA on CFINK file and: 1. There is a signed representative on page 2 of Form 706. 2. There is either no representative listed or no signature for the representative on page 2 of Form 706. | 1. Follow procedures in 2 above. 2. No additional action is needed. |

| IF | THEN |
|---|---|
| Form 2848 is enclosed with the Form 706: 1. The information is the same 2. The information is different 3. The signed representative listed on page 2 of Form 706 is the same as the Form 2848 on CFINK file | Verify the name and address is the same as the POA on file and on page 2 of Form 706: 1. No additional action is required now. 2. Fax a copy, whichever is different, either the Form 2848 or pages 1 and 2 of Form 706 to the appropriate CAF unit. 3. No further verification of the POA is necessary. |
| Any of the POA information is incorrect or missing. | Contact the POA or the executor. |

4.25.2.8.3.7
 (10-08-2020)
Case Establishment

- (1) After initial IDRS research, input case on installment database regardless if denied or accepted.

Note: Executor phone numbers are extremely important and if provided must be notated on the installment database.

- (2) Prepare case file with copies of:

- First three pages of Form 706.
- Any schedules the closely held business refers to
- Schedules J, K & L
- All Schedules with money amounts on them
- Form 4349
- IRC 6166 spreadsheet from installment database
- Letter 2568-C, , Follow-up for Installment Billing & Section 6161 Balance Due Billing: Form 706
- Copy of IRC 6166 election statement

- (3) List on outside of folder decedent name, SSN and return due date. Send folder with return to TTT for review. Notate installment database.

- (4) When the case is received back from TTT, mail Letter 2568-C, Follow-up for Installment Billing & Section 6161 Balance Due Billing: Form 706. It is not necessary to wait for TC 150 to post. Give the return to the clerk to send to ERS for processing. Monitor for TC 150 and STAT 14 to post. If account is not in STAT 14 input TC 488, provided the TC 150 posted. Prepare history sheet and file the folder in cabinet by due date and month.

Reminder: All actions must be annotated in the database.

- (5) The TTT reviews the IRC 6166 cases for accuracy of the Letter 2568-C, Follow-up for Installment Billing & Section 6161 Balance Due Billing: Form 706, IRC 6166 election and Form 4349. They will update the installment database history and return to the TE. There is a three-day turnaround time.

- (6) **Missed IRC 6166 Set Up:** If the Form 706 is already posted, but received because of missed installment setup, verify and set up file as stated above.

Send to TTT as technical referral stating needs to be classified. If selected, return will be sent to the WSD National Gatekeeper. If not selected, close off Aims with AMSOC.

4.25.2.8.3.8
(10-08-2020)

Initial and Annual Billing

- (1) The IRC 6166 installment bill is sent yearly. The first bill is sent 30 days prior to the due date as a reminder. The letter includes a certification request.
- (2) A listing is generated from the Installment Database reflecting accounts to be billed for the month. The listing must be worked within that month's time frame. Complete IDRS research. If not the first bill, then compute interest and applicable penalties.
- (3) The first letter (reminder) is Letter 249-C, Installment or Interest Due - Current Status Requested or Explained: Form 706. Also send Notice 330, Change of Status of Estate Due to Disposition of Interest or Withdrawal of Funds from Business, or by Reason of Undistributed Income or Failure to make Payment.

Note: First four years is interest only. Include the installment amount after year four.

- (4) If payment is not received:
 - Second letter is Letter 6335, Estate Installment Program.
 - Third letter is Letter 6335-T, Final Notice for Payment of Estate Tax.
 - Fourth letter is Letter 950-H, 30 Day Letter - Intent to Terminate IRC 6166 Election.
 - Fifth letter is Letter 6335-F, Notice of IRC 6166 Denial or Termination.
- (5) **Billing Next 10 Years or Remaining Years:** The steps for billing the next 10 years are the same as the first five years except the installment amount for the tax owed is included with the bill.
- (6) **Annual Billings:**
 - Send Letter 249-C, Installment or Interest Due - Current Status Requested or Explained: Form 706, from database.
 - Include certification of unchanged status and Notice 330.
 - Suspend for 45 days.
 - Monitor for payment.
 - Monitor for signed certification of unchanged status.
 - Update database when payment and certification of unchanged status are received.
- (7) Follow the IF/THEN table below for payment and certification of unchanged status:

| IF | THEN |
|--|---|
| Receive Payment and Certification Timely | <ol style="list-style-type: none"> a. Update database. b. Update case file. |

| IF | THEN |
|--|--|
| <p>Receive Payment Timely and No Certification</p> <p>Note: Lack of certification process requires one notification to be sent to obtain the certification. If certification is not received, the estate no longer qualifies for the IRC 6166 election. Research IDRS Entity to determine if the closely held business is still operating and filing returns. If no longer in business, accelerate the account. If still in business, send one more request for certification. If not received, accelerate the account.</p> | <ul style="list-style-type: none"> a. Call the Executor or POA requesting a faxed copy of the certification. b. If copy of certification is not faxed within three days, send a certified Letter 249-C, Installment or Interest Due - Current Status Requested or Explained: Form 706, requesting the certification, to the executor and authorized POA. c. Suspend case 45 days waiting for certification. |

| IF | THEN |
|--|---|
| Receive Partial Payment with Extension Request & Certification | <ul style="list-style-type: none"> a. Update case file. b. Update database. c. Send extension request to Advisory ETL group for approval. Notate IRC 6166 on request. See IRM 4.25.2.8.2.3, Extension to Pay Sent to Advisory Estate Lien Group for Processing, for sending requests to Advisory ETL group. d. Monitor for Advisory ETL group's response. e. If Advisory ETL group does not reply within 45 days, then contact Advisory ETL group for status. f. Advisory ETL group approves/disapproves & sends letter. g. If approved, input TC 468 on IDRS with the approved extension date, notate case file and refile case. h. If disapproved, follow Advisory ETL group's instructions. Input TC 468 on IDRS with the last approved extension date or if first request, the return due date. |
| Receive Partial Payment with Certification and Without Extension | <ul style="list-style-type: none"> a. Send second bill. b. Compute statutory interest and FTP tax penalty. c. Prepare and mail new bill using Letter 6335, Estate Installment Program. d. Input penalty and interest on IDRS. See IRM 4.25.2.8.3.8, Initial and Annual Billing. e. Update database. f. Monitor for payment. <p>Note: Option to place courtesy call to POA requesting extension if not past the payment due date.</p> |

| IF | THEN |
|--|---|
| <p>Receive Partial Payment with Extension, No Certification</p> | <ol style="list-style-type: none"> a. Forward extension to Advisory ETL group for approval and note the certification of unchanged status was not received. b. Call POA requesting a faxed copy of the certification. c. If copy of certification isn't faxed, send a certified letter requesting the certification. d. Suspend case 45 days waiting for response from Advisory ETL group and certification. e. If Advisory ETL group approves, file case. f. If Advisory ETL group denies, follow their instructions. |
| <p>No Payment/Partial Payment and No Certification Received</p> <p>Second Notice: Letter 6335 Third Notice: Letter 6335-F Fourth Notice: Letter 950-H (includes Appeal Rights).</p> <p>Note: If the estate requests additional time, an E&G manager can approve up to 30 days.</p> | <ol style="list-style-type: none"> a. Search IDRS for potential misapplied payment or Form 4768 extension request. b. Compute statutory interest. c. Compute FTP penalty. d. Compute Late Installment (LI) penalty. e. Prepare and mail new bill using appropriate letter. f. Input penalty and interest on IDRS. See IRM 4.25.2.8.3.8, Initial and Annual Billing. g. Update database. h. Suspend case for 45 days and monitor for payment and certification. i. If third notice, send copy of Letter 6335-F to Advisory ETL group on a Form 3210 transmittal. Suspend for 45 days. |

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(8) For estate appeal rights, See IRM 4.25.2.8.3.10, Estate Appeal Rights.

(9) **IDRS Input:** Assess Interest on TXMOD:

- TC 290 for .00
- TC 340 interest amount
- BLK 10
- Hold Code 3 (hold notice since a manual bill is sent)
- Interest-to-Date (Installment due date)
- NSD Comment what is being assessed

(10) **Accelerated Inputs on TXMOD:**

- TC 270 for .00
- TC 340 interest amount
- BLK 10
- Hold Code 0
- Interest-to-Date (Installment due date)
- NSD Comment what is being assessed
- TC 489
- TC 241 to reverse LI, if applicable

4.25.2.8.3.9
(08-30-2018)
Payments

(1) Payments should be applied in the following order:

1. Non-Deferred Tax
2. Deferred Tax
3. Fees
4. Penalties
5. Interest

Note: This order applies to all payments unless the taxpayer specifies in writing how the payments are applied.

(2) Payments made with the original filed return are applied to non-deferred tax. Occasionally an estate will overpay the non-deferred tax. The amount paid that is greater than the amount of non-deferred tax due is referred to as an “over-payment” or “interim” payment. These payments reduce interest but are not applied to interest billed in the first four years. The estate must pay the full amount of interest and penalty, if applicable, unless an election to apply the interim payment is made.

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(4) **Additional Considerations:**

- Interim payments are held and applied to the first installment of tax. (Exception: If Executor/POA writes in requesting overpayment be applied to interest)

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- If the installment is not paid in full and an extension to pay is not filed,

then additional notices are required. See IRM 4.25.2.8.3.8 (4), Initial and Annual Billing, for list of notices.

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- **Reminder:** The estate may elect to apply the interim payment to interest first.

Note: Reference to overpayment or interim payment for E&G purposes refers to any payment over and above required to be paid at a given point in time.

4.25.2.8.3.10
(10-20-2023)
Estate Appeal Rights

- (1) **Estate Appeal Rights:** The Letter 950-H, 30 Day Letter - Intent to Terminate IRC 6166 Election, provides the estate a 30-day period to appeal the termination of the installment. If an appeal is not made within the 30-day period, or as extended, or if the estate sends an untimely post-marked protest, the Letter 950-H becomes a final determination letter.
- (2) If the estate fails to appeal the Letter 950-H within the 30-day period, prepare and issue Letter 6335-F, Notice of IRC 6166 Denial or Termination. Letter 6335-F, shall be mailed certified mail, return receipt requested. See certified mail IRM 4.25.2.8.3.11 (2), Installment Denial Procedures. The Letter 6335-F shall reflect the account balance, less the LI penalty, plus the revised delinquent interest, plus any additional penalty and interest as of the 23c date. Send a copy of Letter 6335-F to the Advisory ETL group.
 1. Abate the Late Installment (LI) penalty (TC 241) that is associated with this delinquent period (LI penalty is not applicable for accounts that are accelerated). Do not abate TC 240 with reference code. These have been input by other functions.
 2. Recompute the statutory interest on the past due installment from the last installment due date, adding any applicable FTP penalties as they were assessed to determine the correct interest now due, to the 23C date. (The previously assessed delinquent interest amount associated with this delinquent period will need to be subtracted from the recomputed amount.) Compute additional IRC 6166 interest up to the termination date (the 23c date). Combine the IRC 6166 interest and statutory interest amounts together and assess. Compute and assess FTP penalties as applicable, on the unpaid tax on the prior delinquent amount. See IRM 4.25.2.8.3.8, Initial and Annual Billing, IDRS Input.
 3. Monitor the account for the adjustments to post and status 21. The Letter 6335-F shall be dated and mailed on the 23c date. When the account goes to status 21, accelerate the account to status 26 using CC ASGNB with assignment code 6466. Close case.
- (3) **If the estate provides a written protest** in response to the Letter 950-H, review the estate's protest. If the Service agrees with the estate and the payment has been received, continue the IRC 6166 election.
- (4) If after reviewing the protest letter, E&G campus still believes the estates' election should be terminated, prepare and send to Appeals within 30 days from the postmark date of the protest letter an auxiliary file containing the following:
 1. Copy of pages 1, 2, and 3 of the Form 706 and the schedules related to the closely-held business,

2. Notice of IRC section 6166 election and attachments,
 3. Form 4349, Computation of Estate Tax Due With Return and Annual Installment,
 4. Copy of Letter 2568-C, Follow-up for Installment Billing & Section 6161 Balance Due Billing: Form 706,
 5. Any Form 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes,
 6. All correspondence between the Service and the Taxpayer related to the last year,
 7. Case history,
 8. Certification of Unchanged Status for previous year,
 9. Letter 950-H, 30 Day Letter - Intent to Terminate IRC 6166 Election,
 10. All prior bills related to this year,
 11. Protest from taxpayer,
 12. Power of Attorney information.
- (5) Transfer the auxiliary file for review to the Independent Office of Appeals for the state of the decedent's last domicile using the case routing list on the Appeal's website, <https://portal.ds.irsnet.gov/sites/ap/Pages/Home.aspx>, with the understanding the case may be transferred to another Appeals Office based on inventory needs. Prepare Form 3210 forwarding case to Office of Appeals notating "Type of Case IRC section 6166 Termination for Failure to Pay. This is an emerging issue. Please check the Appeals Technical Guidance issue locator on the Appeals webpage for further information."
- (6) Input history item on IDRS that indicates the protest has been sent to Appeals.
- (7) Update 6166 database to record that the case has been transferred to Appeals and send Letter 86C, Referring Taxpayer Inquiry/Forms to Another Office.
- (8) Prepare a Form 3210 to Advisory ETL group notating that the case is being sent to Appeals and attach a copy of the protest and forward to the appropriate Advisory ETL group. The Form 3210 is for informational purposes only. Place copy of the Form 3210 in the case folder. The case must be mailed using certified mail. See certified mail IRM 4.25.2.8.3.11, Installment Denial Procedures.

4.25.2.8.3.11
(10-20-2023)
**Installment Denial
Procedures**

- (1) To deny the installment:
- Accelerate after third billing.
 - Send Letter 6335-F, (final bill) fourth notice. Send copy of Letter 6335-F to Advisory ETL group.
 - Stop the acceleration process **if the installment payment is received** at any point in time.
 - Follow up in 45 days for first and second notices.
- (2) **Certified Mail:** The Certified Automated Mailing Solution (CAMS) application must be used when sending certified mail. This web-based system assists with mail label production, preparation and tracking of USPS Certified Mail and Return Receipt Mail services.
- The mailer can enter addresses manually, choose from an address book or upload an address file/list.
 - The system will validate addresses per USPS requirements for the mailing.

- The system will provide the mailer with USPS compliant Certified Mail Barcodes.
- (3) Mailers must affix the USPS 22-digit Intelligent Mail Package Barcode (IMPB) to each mail piece ensure it meets all USPS barcode requirements. Attach the IMPB to Letter 6335, Letter 6335-T, Letter 6335-F or Letter 950-H.
- a. Letter 6335: Record the IMPB information on the database under Executor and Power of Attorney Information.
 - b. Letter 6335-T, Letter 6335-F and Letter 950-H: Record the IMPB on the Account History Sheet along with an explanation of the type of letter sent (For example, sent 950-H)

Note: A separate IMPB must be completed and attached to letters to all executors and POAs.

4.25.2.8.3.12
(08-30-2018)

Computing Interest and Penalties:

- (1) Interest is always accruing on any tax, penalties or interest due except when the Form 890, Waiver of Restriction on Assessments & Collection of Deficiency & Acceptance of Overassessments, is signed and notice and demand is not issued within the 30-day period.
- (2) When computing interest and penalties, you need to address if interim payment(s) is received. Manually compute the interest. Follow the pro-rating instructions, if applicable.

Note: When computing interest, pick up the dates of the different payments. If a lien fee is assessed during the year, add to the next IRC 6166 billing. The lien fee should not be included in the interest computation.

- (3) The following is an IF/THEN Table for the interest percentages used in computing interest:

| IF | THEN |
|--|--|
| The date of death is prior to 1998 Note: There should not be any cases meeting this criterion now. | <ol style="list-style-type: none"> a. Interest is computed on deferred amount at 4% up to the allowable amount using COMPA 4, and b. The balance of tax is computed at the statutory rate set by Congress using COMPA D. |

| IF | THEN |
|---|---|
| <p>The date of death is 1998 or later, or if the estate chose to opt out to the Taxpayer Relief Act of 1997.</p> <p>Note: For the estates of decedents dying before 01/01/1998, the executor of the estate may have made an irrevocable election provided for in IRC 6166 section 503(d)(2) of the Taxpayer Relief Act of 1997. The 2% interest rate applies to amounts that qualified for 4% under the old law.</p> <p>Note: Statutory interest rates may be adjusted quarterly by Congress.</p> | <p>a. Interest is computed on the deferred amount at 2% up to the allowable amount as reflected in Exhibit 4.25.2-1 using COMPA 2, and</p> <p>b. The balance of tax is computed at 45% of the statutory rate set by Congress using COMPA 5.</p> <p>c. Example: Statutory rate = 3% x 45% of statutory rate = 1.35% This is the interest rate to use to calculate the interest due on the balance of tax.</p> |
| <p>The deferred tax is greater than the 2% or 4% allowable amount and</p> <ul style="list-style-type: none"> • There is an overpayment on the account, or • It is after the four-year principal deferral period and principal payments have been made. | <p>a. Interest will need to be pro-rated.</p> <p>b. See Exhibit 4.25.2-2, Estates-Pro-Rate Interest with Overpayment, for interest pro-rated computation.</p> |

Note: The allowable amount is established by DOD and is found in the Form 706 instructions. Exhibit 4.25.2-1 and Exhibit 4.25.2-2 provide examples of the interest computations.

- (4) Penalties are assessed when the installment is not timely paid. There are two penalties that are applicable and are included on all notices after first notice:
1. **LI Penalty** on the unpaid installment (principal and interest) at 5 percent per month (or fraction thereof) from the installment due date (considering any extension of time to pay) to the payment due date. Maximum penalty is 30% of the installment owed.

Note: LI penalties cannot be abated for reasonable cause.
 2. **FTP Penalty** on the principal portion of the installment, from the installment due date (considering any extension of time to pay) to the payment due date.
- (5) The following is an **IF/THEN Table for Billing the First Five Years-Interest Only:**

| IF | THEN |
|--|--|
| Deferred Tax with Non-Deferred Tax Full Paid | <ul style="list-style-type: none"> a. Compute IRC 6166 interest (2% and 45% of statutory interest) on installment database (link to determining 2% and 45% of statutory interest section) and assess on IDRS. See IRM 4.25.2.8.3.8, Initial and Annual Billing, for the IDRS input to assess interest on TXMOD. b. Prepare and send Letter 249-C, Installment or Interest Due - Current Status Requested or Explained: Form 706, from installment database. |
| Non-Deferred Tax, Full Paid and Additional Interim Payment Submitted | <ul style="list-style-type: none"> a. Complete steps a and b above. b. Prepare and send Letter 249-C, Installment or Interest Due - Current Status Requested or Explained: Form 706, advising the estate, on first year notices only, that the payment will be held until the fifth year to be applied toward tax first. |
| Balance Due on Deferred and Non-Deferred Tax with No Open Extension | <ul style="list-style-type: none"> a. Compute FTP penalty on non-deferred tax. b. Compute Statutory (STAT) interest on non-deferred tax. Note: STAT interest is normal interest. c. Compute IRC 6166 interest (2% and 45% of STAT interest) on deferred tax. d. Combine interest for input purposes. e. Assess penalty and interest on IDRS. See IRM 4.25.2.8.3.8, Initial and Annual Billing, for the IDRS input to assess interest on TXMOD. f. Prepare and send Letter 6335, Estate Installment Program. |

| IF | THEN |
|--|---|
| Interest Installment and Non-Deferred Tax is Unpaid Interest with Valid Open Extension | <ol style="list-style-type: none"> a. Compute STAT interest on non-deferred tax and IRC 6166 interest (2% and 45% of STAT interest) on deferred tax. b. Combine interest for input purposes. c. Assess penalty and interest on IDRS. See IRM 4.25.2.8.3.8, Initial and Annual Billing, for the IDRS input to assess interest on TXMOD. d. Prepare and send Letter 6335, Estate Installment Program. |

(6) See IRM 20.2.10.2, Interest on Estate Tax Returns, for additional information.

(7) The campus will complete a full review of the interest calculations on all IRC 6166 cases every three years.

4.25.2.8.4
(08-30-2018)
**Voluntary Early
Termination**

- (1) If the estate requests voluntary early termination at any time, either via telephone or correspondence, send pattern letter, Waiver of Right to Administrative and Judicial Review of Termination of IRC 6166 Election, in IRM Exhibit 4.25.2-3. This letter requires managerial review, approval and signature. Establish a 30-day follow-up date to monitor for the taxpayer response. Document the database that the request for early termination was made, the letter was sent to the executor for signature and the follow up date. Should the next billing date arrive before receipt of the letter, continue normal billing procedures.
- (2) The date of termination is the IRS received date of the signed Waiver of Right to Administrative and Judicial Review of Termination of IRC 6166 Election.
- (3) Upon receipt of the signed Waiver of Right to Administrative and Judicial Review of Termination of IRC 6166 Election, take the following actions:
 - a. Begin termination procedures. Verify the person signing the early termination letter is the person/executor that has been receiving annual installment billings. The estate has no appeal rights once the letter is signed and received by the Service.
 - b. Abate the LI penalty (TC 241) that is associated with this delinquent period (LI penalty is not applicable for accounts that are accelerated). Do not abate TC 240 with reference code. These have been input by other functions.
 - c. Recompute the STAT interest on the past due installment from the last installment due date, adding any applicable FTP penalties as they were assessed to determine the correct interest now due, to the 23C date. (The previously assessed delinquent interest amount associated with this delinquent period will need to be subtracted from the recomputed amount.)

| |
|---|
| Recomputing Interest for STAT Notice |
| Compute additional IRC 6166 interest up to the termination date (the IRS received date of the signed letter, Waiver of Right to Administrative and Judicial Review of Termination of IRC 6166 Election). |
| Combine the IRC 6166 interest and STAT interest amounts together and assess. |
| Compute and assess FTP penalties as applicable, on the unpaid tax on the prior delinquent amount. TC 241, TC 270 and TC 340 use a Hold Code 0. Input TC 489 at the same time as the TC 241, TC 270 and TC 340 to terminate deferred status. |

- (4) Monitor the account for the adjustments to post and Status 21. Prepare and issue Letter 6335-F, Notice of IRC 6166 Denial or Termination. Letter 6335-F shall be dated and mailed certified mail, return receipt requested, on the 23c date. Do not check any boxes, attach a copy of the letter signed by the executor requesting early termination. Send the Letter 6335-F to the executor and the current POA on file.
- (5) Send Advisory ETL group a copy of the letter agreement to voluntary early termination along with a copy of the Letter 6335-F.
- (6) When the account goes to Status 21, accelerate the account to Status 26 using command code ASGNB with assignment code 6466. Close case. Associate all the correspondence related to the termination of the IRC 6166 election to the Form 706.
- (7) If the estate decides not to voluntarily terminate the 6166 election, or if no response is received within 30 days, leave the account in status 14 and continue normal billing procedures.

4.25.2.8.5
(10-08-2020)
**Miscellaneous IRC
Section 6166 Campus
Termination Issues**

- (1)) For various E&G campus termination issues, reference the following termination IF/THEN Table.

| IF | THEN |
|---|--|
| If the termination is the result of the sale, disposition of, distribution, or withdrawal of money from the closely-held business that is equal to or exceeds 50% percent of the closely-held business, | The termination date is the date of the sale, disposition, distribution, or withdrawal of the interest. |
| If the termination is the result of the failure to make installment payments of deferred tax, | The termination date is the date the notice and demand for the entire estate tax liability has been sent to the taxpayer, typically the Letter 6335-F, Notice of IRC 6166 Denial or Termination. |

| IF | THEN |
|---|---|
| If the termination is the result of the failure to provide security when the Service has determined that security is necessary, | The termination date is the date 30 days from the date of the issuance of the Letter 950-I, 30 Day Letter - Intent to Terminate IRC 6166 Election. |
| If the termination is the result of the estate voluntarily requesting an early termination, | The termination date is the received date of the signed Waiver of Right to Administrative and Judicial Review of Termination of IRC 6166 Election. |

- (2) Submit copies of 6335-F letters issued and related Forms 4768 to Advisory on any early termination. This documentation is needed to pursue collection on the account.

4.25.2.8.6
(08-30-2018)

Closed IRC 6166 Cases

- (1) IRC 6166 cases are closed upon full payment, 14 years annual installment expiration and/or extension or default of the installment agreement.
- (2) Closed IRC 6166 files should be associated with the refile or controlling DLN on the Form 706 account using Form 10023-B. Before associating with the file, any documents not needed to maintain the IRC 6166 file such as CPs, IDRS TXMOD, BMFOL etc. prints should be removed. Folders should also be removed. The closed IRC 6166 files no longer need to be held one year before sending to Files. Associate as the IRC 6166 is closed.
- (3) Documents to be kept and associated with Form 706:
- All correspondence with the estate
 - All letters 6335 including computations
 - All extensions to pay (needed to calculate CSED)

The above list is not all inclusive. Only the items listed in paragraph (2) above should be removed from the file.

4.25.2.8.7
(10-08-2020)

Lien Packages to Advisory

- (1) Lien packages are prepared for IRC 6166 and IRC 2032A.
- Note:** Form 706-A, United States Additional Estate Tax Return, is used to report all dispositions or cessations of qualified use under IRC 2032A.
- (2) Accepted Form 706 returns with either an IRC 2032A and/or IRC 6166 election are forwarded to E&G campus after classification. Elections for IRC 2032A are made in Part 3 of Form 706 page 2.
- (3) The following guidelines are for preparing Lien Packages for Advisory ETL group.
- (4) Verify the following:
- Return is stamped accepted or surveyed; if not, return to originator for classification.
 - AIMS is updated to EGC 1070; if not update.

Note: If there is a calculation issue, notate for Advisory ETL group.

- (5) Calculate recapture tax amount as follows: the total in Column C plus the Total Gross Estate less exclusion amount less the original amount of total transfer tax.

Note: If there was no tax liability on the original return and the new amount computed still results in no tax liability, then there is no recapture tax. Send the return to Files to have closing letter issued (if applicable) and for input of TC 421 to close database off AIMS/ERCS.

- (6) Prepare Form 6111, Notice of Special-Use Valuation Election, (IRC 2032A).

- (7) Prepare Memo to Advisory ETL group and attach the following documents:

- Form 6111
- Page 1, 2 and 3 of the Form 706
- IRC 2032A election and attachments
- Schedule A-1
- Any schedules describing property used in the IRC 2032A election
- Form 4349, Computation of Estate Tax Due
- IRC 6166 election and attachments
- Schedules A, B, F, G
- Will and/or trust
- POA, if provided
- Listing of all businesses shown on the Form 706 with the EIN

- (8) **Additional Information:**

- If there is a protective IRC 6166 election made, send the required information to Advisory ETL group.
- If the referral is an approved IRC 6166 election, include a copy of Letter 2568-C, Follow-up for Installment Billing & Section 6161 Balance Due Billing: Form 706.

- (9) **Final Actions:**

- Send lien package to Advisory ETL group, issue closing letter if applicable, and close AIMS after holding Form 706 for 90 days.

4.25.2.8.8
(08-30-2018)
**Monitoring International
Accounts**

- (1) **International Accounts with Balance Owed:** Closing letters cannot be issued to international accounts that have a balance due. The accounts must be monitored until the account is full paid. Once the account is paid, Letter 4944 along with the appropriate transfer certificates are issued. See IRM 4.25.2.5.11, Transfer Certificate Requests, for more information.

- (2) The balance owed can be from the original tax assessment or an audit assessment. All audited returns are forwarded to Centralized Case Processing (CCP) for closure. AIMS status 51/90 indicates the return is/was in CCP. Generally, CCP will forward international returns (Form 706 /Form 706-NA) to stop 824G for closing letter/transfer certificate action after they have completed their actions.

- (3) The examiner should verify if the account is full paid or has a balance due.

(4) Full Paid Accounts:

1. Update the closing letter database with the taxpayer, executor and POA data.
2. Issue Letter 4944, Reply to Request for Transfer Certificate, and transfer certificate.

Note: If there is a balance due, no closing letter or transfer certificate can be issued.

3. Send the Form 706-NA to Files with Form 10023-B using the controlling DLN.

(5) Balance Due Accounts:

1. Close the AIMS base (if still open) before filing Form 706-NA in the cabinet. Prepare Form 2275, Records Request, Charge and Recharge, copy pages 1 & 2 of Form 706-NA and BMFOLT print to send as your closing document.
2. Open an IDRS control (or recontrol an open control) assigning to 0283000009, action AAF-BALDUE or similar activity and category ISPJ.
3. File the Form 706-NA in the balance due cabinet with the other returns controlled to this number.

(6) Monitoring Balance Due International Accounts: The International TTT will monitor 6F report quarterly for zero balance. If the account has a TC 608 indicating Collections has written off the balance due to pending or expired CSED:

1. Pull the return from cabinet.
2. Notate expired CSED, do not issue closing letter or transfer certificate.
3. Send the Form 706-NA to Files with Form 10023-B using the controlling DLN.
4. Enter case information into the International 608 folder.

(7) If zero balance is due to a payment and there is no TC 420:

1. Assign to a TE who will pull the return from the cabinet and check for accrued interest.
2. If no accruals, issue Letter 4944, Reply to Request for Transfer Certificate, and transfer certificate.
3. If accruals, input TC 290 for .00 with priority code 5 to post accruals to the account.

#

4.25.2.9
(10-08-2020)
Exam Activities

- (1) WSD provides guidelines for all classification. Campus ETA classifies all international estate tax returns and international gift tax returns. All other estate and gift tax returns are classified by WSD and the field.

4.25.2.9.1
(10-20-2023)
General Information

- (1) The processing of Form 706 by submission processing automatically generates a TC 420 on the account once the TC 150 posts. The generated TC 420 causes the system to generate the following:
 - MFTRA C - Transcript
 - Labels
 - Form 5546, Examination Return Charge-Out Sheet

Note: These three items are referred to as an audit package.
- (2) Returns are established in EGC 1000. When the return posts and the TC 420 generates, the following activity codes are generated based on the size of the estate. **Current activity codes are:**
 - 412 – Gross estate under \$20,000,000 – non-taxable
 - 413 – Gross estate under \$20,000,000 - taxable
 - 418 – Gross estate from \$20,000,000 to under \$100,000,000 – non-taxable
 - 419 – Gross estate from \$20,000,000 to under \$100,000,000 – taxable
 - 430 – Gross estate from \$100,000,000 to under \$250,000,000 – non-taxable
 - 431 – Gross estate from \$100,000,000 to under \$250,000,000 – taxable
 - 432 – Gross estate \$250,000,000 and over – non-taxable
 - 433 – Gross estate \$250,000,000 and over – taxable
 - 420 - Activity code applies to all international returns regardless of estate size.
- (3) Activity codes 419, 431 and 433 are classified by the field Estate Tax Legal Specialists. Activity code 412, 413, 418, 424, 430 and 432 are classified in WSD. All international returns are classified by campus ETA.
- (4) SOI provides a list of returns selected for review to WSD and that is used to update AIMS to status 05 within 3 business days from receipt of list.

4.25.2.9.2
(10-20-2023)
Classification

- (1) Form 706 estate tax returns are classified based on activity code as indicated in IRM 4.25.2.9.1(3), General Information. For additional information on classification see IRM 4.25.3, Planning, Classification, and Selection.
- (2) Some returns need additional work before classification can be completed. This includes:
 - Case perfection – WSD classifiers will identify the need to secure missing or additional documents, schedules, appraisals etc. See IRM 4.25.2.9.2.1, Perfection of Forms 706 and 709, for additional information.
 - Stock valuations – stock values need to be verified. See IRM 4.25.2.9.2.2, Stock Valuations, for additional information.
- (3) Anything Classification related will come through *SBSE EEF E&G Campus Classification. Cases needing perfection are sent to Gateway Stop 824G and completed by TTTs. Stock valuations requested from the Field or Campus are completed by campus clerical support unless the volume is high and technicians at Gateway need to assist.

4.25.2.9.2.1
(10-20-2023)
Perfection

- (1) Form 706 series returns and Form 709 may need perfection to secure missing or additional documents. These are assigned with the IDRS control “Perfection”.

| IF | THEN |
|---|---|
| Perfection can be resolved without taxpayer contact using IDRS, Accurint or other research tools, | Return to WSD classifier with perfected information. |
| Perfection requires taxpayer contact for items required to be filed with the return (for example, appraisals, Form 712, Life Insurance Statement or other schedules and attachments), | Send Letter 5978, Estate or Gift Tax Return Incomplete for Processing, and suspend the case 45 days. After 45 days, proceed with IRM 4.25.2.9.2.1 paragraph (2). Note: Suspend for 90 days if the Executor is located overseas. |

- (2) Once response is received or the suspense period has expired, whichever is sooner:

| IF | THEN |
|-----------------------------|--|
| Reply to L5978 is received, | Review information and return to WSD classifier. |
| No reply is received, | Return to WSD as a ‘no reply’. |

4.25.2.9.2.2
(10-08-2020)
Stock Valuations

- (1) Stock valuation research is used to determine whether the return should be submitted for verification of stock valuation. Request for stock valuations are received either during the classification detail or as a fax request from a Field Tax Attorney that is conducting an open audit.
- (2) Any schedules with listed stocks or bonds should have a valuation completed. Do not write on the Form 706. Use post-it notes or a copy of the schedule to number the stocks and bonds. Committee on Uniform Securities Identification Procedures (CUSIP) numbers will be used to research values.
- (3) Each stock/bond has a nine-digit CUSIP number assigned to it. All stocks/bonds are valued using this number. Ticker symbols may be used only in cases where no CUSIP number can be found. The ticker symbol is provided by the estate.

Note: A ticker symbol or stock symbol is an abbreviation or arrangement of characters used to identify publicly traded shares of stock. A ticker or stock symbol is comprised of letters, numbers or a combination of both.

- (4) After all CUSIP numbers have been found, use the Estate Val program to research the stocks/bonds. Complete the following:

1. Enter Date of Death along with the CUSIP number.
2. Total number of shares.
3. Total value of the stock/bond and interest or dividends provided on the estate tax return.

Note: WSD has the discretion of requesting a sample of values on schedules with large numbers of stocks and bonds.

- (5) Once the above information has been entered, generate a report and place report in the case file. If the case was received from WSD classification, update on IDRS AIMS to Status 06, EGC 1067 and give to the National Gatekeeper to continue the classification. If received from a field attorney, return by e-mail as a .pdf file.
- (6) When completing a stock valuation, be sure to check requested items that can be valued. Only publicly traded items can be valued. Below is a list of items that **can be valued** using the Estate Val program:

- Stocks
- Bonds
- Mutual Funds
- US Treasury Notes
- US Treasury Bonds
- US Treasury Bills
- US Savings Bonds

- (7) **Items that cannot be valued:**

- Money Markets
- Promissory Notes
- Cash
- Personal property

- (8) **Date of Death or Alternate Valuation Date:** Look on page 2, Part 3, Line 1 of the Form 706 tax return. If they have elected alternate valuation you will use the alternate valuation values listed. If they have checked “no” or left blank, you will then use the date of death values.

- (9) **Researching CUSIP numbers using CUSIP global services:** Issuer name is the name of the stock/bond. Enter the name of the stock/bond into one of the following lines per the following criteria:

- If the name of the stock is correct, then enter the name beside “START with.” This searches for the name as it appears. For example, “Dragon, Caiman and Gator” – this would search this information exactly as it appears, so possibly no results.
- If unsure of the name or the order of the name being researched, then type this information in the **CONTAINS** section. This will search for all available information that appears and will not restrict the search to only as input.

Example: Caiman, Dragon and Gator– this would search all information in any order, so you will receive all possibilities for the information given

- (10) **Each stock/bond can have multiple issues:**

- Common
 - Preferred
 - Class A
 - Class B etc.
- (11) The more information provided, the better chances are of finding a match. For stocks, if no information is listed other than the name of the stock, assume it is either common or Class A whichever is available.
- (12) **Field Descriptions:**
- Common enter “com”
 - Preferred enter “pfd”
 - Class A enter “cl a”
 - Class B enter “cl b”
- Note:** If nothing is input in this field, the website will bring up every issue for that stock.
- (13) A bond could have many issues such as using percentages, date of issuance and dates of maturity. Bonds must have percentage and maturity date input to find the CUSIP information. If the schedule does not list this information, the chances are that no CUSIP information will be found.
- (14) Enter the maturity date into the field as MM/DD/YYYY; next enter the percentage in the rate field. The percentage must be entered with the decimal and not as a fraction. For example, 7 3/4 would be entered as 7.75. After all information is entered, click the search button. This gives all possible information. On this screen, the top will list all possible issuers based on the information requested. Select the Issuer you need and click on display issues. This will display the information at the bottom of your screen. To get the CUSIP number, you take the six numbers from beside the Issuer at the top of the screen (for example, AT&T is 001957) and the three numbers from the correct issue at the bottom of the screen (for example, Com is 109). Write the number down on a post-it note on the return next to the name of the stock/bond with the Issuers number first and the issue number following, for example, 001957109. This will need to be completed for each stock/bond reported.
- (15) If you are unable to find a CUSIP number or unable to determine which number is correct, put a check mark on the post-it note or copy of schedule along with any information as to what information you need to find the correct CUSIP number.
- (16) **Using Estate Val Program:** Enter the date of death from page 1 box 5 of the Form 706. Hit the tab key. The alternate valuation date will automatically appear. Even if you will be using the date of death ONLY, the program automatically calculates the alternate valuation date.
- Enter the decedent's name and the schedule you are valuing. For example, Schedule B, and hit the tab key.
 - Enter the CUSIP number for the first stock and hit enter.
 - Enter under shares the number of shares held in the stock or the face value of the bond and hit enter.

- Enter under return Val., the total value of the stock or bond on the return and hit enter. If date of death was elected by the estate, enter the date of death values. If the alternate valuations were elected, then enter that value.
- Enter under return Acc, any interest or dividends reported on the Form 706 for that stock or bond and hit enter.

Note: If more than one stock or bond needs to be researched, then go to the next number and repeat the above steps.

- (17) After all stocks and bonds are entered in the template, go to the top of the screen using the mouse and click on Evaluate. Choose either date of death or alternate valuation whichever the taxpayer elected on page 2 part 3 of the Form 706 tax return. The tool will request a name for the report. The name of report will consist of the first initial of the last name, the last four digits of the SSN and the schedule valued and year. For example, the Estate of John Cobra, SSN 000-00-XXXX and valued schedule B. The year you are valuing the report is 2017. The report name is CXXXXB-17.
- (18) After the report is named, hit enter to begin the valuation. A progress bar will appear to let you know that the report is being generated. After the valuation is complete, a preview of the report will automatically appear. Check the report for any problems. If corrections are needed, click on close and go back to the template to make any necessary correction and hit valuation again. If the correction is the number of shares or total value of interest/dividends, go to report and choose either the date of death or the alternate date. This recomputes the new figures per the value already obtained. Print report once all corrections have been completed. A copy of the report will be placed with the case file.
- (19) **Caution:** When using the alternate valuation date, the schedule may list dates that the stocks/bonds were sold before the alternate valuation date, but after the date of death. These must be valued using the sale date. To do this, after you enter the CUSIP number, shares, total value and interest/dividends, make sure a box on that line is highlighted and then with the mouse click on adjust inventories at the bottom of the template. A box will then appear. Click the tab that states alternate valuation date, then click "edit" and enter the number of shares that are still owned as of the alternate date. Click OK and "add" and enter the number of shares sold. Next go to action, use the drop-down menu to select "sold" and enter the date to the right of action and enter the sold date and click OK. The adjusted inventory now shows number of shares held on the alternate valuation date and the number of shares sold along with the date they were sold. Hit OK again and the tool will go back to the template. This must be done for each stock sold before the alternate valuation date.

4.25.2.9.2.3
(10-08-2020)
Form 2092, Estate and Gift Tax Treaty Information Sheet

- (1) Form 2092, Estate and Gift Tax Treaty Information Sheet, is prepared for Form 706 and Form 706-NA using information from closed or accepted-as-filed returns.
- (3) Put the name of the treaty partner country at the top of the Form 2092 and complete Lines 1 through 6 using information reported on the estate tax return as follows:

#

- Input the decedent’s name and TIN on Line 1.
- Input the decedent’s date of death on Line 2.
- Enter the country where the decedent resided on Line 3.
- Enter the country of the decedent’s citizenship on Line 4.
- Enter the executor’s information on Lines 5a and 5b.

Note: Enter the information for one executor, even if the estate has more than one.

- Input the name of the treaty partner country on Line 6.
- List the value of property that may be taxable in the treaty partner country on Lines 7 and 8 in U.S. dollars.

(4) If the decedent is a U.S. citizen domiciled in the treaty partner country, include all assets shown on Form 706. If the Form 706 schedules can be photocopied, enter a reference to the schedule on Form 2092 and include the photocopy.

Example: “Assets set forth in the attached Schedule A” could be shown on Line 7 with the total value of the assets from that schedule shown on Line 8.

(5) If the decedent was a non-resident, and not a citizen of the U.S., include all assets located in the U.S. reported on the Form 706-NA. If assets not located in the U.S. are disclosed (for example, for the purpose of claiming deductions), do not include those assets on the Form 2092.

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4.25.2.9.3
(10-08-2020)
Closing Estate Tax Returns

(1) The following sections provide guidance for closing accepted as filed estate tax returns.

4.25.2.9.3.1
(10-20-2023)
Closing Procedures

(1) E&G Campus receives a list of returns processed by Submission Processing in Kansas City that do not meet the screening criteria for classification. These returns are to be closed on AIMS as **Accepted As Filed**. Once completed, the list showing closed cases will be emailed back to the contact designated in Kansas City Submission Processing Files.

(2) Returns accepted as filed are closed by the clerical team. Actions needed to close include closing AIMS with appropriate closing codes and issuing closing letters if requested via Pay.gov. See IRM 4.25.2.5.10, Closing Letters, for closing letter procedures.

(3) Research IDRS CC BMFOLI to check for freeze codes A, F or R. If one of these freeze codes are present, notate the Submission Processing listing with the present Freeze Code. Prepare an Action Request sheet and forward to

4.25.2-4, Action Request.

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- (4) Using the Files closing listing, attach AMSOC print to Form 5351 to close cases off AIMS using IDRS CC AMSOC:
AMSOC***52*60*00X
SSNV*000000*NAMC*20

Note: Each day should start with sequence number 001.

- (5) AMSOC allows closing 20 cases at one time. Check that actions are completed by verifying that the word "OK" and the sequence number are next to each SSN input. If there are two asterisks, an error message will appear at the bottom of screen. If the case cannot be closed and needs further action, remove the case file and cross out the label on the Form 5351. Print the AMSOC screen and attach to the back of Form 5351.
- (6) Sequence numbers are noted on the Form 5546, Examination Return Charge-Out, attached to the return, in the section at the bottom of this form, FOR REC/CTR USE. Input your IDRS number and the sequence number from the AMSOC screen associated to that return, for example 001.

Note: The numbers for the next set of the AMOSC sequence numbers continue from the previous AMSOC print. For example, the next sequence number would be 021 if the first 20 cases were accepted without any issues.

4.25.2.9.4
(08-30-2018)

Referrals

- (1) The following sections provide guidance for informant referrals and the turnaround response time for technical referrals.

4.25.2.9.4.1
(10-08-2020)

Informant Referrals

- (1) Information received concerning an estate or gift filings are called informant referrals. The informant referrals are taxpayer-generated. Taxpayers submit information to report suspected or perceived tax law violations by other taxpayers. Most referrals are on Form 3949-A, Information Referral, Form 3949, Information Report Referral, or in correspondence.

Note: Most referrals received in E&G are from Dept. ICT-31114, Fresno, CA. The balance is regular E&G correspondence or from the field (RO, ETA, etc.).

- (2) Informant referrals are reviewed by the Referral Coordinator for E&G issues. Non-E&G issues (income, embezzlement, trusts, etc.) are forwarded to the appropriate office. See IRM 3.10.72.19.2, Form 3949-A Information Referral Routing Guide. Most of the referrals fall into this category.
- (3) Informant referrals with possible E&G issues are researched for estate or gift tax returns filed, asset reporting, potential tax deficiency, noncompliance, etc. Referrals with audit potential are referred to the campus E&G National Gatekeeper for consideration. The National Gatekeeper sends these referrals to a WSD Project Coordinator to review and select for examination. See IRM 4.25.3.9.2.5.3, Informant Form 3949-A Referrals, for more information.

4.25.2.9.4.2
(10-08-2020)

Technical Referrals

- (1) Technical referrals assigned to TTTs are to be considered and a response issued in five days. The turnaround time can be extended to 10 days if technical volumes increase substantially during the filing period for gift tax returns (February through May.) Any technical referral requiring additional time for consideration will need management approval.

- (2) Technical referrals assigned to Estate Tax Attorney (ETA) are to be considered and a response issued in 15 business days, 20 business days during peak February through May.

4.25.2.9.5
(08-30-2018)

**Form 706-GS(D) and
(D-1) Matching Program**

- (1) **Clerical:** Sort documents using the following criteria:
- Separate documents with a Form 706-GS(D), Generation-Skipping Transfer Tax Return for Distribution or amended Form 706-GS(D) attached – these require immediate attention.
 - Form 706-GS(D-1), Notification of Distribution from a Generation Skipping Trust, reflecting the word cash in column b and zero in column e – send to Files to be associated with Form 706-GS(D), Generation-Skipping Transfer Tax Return for Distributions.
 - Form 706-GS(D-1) reflecting the word cash in column b and a fraction or 1 in column e – batch in volumes of 25 or less.
 - Form 706-GS(D-1) reflecting other than cash in column b – batch and refer to manager.
- (2) **Examiners:** For cases meeting the criteria set in items a and c above, use the screening procedures below before referring to WSD.
- (3) **Screening of Form 706-GS(D-1) when no return filed or a mismatch is identified:**

- Compute the tax on the distribution in column f using the following infor-

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Note: If return is filed later, associate Form 706-GS(D-1) with the return.

- (4) **Generation-Skipping Transfer Tax Rate:** GST tax is calculated at the maximum rate for federal estate tax for the year of the Generation-Skipping transfer. See IRM 3.12.106.4.3.1(3), Maximum Tax Rates Table.

Note: Schedule R-1, Generation-Skipping Transfer Tax, is used to determine the GST tax that is payable by certain trusts includible in the gross estate.

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nator for tracking since taxpayers can have more than one form filed on their

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and return:

- Print the screen research reflecting the non-filing condition.
- Annotate the tax on the screen print.
- Send built case to Coordinator.
- Coordinator will send built cases to WSD Paralegal to send to the Field.

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- (7) **Forms 706-GS(D-1) reflecting other than cash in column b:** If a blank Form 706-GS(D-1) is received, send Letter 5666, F706-GS(D-1) Missing Information, to preparer.

- Research to determine if the Form 706-GS(D) was filed.

- Compute the tax owed based on the distribution.

(8) **If Return Filed:**

- Verify the tax is equal to or greater than the tax due per the distribution and file the D-1 with the Form 706-GS(D).
- If the D-1 involves property, request the Form 706-GS(D) and send to WSD for classification.
- If the D-1 has attachment reflecting the stock value, order the return. When the return is received, send the document to the designated examiners that process the stock valuations.
- Once the stock valuation is completed, send the return to WSD for classification.

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(9) **If No return filed:**

- Annotate the amount of tax owed on the printed research.
- Request forms with stock values for stock valuation and send to WSD for classification.

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4.25.2.9.6
(08-30-2018)
Miscellaneous

- (1) The following sections provide guidance for Form 3870 and resolving unpostables.

4.25.2.9.6.1
(10-20-2023)
Form 3870 Request for Adjustment

- (1) TTTs will work all Form 3870, Request for Adjustments, (Domestic and International), with one exception:
- If there is an open audit, resulting in a TC 300/301 tax adjustment, send to CCP to process. Once AIMS is closed and a request is received for a tax adjustment, E&G will process the adjustment, not CCP.
- (2) If AIMS is open and the case in WSD EGC, contact the National Gatekeeper.
- (3) Requests will be received by fax and/or eFax and monitored daily.
- (4) Cincinnati Campus E&G unit will be responsible for payoff computations related to IRC 6166 accounts and penalty adjustments or abatements to all E&G accounts. Philadelphia CCP Field Office Resource Team (FORT) will be responsible for payoff computation (interest and penalties) related to IRC 6161 accounts.

4.25.2.9.6.2
(10-20-2023)
Unpostables

- (1) Unpostable transactions are those which failed validity checks to allow them to be posted to the Master File. Unpostables that cannot be resolved by the Unpostable Function are closed to the initiating function for correction. A Form **4251** is usually generated to pull source documents from Files and return them to the initiating function.

Reminder: Unpostables should be handled in 7 calendar days to avoid possible statute cases.

- (2) Unpostables are controlled on IDRS to the employee who input the transaction. These controls are listed on the CCA reports (age listings). Input of STAUP and interim letters should be addressed if applicable
- (3) The CCA 4243 age listing should be monitored to ensure all unpostable transactions are resolved
- (4) Unpostable Codes (UPC) identify the condition that caused the transactions to be unpostable. The Form **4251** shows the 3-digit unpostable code and a 1-digit unpostable reason code (RC) next to the unpostable code. Refer to the unpostable section in Document 6209, IRS Processing Codes and Information, Section 8, for interpretation of these codes.
- (5) Unpostables are identified on IDRS by the following Pending Transaction Identification Codes:
 - **UNNN** (U = unpostable, NNN = the numeric unpostable code) - This is an open unpostable case
 - **CU** - Corrected Unpostable - this shows the transaction should post to the module in the cycle appearing to the right of the transaction
 - **NU** - Nullified Unpostable - this case has been referred to the responsible function for correction
 - **DU** - Deleted Unpostable - this case has been closed and deleted from the ECC-MTB Unpostables tape - research to determine appropriate action
 - **DJ** - A transaction deleted through normal weekly updates
 - **RJ** - Reject transaction - case referred to Rejects Function
 - **DC** - Transaction deleted by ERS or SC Reject Processing
- (6) The following IRMs provide information, guidelines and procedures to resolve unpostable conditions:
 - **IRM 3.12.279** - Error Resolution - BMF/CAWR/PMF Unpostable Resolution - Identifies unpostable transactions/conditions not compatible with existing master file data or normal Submission Processing Campus operating procedures and their resolution.
 - **IRM 21.5.5** - Account Resolution - Unpostables - Provides general instructions for resolving unpostable tax account conditions.

4.25.2.9.6.3
(08-30-2018)

Payoff Requests

- (1) Payoff requests for IRC 6166 accounts are received from the Department of Justice (DOJ) and Revenue Officers (ROs). The requests are sent to the IRC #
- (2) Computation is at the discretion of the examiner whether Notebook or COMPAX is used.
- (3) Requests should be processed within 14 calendar days of receipt. However, DOJ may need a shorter time. ROs will mark expedite, if needed.

Note: Include all computations with the payoff response.

4.25.2.9.6.4
(08-30-2018)
Identity Theft

(1) Refer to IRM 25.23.9, BMF Identity Theft Processing.

4.25.2.9.6.5
(08-30-2018)
Disaster

(1) -O (Disaster Indicator) freeze refer to IRM 21.5.6.4.30, -O Freeze.

(2) -S (Disaster Indicator) freeze refer to IRM 21.5.6.4.37, -S Freeze.

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Exhibit 4.25.2-1 (08-30-2018)
Estates-Pro-Rate Interest Without Overpayment

Example:

2% Limitation in 2010 \$ 469,000.00

Deferred Tax Amount \$1,200,000.00

Account Balance \$ 720,000.00 (\$1,200,000-\$480,000), 5th year installment billing, four installments paid.

Interest must be pro-rated when the deferred tax amount is greater than the 2% or (4% for installment payments before December 31, 1997) allowable amount.

In the example, above, the deferred tax amount of \$1,200,000 is greater than the 2% allowable amount of \$469,000, so the interest must be pro-rated between the 2% rate using COMPA 2 and the 45% of the statutory rate using COMPA 5.

The pro-rate interest calculation from the example above is as follows:

1. Tax Allowable Amount \$469,000.00 divided by Deferred Tax Amount \$1,200,000.00 = .390833 (need to calculate to 6 decimal places).

2. Account Balance \$720,000.00

X

From Calculation, Above .390833

=

Amount subject to 2% rate using COMPA 2 \$281,399.76

3. Account Balance \$720,000.00

Minus Amount subject to 2% rate \$(281,399.76)

Amount subject to 45% of statutory rate \$ 438,600.24

using COMPA 5

After computing the interest, post the amount on the worksheet broken down as 2% for payments beginning December 31, 1997, 4% for payments before December 31, 1997, 45%, or statutory. If an installment of tax is due, post it on the worksheet. The interest amount is added to the folder balance. Do not add the tax installment to the balance.

Exhibit 4.25.2-2 (08-30-2018)
Estates-Pro-Rate Interest with Overpayment

Example:

2% Limitation in 2010 \$ 469,000.00

Deferred Tax Amount \$ 1,200,000.00 (first installment with \$80,000 overpayment)

Account Balance \$ 1,120,000.00

Interest must be pro-rated when the deferred tax amount is greater than the 2% or (4% for installment payments before December 31, 1997) allowable amount.

In the example, above, the deferred tax amount of \$1,200,000.00 is greater than the 2% allowable amount of \$469,000.00, so the interest must be pro-rated between the 2% rate using COMPA 2 and the 45% of the statutory rate using COMPA 5.

The pro-rate interest calculation from the example above is as follows:

1. Tax Allowable Amount \$469,000.00 is divided by the Deferred Tax Amount \$1,200,000.00 = .390833 (need to calculate to 6 decimal places.)

2. Account Balance \$1,120,000.00

X

From Calculation, Above .390833

=

Amount subject to 2% rate using COMPA 2 \$ 437,732.96

3. Account Balance \$1,120,000.00

Minus Amount subject to 2% rate \$ (437,732.96)

Amount subject to 45% of statutory rate \$ 682,267.04

using COMPA5

After computing the interest, post the amount on the worksheet broken down as 2% for payments beginning December 31, 1997, 4% for payments before December 31, 1997, 45%, or statutory. If an installment of tax is due, post it on the worksheet. The interest amount is added to the folder balance. Do not add the tax installment to the balance.

Exhibit 4.25.2-3 (08-30-2018)**Waiver of Right to Administrative and Judicial Review of Termination of IRC 6166 Election**

Department of the Treasury -Internal Revenue Service

In reply refer to: (Name of Taxpayer)

Taxpayer Identification Number

Person to Contact:

Employee Identification Number

Contact Telephone Number

We understand from your prior correspondence that the Estate of _____, SSN _____, (hereafter the Estate) has requested to waive its rights to obtain administrative and judicial review prior to the termination of its extended time for payment of estate tax provided in IRC Section 6166.

The Estate hereby acknowledges its agreement to voluntarily terminate the Section 6166 election, in accordance with the provisions for acceleration of payment under Section 6166(g). The Estate further acknowledges its agreement that the termination will be immediate, the Section 6166 election will cease to apply and the full amount of the unpaid tax, penalties and interest will become due upon notice and demand.

Prior to such termination, the Estate would ordinarily be provided a Letter 950, Preliminary Internal Revenue Code Section 6166 Determination Letter, which advises the Estate of the Service's intent to terminate its Section 6166 election, and allows the Estate to request a conference with the IRS Office of Appeals within 30 days. Following the conference, if the termination of the Section 6166 election is sustained by Appeals, the Estate would ordinarily be provided with a Letter 3570, Notice of Determination As Provided in IRC Section 7479 That Extension of Time for Payment Under IRC Section 6166 Has Ceased to Apply. The Letter 3570 would allow the Estate, within 90 days, to file a petition with the Tax Court for judicial review, under Section 7479.

Because the Estate agrees that the termination of the Section 6166 election is appropriate, it recognizes there is no need for further review with Appeals or the Tax Court. Accordingly, the Estate waives the right to receive the Letter 950 and Letter 3570. By waiving this right, the Estate acknowledges that it is voluntarily forgoing all rights to challenge or appeal the termination of the Section 6166 election administratively or judicially. Instead, the Estate will receive Letter 6335-F, Notice and Demand for Payment of Entire Estate Tax Liability, with a copy of this letter.

The Estate's Section 6166 election will be terminated upon receipt of this letter by the IRS acknowledging the forgoing conditions and signed by the current executor of the Estate responsible for handling matters arising under Section 6166. The undersigned hereby represents that he/she is the current Executor of the Estate with the authority to voluntarily waive the Estate's rights to obtain administrative and judicial review prior to termination of its Section 6166 election, and hereby consents to the immediate termination of that Section 6166 election.

Name: _____

Address: _____

Signature of Executor: _____

Date: _____

Exhibit 4.25.2-3 (Cont. 1) (08-30-2018)

Waiver of Right to Administrative and Judicial Review of Termination of IRC 6166 Election

The agent designated to represent the estate for all dealings with the Internal Revenue Service on matters arising under section 6166 acknowledges the Estate's request for immediate termination and the above conditions. Please attach a completed Form 8821 if the designated agent is not the executor.

Name: _____

Address: _____

Telephone Number: _____

Fax Number: _____

Signature of Agent: _____

Date: _____

If you have any questions, please contact the person identified in the heading of this letter.

Sincerely,

Team Manager
E&G Unit
Cincinnati Compliance Services

Exhibit 4.25.2-4 (08-30-2018)
ACTION REQUEST

FROM: _____ DATE: _____

CYCLE: _____ EGC: _____

ISSUE: _____

ACTION TAKEN: _____

TE/TTT INITIALS _____ DATE: _____

Exhibit 4.25.2-5 (10-20-2023)
Frequently Used Letters

Letters Frequently used by Campus E&G are shown in the table below:

| Letter Number | Title |
|----------------------|---|
| Letter 64-C | Penalty and Interest Explained (Assessed During Initial Processing) |
| Letter 86-C | Referring Taxpayer Inquiry/Forms to Another Office |
| Letter 96-C | Acknowledgement Letter for General Use/Inquiry |
| Letter 105-C | Claim Disallowed |
| Letter 106-C | Claim Partially Disallowed |
| Letter 112-C | Payment/Overpayment/Credit Applied; No Record of Return Filed |
| Letter 135-C | Proper Authorization Needed to Furnish Information |
| Letter 143-C | Signature Missing (IMF/BMF) |
| Letter 168-C | Penalty Removed or Reduced (Reasonable Cause Established) |
| Letter 180-C | Gift Tax Return Incomplete for Processing: Form 709, 709A |
| Letter 249-C | Installment or Interest Due/Current Status Requested or Explained: Form 706 |
| Letter 282-C | Return Not Received: Copy Requested/Received |
| Letter 297-C | Extension of Time to File and/or Pay (IMF/BMF); Denial Explained |
| Letter 418-C | Amended/Original Return Unavailable; Copy Requested |
| Letter 510-C | Refund in Error; Return Check |
| Letter 621-C | Prompt Assessment Request; Acknowledgement/Reply/Additional Information Requested |
| Letter 627 | Estate Tax Closing Letter |
| Letter 672-C | Payments Located and/or Applied |
| Letter 673-C | Duplicate Returns Filed; Adjustment or Refund Explained |
| Letter 738-C | Decedent Income/Gift Tax Return; Personal Liability Discharge Request |
| Letter 854-C | Penalty Waiver or Abatement Disallowed/Appeals Procedure Explained |
| Letter 916-C | Claim Incomplete for Processing; No Consideration |
| Letter 950-H | 30 Day Letter - Intent to Terminate IRC 6166 Election |

Exhibit 4.25.2-5 (Cont. 1) (10-20-2023)
Frequently Used Letters

| Letter Number | Title |
|---------------|---|
| Letter 1382-C | Penalty Removal Request Incomplete |
| Letter 1408-C | SSN and Name Verification for Estate or Gift Tax Returns |
| Letter 2568-C | Follow-up Letter for Installment Billing & Section 6161 Balance Due Billing: Form 706 |
| Letter 2644-C | Second Interim Response |
| Letter 2645-C | Interim Letter |
| Letter 2765-C | Assessment Statute Expiration Date (ASED) Expired |
| Letter 3010-C | Full Disallowance of Interest Abatement Request with Appeal Rights |
| Letter 3022-C | Disallow (Partial) Interest Abatement Request |
| Letter 3030-C | Balance Due Explained; Tax/Interest Not Paid |
| Letter 3570 | Notice of Determination as Provided in IRC § 7479 that Extension of Time for Payment Under IRC § 6166 has Ceased to Apply |
| Letter 4943 | Transfer Certificate Cover Letter |
| Letter 4944 | Reply to Request for Transfer Certificate |
| Letter 5169 | Schedule Protective Claim (PC) Acknowledgement |
| Letter 5666 | F706-GS(D-1) Missing Information |
| Letter 5667 | Reversal of Portability Denial |
| Letter 5700 | General Denied Portability Election |
| Letter 5950 | Form 8971 Filed - No Form 706 Filed |
| Letter 5951 | Form 8971 Filed - No Form 706 Filed - No Authority |
| Letter 5952 | Return Form 8971 to Taxpayer |
| Letter 5978 | Estate or Gift Tax Return Incomplete for Processing - Form 706, 706-NA, 709 |
| Letter 5986 | Form 4768 Sent to Advisory |
| Letter 5989 | Form 4768 Missing Information |
| Letter 6150 | U.S. Estate or Gift Tax Discharge from Personal Liability/Property |
| Letter 6335 | Estate Installment Program |
| Letter 6335-F | Notice of IRC 6166 Denial or Termination |
| Letter 6335-T | Final Notice for Payment of Estate Tax |
| Letter 6477 | Notice of Denial, Estate Tax Closing Letter |

Exhibit 4.25.2-5 (Cont. 2) (10-20-2023)
Frequently Used Letters

| Letter Number | Title |
|----------------------|---|
| Letter 6478 | Notice of Denial, Estate Tax Closing Letter User Fee Refund Request |

**Exhibit 4.25.2-6 (10-08-2020)
Completing Form 9956**

Form 9956, Request for Temporary SSN, is used to request an Internal Revenue Service Number (IRSN). BMF Entity uses IRSNs for processing documents/payments when an SSN cannot be located. IRSNs are also called "Temporary SSNs."

- An IRSN format is the same pattern as a regular SSN.
- For domestic IRSNs issued in Kansas City (KC), the pattern will be 9nn-09-nnnn.
- For international IRSNs issued in KC, the pattern will be 9nn-66-nnnn.
- The definer after the SSN will be either a "W" or "V" for Form 706/709 series.
- Use Form 9956 to request an IRSN.

Complete Form 9956 paying close attention to:

- IRSN Assigned: Enter "BMF - Estate".
- Last Name: Add "Estate" after last name.
- Address: Enter Executor's name and address.
- Date of Death: verify date of death is entered before faxing to KC.
- "IRSN" will be handwritten above the IRSN Assigned box on the form.

Do not attach Form 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes.

Responses will be sent to Campus E&G eFax at 855-386-5128.

