



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

5.1.19

DECEMBER 18, 2023

## EFFECTIVE DATE

(12-18-2023)

## PURPOSE

- (1) This transmits revised IRM 5.1.19, *Field Collecting Procedures, Collection Statute Expiration*.

## MATERIAL CHANGES

- (1) Refer to table below for details on the list of material changes to this IRM.

Number	IRM Subsection	Description of Change
1	IRM 5.1.19.1	Added statements to clarify that identifying procedures to review and correct a CSED are part of the purpose and goals of IRM 5.1.19.
2	IRM 5.1.19.1.1(2) and (3)	Removed paragraph (2) and (3) and relocated this information to the new IRM subsection 5.1.19.3.16 CSED Wavier for a more logical order.
3	IRM 5.1.19.1.1(4)	Removed paragraph (4) Collection Statute Date Review and relocated this information to the new IRM subsection 5.1.19.6 Collection Statute Review for a more logical order.
4	IRM 5.1.19.1.6	Added acronyms.
5	IRM 5.1.19.1.7	Editorial changes were made to add/or update IRM references, web resources, and the Taxpayer Bill of Rights.

<b>Number</b>	<b>IRM Subsection</b>	<b>Description of Change</b>
6	IRM 5.1.19.3.1.1(3)	Added CSED indicators used to determine which taxpayer filed bankruptcy for a joint liability.
7	IRM 5.1.19.3.3.1	Added subsection for transaction codes that effect the CSED calculation for Collection Due Process (CDP).
8	IRM 5.1.19.3.4(8)	Removed (8) and relocated this information to new subsection 5.19.3.4.1 for a more logical order.
9	IRM 5.1.19.3.4.1	Added subsection for transaction codes that affect the CSED calculation for Offer In Compromise.
10	IRM 5.1.19.3.5(8)	Moved and updated IRM references to IRM subsection 5.1.19.3.5.1 for a more logical order.
11	IRM 5.1.19.3.5.1	Added subsection for transaction codes that affect the CSED for Installment Agreements.
12	IRM 5.1.19.3.6.1	Added subsection for transaction codes that affect the CSED for innocent spouse.
13	IRM 5.1.19.3.7.4(4)b	Added a reminder that overlapping suspensions run concurrently and they are not cumulative.

Number	IRM Subsection	Description of Change
14	IRM 5.1.19.3.12	Made changes throughout to incorporate additional information and updated references for Estate Tax CSEDs from IRM 5.5.7.
15	5.1.19.3.16	Added new subsection to identify CSED waivers. Moved information from IRM 5.1.19.1.1(2) and (3) to follow a more logical order.
16	IRM 5.1.19.6	Added subsection to identify CSED review procedures. Moved information from IRM 5.1.19.1.1(4) to follow a more logical order. Added that the CSED calculator may be used to assist with calculating a CSED. Added if unable to update a CSED using ICS, a form 8620 may be used. Added the campus liaison may be contacted if assistance is needed to correct an expired or incorrect CSED. Added a reference to IRM 5.19.10.4.4.1 for examples of conditions that may cause an incorrect CSED to display on ICS or IDRS. Added reminder that overlapping suspensions run concurrently and they are not cumulative.

Number	IRM Subsection	Description of Change
17	Throughout	Editorial changes were made to update links, reference points, and clarify information to assist and support the end-user.

#### **EFFECT ON OTHER DOCUMENTS**

This supersedes IRM 5.1.19, dated February 07, 2020.

#### **AUDIENCE**

SB/SE Employees in Field Collection, Specialty Collection - Offers, Liens and Advisory, and Specialty Collection Insolvency

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5.1.19

Collection Statute Expiration

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5.1.19.1  
(12-18-2023)  
**Program Scope and Objectives**

- (1) **Purpose:** This IRM section will provide an overview of actions that suspend or extend the Collection Statute Expiration Date (CSED). This IRM section also provides guidance for working imminent CSED cases and CSED review. While many topics are touched upon in this chapter, comprehensive guidance about all of them cannot be included here. As you use this IRM section, remain alert for references to other resources, such as related IRMs and websites and access that guidance as needed to ensure a thorough understanding of CSED topics.
- (2) **Audience:** The procedures and guidance apply to SB/SE employees in Field Collection, Civil Enforcement Advice & Support Operations (CEASO), and Specialty Collection Insolvency.
- (3) **Policy Owner:** The Director, Collection Policy
- (4) **Program Owner:** SB/SE Collection Policy
- (5) **Primary Stakeholders:** The primary stakeholders that are impacted by this IRM include:
  - Field Collection
  - CEASO
  - Specialty Collection - Insolvency
- (6) **Program Goals:** By following the direction within this IRM section, the employee will be able to:
  - identify transaction codes that affect the CSED
  - identify case actions that can suspend and or extend the CSED
  - identify an imminent CSED
  - identify procedures to review and correct a CSED.

5.1.19.1.1  
(12-18-2023)  
**Background**

- (1) Each tax assessment has a Collection Statute Expiration Date (CSED). Internal Revenue Code (IRC) 6502 provides that the length of the period for collection after assessment of a tax liability is 10 years. The collection statute expiration ends the government's right to pursue collection of a liability.

5.1.19.1.2  
(04-26-2018)  
**Authority**

- (1) IRC 6502
- (2) IRC 6503

5.1.19.1.3  
(04-26-2018)  
**Responsibilities**

- (1) The Director, Collection Policy is the executive responsible for the policies and procedures in this IRM.
- (2) Field Management is responsible for ensuring that employees comply with guidance and procedures described in this IRM.

5.1.19.1.4  
(04-26-2018)  
**Program Management and Review**

- (1) Program Reports:
  - National Quality Review System (NQRS)
  - Integrated Collection System (ICS)
  - Automated Insolvency System (AIS)
  - ENTITY Reports

- (2) Program Effectiveness. The program effectiveness is measured by the following review type and by level of management:
- Case reviews are conducted by field group managers and recorded under the Embedded Quality Review System (EQRS) to ensure compliance with this IRM
  - Field territory managers and field area directors annually evaluate program delivery and conformance to administrative and compliance requirements
  - Headquarter policy analysts annually evaluate program delivery and conformance to administrative and compliance requirements.

5.1.19.1.5  
(04-26-2018)  
**Program Control**

- (1) The Integrated Data Retrieval System (IDRS) provides the transaction coding (TC), definition, and calendar input date that determines the Collection Statute Expiration Date (CSED).
- (2) The Integrated Collection System (ICS) provides a report that identifies accounts for which the CSED will expire within the next 12 months.
- (3) ENTITY is the workload management system used by collection managers to extract and organize information about case activity and casework quality from ICS.
- (4) The Automated Insolvency System (AIS) provides a report that is used to identify non-debtor spouses where the collection statute will expire within two years.

5.1.19.1.6  
(04-26-2018)  
**Acronyms**

- (1) This table lists most commonly used acronyms within this IRM.

Acronym	Definition
AIS	Automated Insolvency System
CCP	Centralized Case Processing
CDP	Collection Due Process
CNC	Currently Not Collectible
CSED	Collection Statute Expiration Date
EQRS	Embedded Quality Review System
FTD	Federal Tax Deposit
ICS	Integrated Collection System
IDRS	Integrated Data Retrieval System
IRC	Internal Revenue Code
PPIA	Partial Payment Installment Agreement
TAS	Taxpayer Advocate Service

Acronym	Definition
TC	Transaction Code

5.1.19.1.7  
(12-18-2023)

#### Related Resources

- (1) IRM Resources:
  - a. IRM 5.1.5, *Field Collecting Procedures, Balancing Civil and Criminal Cases*
  - b. IRM 5.5.5.3, *Collection Statute Expiration under IRC 6503(d)*
  - c. IRM 5.5.7.6, *Estate Tax Collection Statute Expiration Date (CSED)*
  - d. IRM 5.8.10.7, *Effects of Previous Offers on Collection Statute*
  - e. IRM 5.14.2, *Partial Payment Installment Agreements and the Collection Statute Expiration Date (CSED)*
  - f. IRM 5.16.1.2.2, *Statute Expiration*
  - g. IRM 5.12.8.5, *Refile Determination Criteria*
  - h. IRM 5.17.4, *Suits by the United States*
  - i. IRM 25.15.1.8, *Statute of Limitations on Collections*
  - j. IRM 25.6.1, *Statute of Limitations Process and Procedures*
- (2) Web Resources:
  - a. CSED Calculator: <https://irs.gov.sharepoint.com/sites/ETD-KMT-KB065/SitePages/Special%20Circumstances/CSEDs/CSEDCalculatorCCalc.aspx>
- (3) The IRC provides taxpayers specific rights. The Taxpayer Bill of Rights groups these rights into ten fundamental rights. See IRC 7803(a)(3). IRS employees are responsible for being familiar with and following these rights. For additional information about taxpayer rights, see <https://www.irs.gov/taxpayer-bill-of-rights>.

5.1.19.2  
(04-26-2018)

#### Transaction Codes that Affect the CSED

- (1) In addition to Transaction Code (TC) 150 - Tax Assessed, there are certain other TC codes that carry their own CSEDs.
- (2) Also, there are other TC codes that suspend or extend the expiration date.

5.1.19.2.1  
(06-04-2009)

#### Transaction Codes that Carry Their Own CSED

- (1) Certain transaction codes (TC) with specific reference numbers carry their own CSEDs, and display them on the Integrated Data Retrieval System (IDRS).
- (2) A list of these TC codes follows:

Transaction Code	Definition
TC 160	Manually Computed Delinquency Penalty
TC 166	Delinquency Penalty
TC 170	Estimated Tax Penalty
TC 176	Estimated Tax Penalty
TC 180	Deposit Penalty
TC 186	FTD Penalty

Transaction Code	Definition
TC 234	Daily Delinquency Penalty (if it is the only CSED in the module)
TC 238	Daily Delinquency Penalty
TC 240	Miscellaneous Civil Penalty (all except for Reference Codes 697 and 699) <b>Caution:</b> Because of a programming error, TC 240 with penalty reference numbers 680, 681, 682, and 686, posted prior to January 2009, may contain an incorrect CSED on BMF accounts. For collection purposes, TC 240 with reference numbers 680, 681, 682, and 686 has the same CSED as the related tax assessment (TC 290 or TC 300) regardless of the CSED computed on Master File as part of the TC 240.
TC 246	Form 8752 or Form 1065 Penalty
TC 290	Additional Tax Assessment
TC 294	Tentative Carryback Disallowance with Interest Computation Date
TC 298	Additional Tax Assessment with Interest Computation Date
TC 300	Additional Tax or Deficiency Assessment by Examination or Appeals
TC 304	Tentative Carryback Disallowance by Exam with Interest Computation Date
TC 308	Additional Tax or Deficiency Assessment by Examination or Appeals with Interest Computation Date
TC 320	Fraud Penalty
TC 350	Negligence Penalty
TC 340	Restricted Interest (Doc Code 47 and 51 only)

5.1.19.2.2

(05-23-2013)

**Integrated Data Retrieval System (IDRS)****Transaction Codes (TC) That Suspend Or Extend A CSED**

(1) Certain actions allow for a suspension or extension of the CSED.

(2) IDRS TC codes that suspend or extend CSEDs include but are not limited to:

Transaction Code	Description
TC 468	Extension of Time to Pay Estate Tax <b>Note:</b> IDRS will allow more than one TC 468 and will recognize the last one posted.
TC 480	Offer in Compromise Pending (suspends CSED)
TC 488	Installment and/or Manual Billing (extends CSED)
TC 500	Military Deferment (suspends CSED)
TC 520 cc 76-81	IRS Litigation Instituted (suspends CSED)
TC 520 cc 60-67, 83, 85-89	Bankruptcy (suspends CSEDs)
TC 520 cc 82	CVPN with appeal rights (suspends CSED)
TC 550	Waiver Extension of Date Collection Statute Expires (extends the CSED to date input) <b>Note:</b> For IMF accounts only, an optional CSED TIN indicator can be used to identify which taxpayer the extension applies to: (P) Primary; (S) Secondary; or, (B) Both .
TC 971 Action Code 043	Pending Installment Agreement
TC 971 Action Code 163	Terminated Installment Agreement

5.1.19.2.3

(06-04-2009)

**TC 550 Waiver****Extension Definer Codes**

(1) A TC 550 extends a CSED to the date input with this transaction on an IMF account.

(2) To further identify the use of the TC 550, a list of definer codes and their use follows:

Definer Code	Description
01	Form 900
02	Assets in Custody of the Court

Definer Code	Description
03	Bankruptcy (incorrect CSED computation)
04	Judgment
05	Taxpayer Assistance Order (TAO)
06	Military Deferment
07	Offer in Compromise (incorrect CSED computation)
08	Wrongful Seizures
09	Taxpayer Living Outside the U.S.
10	Other (Collection Due Process)

### 5.1.19.3 (02-07-2020)

#### Case Actions That Can Suspend And/Or Extend A CSED

- (1) A variety of laws affect CSEDs. A brief summary of some of the various case actions that can suspend and/or extend a CSED follows. This IRM provides a brief overview of some of these case actions; it is not all inclusive. The following sections are included to highlight relevant issues. Details pertaining to the specific subject matter should be further researched in the applicable IRM section, which in most cases will be cross-referenced.

**Note:** There is an exception to the ten-year CSED where restitution is ordered solely as a condition of the taxpayer's probation or supervised release. The IRS can only administratively collect an amount of restitution ordered solely as a condition of either probation or supervised release during the actual period of either probation or supervised release, regardless of the general 10-year collection period. Field Collection employees are to contact the assigned advisor for guidance on these RBA cases with limited periods of enforceability issues. See IRM 5.1.5.18, *Collection Actions on Cases with Restitution-Based Assessments (RBA)*, for guidance.

- (2) More than one case action can suspend the running of the collection statute at the same time. Overlapping suspensions run concurrently; they are not cumulative.

**Example:** A taxpayer owes 1040 taxes for the period ending 12/31/2008. The tax assessment date is 06/01/2009 which established the original CSED as 06/01/2019. The taxpayer is in the Army Reserves, they get called up for combat duty and enter the combat zone on 05/10/2014. The taxpayer subsequently leaves the combat zone on 03/01/2015. They submit an offer in compromise on 04/20/2015, it is rejected on 10/17/2015 and the rejection is not appealed.

Both case actions, entering the combat zone and submitting the offer in compromise, suspend and extend the CSED. The combat zone duty suspends the CSED from 05/10/2014 through 03/01/2015 plus 180 days (through 08/28/2015). Consideration of the offer in compromise suspends the CSED from 04/20/2015 through 10/17/2015 plus an additional 30 days for the rejection appeal period to 11/16/2015.

However, because these case actions overlap, the CSED will be suspended only from the date the taxpayer enters the combat zone (TC

500 cc 56 on 05/10/2014) through the date the offer in compromise is rejected and the rejection appeal period ends (TC 481 on 11/16/2015). In this case the overlapping of the two case actions, from 04/20/2015 to 08/28/2015, is considered in the CSED extension only once. The CSED will be extended 555 days from the original CSED of 06/01/2019. The new CSED will be 12/07/2020.

5.1.19.3.1  
(05-19-2016)  
**Bankruptcy**

- (1) In a case under the Bankruptcy Code, the CSED is suspended while the IRS is prohibited from collecting, and for six months thereafter. For more information see IRC 6503(h)(2). Thus, the CSED is generally suspended while the automatic stay imposed by the bankruptcy is in effect. Even if the suspension of the CSED under IRC 6503(h) no longer applies, the CSED still may be suspended when substantially all the debtor's assets remain in the custody or control of the bankruptcy court under IRC 6503(b). For more information see IRM 5.9.4.3, *ASED/CSED*.
- (2) Contact Insolvency if there are any questions about the effect of bankruptcy, particularly multiple bankruptcies, on the CSED.

5.1.19.3.1.1  
(12-18-2023)  
**Transaction Codes for Bankruptcy**

- (1) A TC 520/521 suspends a CSED by the amount of time beginning on the TC 520 (posted Cycle 8624 or later) transaction posting date and ending on the associated TC 521 posting date, plus six months.
- (2) A TC 520 with a closing code 60 through 67, 81, 83, or 85 through 89 systemically suspends the CSED unless a TC 550 (new CSED) is posted with a later transaction date. For more information see IRM 5.17.8.28, *Effect of Bankruptcy on the Limitation Period for Assessment and Collection* and IRM 5.9.5.6.1, *Closing Codes*.
- (3) For a joint liability, the following CSED indicators are used to identify which taxpayer filed bankruptcy:
  - P = Primary
  - S = Secondary
  - B = Both
- (4) A CSED indicator of "S" or "P" indicates only one spouse filed for bankruptcy. For a joint non-mirrored module, the CSED must be determined for each spouse separately. See IRM 5.9.4.3, *ASED/CSED*, and IRM 5.1.19.6, *Collection Statute Review* for additional information.

5.1.19.3.2  
(02-07-2020)  
**Judgment/Litigation**

- (1) Per IRC 6502(a) a court action brought against the taxpayer for the collection of tax prior to the expiration of the collection statute extends the period to collect until the tax liability or judgment against the taxpayer is satisfied or becomes unenforceable.
- (2) There is an exception to the ten-year CSED (see IRM 5.1.5.18, *Collection Actions on Cases with Restitution-Based Assessments (RBAs)* for guidance related to some RBA cases. Field Collection employees are to contact the assigned advisor for guidance on these RBA cases with limited periods of enforceability issues.

5.1.19.3.2.1  
(05-19-2016)

**Transaction Codes for  
Judgment/Litigation**

- (1) TC 520 with closing code 70 through 75 and closing code 84 does not suspend the CSED.
- (2) TC 520 with closing code 76 through 81 suspends the CSED, unless a TC 550 (new CSED) is posted with a later transaction date. See also IRM 25.3.6-1, *Closing Codes for Transaction Code 520* and IRM 25.3.7.7, *TC 520 Closing Codes*.

5.1.19.3.2.2  
(05-19-2016)

**Suit to Reduce  
Assessments to  
Judgment**

- (1) A suit to reduce the assessments to judgment must be filed prior to the expiration of the CSED to suspend the collection period. The filing of a suit will suspend the collection statute during litigation. For more information see IRM 5.17.4.7, *Suit to Reduce Assessments to Judgment*.
- (2) When a judgment is entered in a case where assessments were reduced to judgment, request input of TC 550, definer code 04, using 20 years from the date the judgment was entered as the new CSED.

**Reminder:** The TC 550 definer code 04 must be input before the TC 520 is reversed. This will prevent the CSED from expiring if it falls during the pendency of the litigation.

5.1.19.3.3  
(04-26-2018)

**Collection Due Process  
(CDP)**

- (1) The CSED is suspended from the date the IRS receives a timely filed request for a CDP hearing to the date the taxpayer withdraws their request for a CDP hearing or the date the determination from the Independent Office of Appeals (Appeals) becomes final, including any court appeals. See IRC 6330 (e)(1).
- (2) If less than 90 days of the statute of limitations remains when the determination becomes final, the statute of limitations is extended to equal 90 days. The collection statute is not extended for equivalency hearings. See IRC 6330(e)(1).
- (3) For more information see IRM 5.1.9.3.6, *Suspension of Collection Statute of Limitations*, and 26 CFR 301.6330-1(g)(3), ex. 1.

5.1.19.3.3.1  
(12-18-2023)

**Transaction Codes for  
Collection Due Process  
(CDP)**

- (1) TC 520 CC 76 is used if the CDP hearing request is made in response to a CDP NPTL notice (IRC 6320). TC 520 CC 77 is used if the CDP hearing request is made in response to a CDP levy notice (IRC 6330). If both IRC 6320 and IRC 6330 are applicable, TC 520 CC 76 is used. Prior to January 2000, TC 520 CC 70 was used for CDP hearing requests.
- (2) For a joint liability, the following CSED indicators are used to identify which taxpayer requested the CDP:
  - P = Primary
  - S = Secondary
  - B = Both
- (3) A CSED indicator of "S" or "P" indicates only one spouse requested a CDP. For a joint non-mirrored module, the CSED must be determined for each spouse separately. See IRM 5.1.9.3.6.1, *Transaction Code TC 520 and TC 521 CC 76/77* and IRM 5.1.19.6, *Collection Statute Review* for additional information.

5.1.19.3.4  
(12-18-2023)  
**Offer In Compromise  
(OIC)**

- (1) For requests to extend the CSED made prior to January 1, 2000 in connection with a pending offer prior to January 1, 2000, the CSED extension was affected by Treasury Regulation 301.7122-1(f) (1960). Under this regulation the practice of the IRS generally was to obtain from the taxpayer a waiver of the CSED for the period the offer in compromise was pending, while any installment of an accepted offer remained unpaid, and for one additional year thereafter.
- (2) For requests to extend the CSED made prior to January 1, 2000 in connection with a pending offer that extended the CSED beyond the original 10-year collection statute, a waiver of the CSED cannot extend the CSED beyond either December 31, 2002, or the original CSED, whichever is later, see section 3461(c)(2) (A) and (B) of the IRS Restructuring and Reform Act of 1998.
- (3) For offers pending on or made after December 31, 1999, and before December 21, 2000, the collection statute of limitations is suspended by IRC 6331(k)(1) and (3) while the IRS is prohibited from levying.
- (4) The IRS is prohibited from levying and the CSED is suspended under the following provisions:
  - a. While an offer is pending with the IRS,
  - b. For 30 days immediately following rejection of the offer for the taxpayer to appeal the rejection, and
  - c. If an appeal is requested within the 30 days, during the period while the rejection is being considered in Appeals.
- (5) CSED extensions for the period of time “while any installment remains unpaid” and “for one additional year thereafter” are eliminated. No days are suspended before December 31, 1999, or after December 20, 2000.

**Note:** If a request for CSED extension was made on December 31, 1999 in connection with a pending OIC, the statute is extended concurrently under both RRA 98 section 3461(c)(2) and section 6331(k)(1) and (3).

- (6) The Community Renewal Tax Relief Act of 2000, effective December 21, 2000, amended IRC 6331(k)(3) and eliminated the suspension of the CSED while offers (and installment agreements) were pending.
- (7) The Job Creation and Workers Assistance Act of 2002, effective March 9, 2002, amended IRC 6331(k)(3) and reinstated the same CSED suspensions as described above with respect to both offers and installment agreements while levy is prohibited. This amendment suspends the CSED for the number of days on or after March 9 that an offer is pending, during the 30 days to appeal the rejection.

**Example:** An offer is rejected on March 4, 2002. March 4, 5, 6, 7 and 8 would not be suspended. The 30-day period for appealing the rejection starts on March 5 and ends on April 3. Of that 30-day period, the collection statute would be suspended starting on March 9 through and including April 3. If the taxpayer requests an appeal on or before April 3, then the collection statute will be suspended until Appeals sends the taxpayer a letter giving its decision.

- (8) Cases may be encountered where prior rules were in effect. For more information see IRM 5.8.10.7, *Effect of Previous Offers on Collection Statute*.

5.1.19.3.4.1  
(12-18-2023)  
**Transaction Codes for  
Offer In Compromise**

- (1) Effective March 09, 2002, the input of TC 480 suspends the CSED during the time an offer is pending, during the thirty days following rejection of an offer, and for any period when a timely filed appeal from the rejection is being considered by Appeals. That is for the period of time between the TC 480 and the TC 481, TC 482, or TC 780.
- (2) For a joint assessment, if only one spouse files an OIC, then the CSED is suspended just for that taxpayer. The appropriate CSED suspension code must be input on IDRS to identify the specific taxpayer for which the offer applies. They are described below:
  - P = Primary
  - S = Secondary
  - B = Both
- (3) A CSED indicator of "S" or "P" indicates only one spouse requested an OIC. For a joint non-mirrored module, the CSED must be determined for each spouse separately. See IRM 5.8.10.7, *Effect of Previous Offers on Collection Statute* and IRM 5.1.19.6, *Collection Statute Review* for additional information.

5.1.19.3.5  
(12-18-2023)  
**Installment Agreements**

- (1) For requests to extend the CSED made prior to January 1, 2000, in connection with an installment agreement that extended the CSED beyond the original 10-year collection statute, the CSED waiver expires 90 days after the end of the period of the extension, pursuant to section 3461(c)(2)(C) of the IRS Restructuring and Reform Act of 1998.
- (2) For requests to extend the CSED on or after January 1, 2000 in connection with an installment agreement, the statute of limitations is suspended under IRC 6502(a)(2) for the period agreed to in writing by the IRS and the taxpayer and for 90 days after that period expires.
- (3) Form 900, *Tax Collection Waiver*, is only executed in connection with the granting a **partial pay installment agreement** and only in certain situations. See IRM 5.14.2.2.3, *Waiver Procedures for Partial Payment Installment Agreements*. IRS policy dictates that a Form 900 be limited to no more than five years, plus up to one year to account for changes in the agreement.

**Note:** Prior to July 2005, IRS policy permitted CSED extensions in conjunction with all installment agreements.

- (4) For an installment agreement request pending on or made after December 31, 1999 through December 21, 2000, **with which there is no CSED waiver given**, the collection statute of limitations is suspended under IRC 6331(k)(2) and (3) while the IRS is prohibited from levying.
- (5) The IRS is prohibited from levying, and the CSED is suspended under these provisions:
  - a. While the request for installment agreement is pending with the IRS,
  - b. For 30 days immediately following rejection of the installment agreement request, and
  - c. If an appeal is requested within the 30-day period, during the period while the rejection is being considered in Appeals.
  - d. During the 30 days after the date of termination, and

- e. If an appeal is requested within the 30-day period, during the period while the termination is being considered in Appeals.

(6) No days are suspended under section 6331(k)(2) and (3) before December 31, 1999 or after December 20, 2000.

**Note:** The CSED is not suspended while an installment agreement is in effect.

(7) The Community Renewal Tax Relief Act of 2000, effective December 21, 2000, amended IRC 6331(k)(2) and eliminated the suspension of the CSED.

(8) The Job Creation and Workers Assistance Act of 2002, effective March 9, 2002 amended IRC 6331(k)(3) and reinstated the same CSED suspensions as described above during the time that a levy is prohibited for both pending offers and installment agreements, and terminated installment agreements. This amendment suspends the CSED for the number of days on or after March 9 that an installment agreement is pending, during the 30 days to appeal the rejection, during a timely-filed appeal of the rejection, during the 30 days to appeal the termination, or during a timely-filed appeal of the termination.

**Example:** An installment agreement is terminated on March 4, 2002. March 4, 5, 6, 7, and 8 would not be suspended. The 30-day period for appealing the termination starts on March 5 and ends on April 3. Of that 30-day period, the collection statute would be suspended starting on March 9 through and including April 3. If the taxpayer requests an appeal on or before April 3, then the collection statute will be suspended until Appeals sends the taxpayer a letter giving its decision.

**Note:** An installment agreement is deemed terminated on the 60th day after the date of the CP 523 or Letter 2975, unless the taxpayer requests a CAP hearing challenging the proposed termination during the 30 days after the date of the notice.

**Note:** If a request for CSED extension in connection with a request for an installment agreement was made on or after December 31, 1999, and before December 21, 2000, or on or after March 9, 2002, the collection statute is extended concurrently under both section 6502(a)(2) and section 6331(k)(1) and (3). For CSED extensions given on or after December 21, 2000, and before March 9, 2002, only section 6502(a)(2) suspends the statute of limitations. For more information see IRC 6159(a), IRC 6331(k), and IRC 6502(a).

#### 5.1.19.3.5.1 (12-18-2023)

#### Transaction Codes for Installment Agreements

- (1) A TC 971 AC 043 suspends the CSED while an installment agreement (IA) is pending.
- (2) A TC 972 AC 043 (pending IA reversal) and a TC 971 AC 063 (established IA) stops the CSED suspension.
- (3) A TC 971 AC 163 extends the CSED for 30 days if the TC 971 AC 163 is input due to a terminated IA.

**Note:** Check for any unreversed pending IAs for assigned accounts (a TC 971 AC 043 not followed by a TC 972 AC 043 or a TC 971 AC 063). Verify if the pending IA is a processable request and resolve the request. See IRM

5.14.1.3.1, *Cases Received From ACS or Campuses*, IRM 5.14.1.3, *Identifying Pending, Approved, and Rejected Installment Proposals on IDRS*, and IRM 5.14.1-1, *Input of Transaction Code 971 Action Codes 043 and 063 for Pending and Active Installment Agreements*, for additional information.

5.1.19.3.6  
(04-26-2018)

**Relief From Joint And  
Several Liability On  
Joint Returns/Innocent  
Spouse**

- (1) Unless collection will be jeopardized by delay, collection by levy or proceeding in court against a requesting spouse is suspended if they make a qualifying request under IRC 6015(b) or IRC 6015(c). Collection against a requesting spouse is suspended if they make a qualifying request under IRC 6015(f) and the liability arose on or after December 20, 2006, or arose prior to December 20, 2006 and remained unpaid as of that date. For more information see IRM 25.15.1.8, *Statute of Limitations on Collection*.
- (2) The collection period is suspended from the filing of the claim until the earlier of the date a waiver is filed, or until the expiration of the 90-day period for petitioning the Tax Court, or if a Tax Court petition is filed, when the Tax Court decision becomes final, plus, in each instance, 60 days.
- (3) If a request for relief is made in response to collection due process procedures, collection activity is suspended and the collection period provided for by IRC 6330(e) for the period during which any administrative hearings, and appeals therein, regarding the levy are pending. The rules for suspension under IRC 6330 differ from IRC 6015. In general, the latest suspension of collection and the collection period should control, which may require analyzing the suspension under both IRC 6015 and IRC 6330 where relief from joint and several liability is requested as part of an IRC 6330 hearing.
- (4) If the requesting spouse signs a waiver of the restrictions on collection, the suspension of the period of limitations on collection against the requesting spouse will terminate 60 days after the waiver is filed with the IRS, limiting the CSED extension to the period from when the claim was filed to the time the waiver was signed, plus 60 days.
- (5) A request for reconsideration is not a qualifying request for relief for purposes of 26 CFR 1.6015-1(h)(5), and does not trigger the restrictions on collection pursuant to IRC 6015(e)(1)(B) or the suspension of the collection period of limitation under IRC 6015(e)(2).

5.1.19.3.6.1  
(12-18-2023)

**Transaction Codes for  
Innocent Spouse**

- (1) The TC 971 AC 065 will track the possible suspension of the CSED. See IRM 25.15.2.4.2, *Innocent Spouse Indicator Transaction Code (TC) 971/972* for additional information.
- (2) For a non-mirrored module, the CSED must be determined for each spouse separately. See IRM 25.15.8.6.2.1, *Non-Mirrored Modules* and IRM 5.1.19.6, *Collection Statute Review* for additional information.

5.1.19.3.7  
(04-26-2018)

**Taxpayer Living Outside  
the U.S.**

- (1) The period of limitations on collection after assessment is suspended while the taxpayer is outside the United States if the absence is for a continuous period of at least six months per IRC 6503(c) .
- (2) To make certain that the Government has an opportunity to collect the tax after the taxpayer's return, the period does not expire (where the taxpayer has been out of the country for six months or more) before a minimum of six months after the taxpayer's return to the country. As the application of this provision

can result in the CSED being suspended for a very long time, policies for the administration of this code section are now established.

5.1.19.3.7.1  
(05-19-2016)

**Policies For Adjusting  
the CSED When Internal  
Revenue Code (IRC)  
6503(c) Applies**

- (1) These instructions are designed to promote procedural consistency in working International cases and to make statute suspension procedures, applying to Domestic and International taxpayers, more comparable. They apply to taxpayers who are presently abroad as well as to taxpayers who are currently in the U.S., but who were abroad for at least six consecutive months after the tax assessment date.
- (2) The period that the CSED is recalculated and updated will be more limited with respect to taxpayers who have cooperated with IRS to resolve their liabilities or with whom we have maximized the IRS's ability to collect.
- (3) A taxpayer will be considered "cooperative" if the IRS determined that the taxpayer has fully responded to the IRS and has provided full information to the IRS with respect to collection of the assessment. In such instances, the case may be resolved by a taxpayer entering into a formal installment agreement or a valid offer in compromise or with the case being closed as currently not collectible (CNC) for hardship reasons with closing codes 24 through 32.
- (4) This policy does not apply to international taxpayers who have not resolved their liabilities and who are not cooperative. In those situations, where a taxpayer has been uncooperative or has not resolved the liability, the CSED will be recalculated and updated for the maximum amount of time allowed by IRC 6503(c) if the IRS determines that there is significant collection potential.
  - a. With respect to taxpayers who are currently outside the United States, and who have systemically loaded or manually monitored installment agreements or periodic payment offers in compromise or periodic payment offers in compromise, for which the payment schedule is up to 24 months, the maximum length of CSED recalculation is 16 years from the date of assessment.
  - b. Continuous levies for taxpayers with international addresses will be recalculated and updated for however many years the IRC 6503(c) provision allows if the taxpayers involved have not cooperated with IRS to resolve their liabilities.
  - c. For taxpayers with significant collection potential that have been out of the United States for a lengthy period of time, recalculate the CSED as necessary for the time anticipated to collect the liability up to the maximum time allowed under IRC 6503(c). Assets located outside the United States can count as significant collection potential. Although assets located outside the jurisdiction of the United States cannot usually be levied or seized, other collection tools may be available to reach them. See IRM 5.21.3, *Collection Tools for International Cases*.

**Example:** Assets located in a country with which the U.S. has a mutual collection agreement may be seized or levied by the mutual collection country.
  - d. International taxpayers who are being reported as CNC with closing codes 03 (unable to locate), 06 (international), or 12 (unable to contact), may be subject to ongoing recalculations and updates. Again, a determination of significant collection potential should be made when determining how long the collection statute should be recalculated.

- e. The collection statute should not be recalculated and updated for international taxpayers who have been reported as CNC for hardship reasons (closing codes 24 through 32), except in rare instances where a mandatory follow-up date was set to determine if an asset had matured for collection potential.

5.1.19.3.7.2  
(06-04-2009)

**Reasons For  
Recalculating the CSED  
For IRC 6503(c)**

- (1) Reasons can be based on the following criterion (applied to the extent that the policies above allow):
  - a. A Form 433A that the taxpayer or power of attorney has signed stating the dates of residence outside the United States and Commonwealth Territories.
  - b. Any other written information from the taxpayer or power of attorney stating the taxpayer was outside the United States and Commonwealth Territories.
  - c. Oral statements by the taxpayer or power of attorney stating the dates the taxpayer was outside the United States and Commonwealth Territories so long as this information is clearly documented in the case history.
  - d. Tax returns consistently filed since the year of tax assessment with a foreign address (with recalculation and update of the CSED up to the date the taxpayer signed the return).
  - e. When you are not able to use one of the methods above to determine and verify the period the CSED is to be suspended, check data sources such as Accurant, credit report, IRP, third party testimony, etc., to determine whether a taxpayer has been outside the United States for a long period of time. Such sources may be used in later taxpayer or POA discussions to confirm the dates of foreign travel/residence; however, do not rely solely on these sources to justify updating the CSED.
- (2) If you are ultimately unable to communicate with the taxpayer or POA, you may be able to confirm that the taxpayer has been outside the United States with a government-based travel or residency source of information such as TECS Historical Travel Records, see IRM 5.1.18.13.8, *TECS Historical Travel Information* or Department of State records of registration with a U.S. Consulate in a foreign country. When a case has significant collection potential and the preponderance of information assembled at that point indicates being outside the U.S. for the time period in question, you can update the statute for that period.

5.1.19.3.7.3  
(07-19-2012)

**CSED Suspension for  
Partnerships with  
Addresses Outside the  
U.S.**

- (1) Per IRC 6503(c) the running of the collection statute is suspended for the period during which a taxpayer is outside the United States for a continuous period of at least six months. Per IRC 7701(a)(1) and (a)(14), the term "taxpayer" includes partnerships.
- (2) For partnerships with an address outside the U.S. see the If/Then table below:

If	Then
there is no other evidence that a taxpayer was in the U.S. during a continuous period of at least six months	the taxpayer's use of an address outside the U.S. for that time is sufficient to establish they were outside the U.S. for such time.

If	Then
a partnership has an address outside the U.S.	the CSED for partnership balance due accounts is suspended until the partnership returns to the U.S.

- (3) Determining that a taxpayer is outside the U.S., has remained in the U.S., or has returned to the U.S., may be more difficult for a partnership than an individual. Consult with Counsel to be sure you have sufficient evidence before recalculating a partnership's CSED.
- (4) Be prepared to discuss with Counsel the following:
- Does the partnership own property within the U.S.?
  - Was the partnership formed or registered within a state?
  - Does the partnership have a resident agent?
  - Does the managing partner (general partner) reside in the U.S.?
  - Do the majority of partners reside in the U.S.?
  - Does the partnership earn a substantial amount of its income from activities within the U.S.?

**Note:** It may not be beneficial to recalculate a partnership's CSED if there is no collection potential.

- (5) Only the **partnership** outside the U.S. has the CSED suspended under IRC 6503(c).

If	And	Then
the partnership has an address outside the U.S.	one or more of the partners are in the U.S.	the CSED for the partnership taxes is still suspended under IRC 6503(c).
the partners owe individual taxes	the partners live in the U.S.	the CSED for the partner's individual taxes is <b>not</b> suspended under IRC 6503(c)

5.1.19.3.7.4  
(12-18-2023)  
**Procedures For  
Adjusting the CSED for  
International Taxpayers  
(IRC 6503)**

- Use Form 8620, *Statute Recalculation* to request CSED updates based on the criteria established above. Because IRC 6503(c) automatically suspends the statute, there is no reason for the taxpayer to sign Form 8620.
- Send Forms 8620 via secured e-mail to Centralized Case Processing (CCP) at the campus address to which input requests are sent.

**Note:** Statute recalculations and updates for IRC 6503(c) must have managerial approval on Form 8620 or on ICS.

- (3) Form 8620 is not required for Balance Due modules active in ICS. IRC 6503(c) CSED updates can be made, with managerial approval, via ICS.
- (4) Document the case history with the following:
  - a. The sources checked to verify that the taxpayer resided outside of the United States, and
  - b. The steps followed to calculate the new CSED.

**Reminder:** Check for any other case actions that may have also suspended the CSED while the taxpayer was outside of the United States. Overlapping suspensions run concurrently; they are not cumulative. See IRM 5.1.19.3 (2), *Case Actions That Can Suspend And/Or Extend A CSED* for additional information.

5.1.19.3.8  
(04-26-2018)  
**Combat Zone or  
Contingency Operation**

- (1) Under IRC 7508 the deadlines for certain acts performed by either taxpayers and the IRS are postponed when the taxpayer serves in:
  - An area designated as a combat zone by the President of the United States by Executive order;
  - A contingency operation designated by the Department of Defense;
  - A qualified hazardous duty area as defined by Congress; or
  - Direct support of military operations, as certified by the Department of Defense, in a combat zone, contingency operation, or qualified hazardous duty area.

**Note:** Under IRC 7508(c) the deadlines for certain acts are also postponed for the spouse of a taxpayer who qualifies based on the service described above. However, under IRC 7508(g) the deadlines will not be postponed for the spouse of a taxpayer for whom postponement is available based on 'qualified hospitalization' if the taxpayer is hospitalized inside the United States.

- (2) The acts specified in IRC 7508 include:
  - Paying Income tax, Estate, Gift, Employment or Excise Tax, and
  - Collecting any tax.

**Note:** Rev. Proc. 2018-58, or its successor, expands the list provided in the statute.

- (3) A deadline is postponed while the taxpayer serves in the area or operation and for any period of continuous qualified hospitalization from such service (limited to 5 years of hospitalization in the United States), plus 180 days after the last day of service in the area of operation or period of hospitalization. The deadline is also extended by the number of days of the filing season (i.e. the period from January 1 to April 15) that the taxpayer was in a combat zone, up to 105 days (106 in a leap year). See IRM 5.1.7.10, *Accounts of Taxpayers Who Serve in a Combat Zone*.

**Exception:** Under IRC 7508(e)(1), section 7508(a) does not postpone bankruptcy or receivership proceedings, jeopardy assessments, jeopardy levies, or the IRC 7429 proceedings that may follow these IRS jeopardy determinations, or Tax Court proceedings under IRC 6901 involving a transferee of the taxpayer (or spouse) who is serving in the combat zone or contingency operation.

- (4) The CSED is suspended from the entry date to the exit date plus 180 days. No additional dates are added to the CSED suspension for time served during a filing season.

**Exception:** Per IRC 7508(e)(3) the collection statutory period is not extended (even if a deadline is postponed) during any period of continuous qualified hospitalization as a result of injury received while serving in the combat zone or contingency operation and the following 180 days. It is not clear that the Tax Court proceeding after a jeopardy assessment is postponed under IRC 7508.

- (5) The combat zone or contingency operation freeze code suspends the CSED and can be set in two ways:
- Processing of a tax return where the taxpayer has written “Serving in Desert Storm/Shield, Bosnia, former Yugoslavia, Allied Force, Afghanistan, Enduring Freedom, or the Sinai Peninsula.”
  - Manual input of Transaction Code 500 with Closing Code 52 for the Desert Storm Combat Zone, Closing Code 54 for Bosnia/Former Yugoslavia or Allied Force, Closing Code 56 for Afghanistan or Iraq/Enduring Freedom, or closing code 58 for Combat Zone Hospitalization. For more information see IRM 5.1.7.10.3, *Combat Zone Freeze Codes*.
- (6) Once a taxpayer has been in a Combat Zone the “-C” freeze remains on the account for historical purposes, even with accurate entry and exit dates.
- (7) Research IMFOLI for the Combat Indicator on line 11.

If	Then
Combat indicator is “1”	the taxpayer is still serving in a combat zone and collecting or assessing tax is prohibited.
Combat indicator is “2”	the taxpayer is no longer a combat zone participant, proceed with the collection investigation.

**Exception:** There may be occasions when a taxpayer in an active combat zone either wishes to make a payment or wants to have a return assessed (for example to obtain EITC). Process the return or payment and advise the taxpayer that the collection and assessment statutes will continue to be suspended.

5.1.19.3.9  
(04-26-2018)  
**Military Deferment**

- (1) Under the Service Members Civil Relief Act of 2003 (cited as 50 USC. 4000) the collection of any income tax due from any person in the military service, whether falling due before or during military service, may be deferred up to 180 days if ability to pay the tax is materially affected because of that person’s military service. The CSED is suspended during the taxpayer’s military service and for an additional 270 days afterward.
- (2) A military deferment suspends the CSED. The Transaction Code 500 with Closing Code 51 identifies a military deferment. For more information see IRM 5.1.7.13.1, *Military Deferment Procedures*.

5.1.19.3.10  
(04-26-2018)

**Wrongful Levy (Seizure)**

- (1) A wrongful levy suspends the running of the period of limitation on collection pursuant to IRC 6503(f)(1). The collection statute is suspended for a period equal to the period from the date property is wrongfully seized or received to the date returned under IRC 6343(b) or the date on which a judgment under IRC 7426 becomes final, plus an additional 30 days. Definer code 08 is used with TC 550.
- (2) The suspension is only applicable to an amount equal to the amount of money or the value of the property returned. For more information see IRM 5.10.6.15, *Wrongful Seizure - Payment of Claims After Sale*.

5.1.19.3.11  
(04-26-2018)

**Wrongful Lien**

- (1) A wrongful lien suspends the running of the period of limitations on collection. Under IRC 6503(f)(2) the collection statute is suspended from the date any person becomes entitled to a certificate of discharge of lien under IRC 6325(b)(4) until the earlier of the earliest date on which the IRS no longer holds any amount as a deposit or bond under IRC 6325(b)(4) or the date on which a judgment under IRC 7426(b)(5) concerning the amount deposited or used as bond, becomes final. Definer code 08 is used with TC 550.
- (2) Where the period of limitations is suspended under this provision, it is suspended only for the value of the interest of the United States in the property plus interest, penalties, additions to tax, and additional amounts attributable. For more information, see IRM 5.12.10.3.5.5, *Suspension of the Running of the Statute*.

5.1.19.3.12  
(12-18-2023)

**Estate Taxes**

- (1) Taxes assessed on Form 706, *U.S. Estate (and Generation-Skipping Transfer) Tax Return*, are allowed various special elections under the Internal Revenue Code that allow for deferral of payment of estate taxes due. Under IRC 6503(d) the CSED is suspended for the period of any extension of time for payment that is granted under IRC 6161, IRC 6163, or IRC 6166.. See also IRM 5.5.7.6, *Estate Tax Collection Statute Expiration Date (CSED)*.
- (2) The two code sections commonly used to defer payment of estate tax due are sections, IRC 6166 and IRC 6161. Estates must meet specifications outlined in the Code in order to qualify for these payment deferrals.
- (3) IRC 6166 generally allows for a five-year deferral and thereafter annual installment payments over a 10-year period. TC 488 is input on IDRS to identify accounts that may have been granted a payment deferral under IRC 6166. Generally the CSED is extended for the period of time between the tax assessment date and TC 489 date, which reflects reversal of the allowance of this special election. IRM 5.5.7.6.2, *CSED - IRC 6166 Deferred Tax*, provides additional information on collection of estate tax accounts and the CSED. Also, IRM 5.5.7.6.2.1, *CSED - All Tax Deferred Under IRC 6166* and IRM 5.5.7.6.2.2, *Multiple CSEDs - Tax Deferred Under IRC 6166 and Tax Non-Deferred* provides additional information on how to determine the CSED on IRC 6166 accounts.
- (4) IRC 6161 allows an extension to pay estate taxes for up to 12 month increments for a maximum of 10 years for taxes reported on the return and a maximum of four years for amounts determined as a deficiency. TC 468 is input on IDRS to identify accounts that may have been granted additional time to pay estate taxes due under IRC 6161. Generally the CSED is suspended from the date of the assessment of the tax to the extended payment date as shown on IDRS TC 468 next to "EXT - DT>". IRM 5.5.7.6.1, *CSED - IRC 6161*

*Extension of Time to Pay Requests*, provides additional information on IRC 6161 accounts and the CSED. Also, IRM 5.5.7.6.1.1, *CSED - Initial IRC 6161 Extension of Time to Pay Requests*, IRM 5.5.7.6.1.2, *CSED - Subsequent IRC 6161 Extension of Time to Pay Requests*, and IRM 5.5.7.6.1.3, *CSED - Denial of IRC 6161 Extension of Time to Pay Requests* provides additional information on how to determine the CSED on IRC 6166 accounts.

- (5) An extension to pay under IRC 6161 may be requested on annual installment payments deferred under IRC 6166. Both the IRC 6166 election and the IRC 6161 election suspend the collection statute. When more than one action suspends the running of the collection statute, and the suspensions overlap, the collection statute is suspended only once. See IRM 5.1.19.3 , *Case Actions That Can Suspend And/Or Extend A CSED* and IRM 5.5.7.6.2, *CSED - IRC 6166 Deferred Tax* for additional information.
- (6) CSEDs should always be checked when working estate tax accounts. The Advisory Estate Tax Lien Group can provide assistance with proper calculation of the CSED related to IRC 6161, 6163, and 6166.
- (7) The tax liens under IRC 6324(a) and IRC 6324(b) expire exactly 10 years from the decedent's death or the date of the gift, respectively, whether or not any action for the collection of such tax has been commenced or the CSED under IRC 6502 remains open.

5.1.19.3.13  
(12-18-2023)  
**Taxpayer Assistance  
Order (TAO)**

- (1) IRC 7811(d) and the accompanying regulations provide that if a taxpayer submits a Form 911, *Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order)*, the statute of limitations on collection and/or assessment will be suspended beginning on the Taxpayer Advocate Received Date and ending on the TAS decision date. See IRM 13.1.14 , *Suspension of the Statutes of Limitation Under IRC 7811(d)*.
- (2) Due to systemic programming limitations, the Commissioner decided in November 2003, that Taxpayer Advocate Service (TAS) does not have to input the appropriate IDRS codes to reflect the suspension of the statute of limitations under IRC 7811(d). The program limitations are still in effect. Therefore, IDRS codes are not input to show the correct suspension periods for IRC 7811(d) at this time. See IRM 13.1.14.2, *No Implementation of IRC 7811(d) Statute Suspension* .

5.1.19.3.14  
(04-26-2018)  
**Enforcement Of The  
Two-Tier Tax Scheme**

- (1) Under IRC 4961(c) the collection statute of limitations to collect second-tier taxes is suspended while levy and proceeding in court are prohibited to collect second-tier taxes. Levy and proceeding in court are prohibited if within 90 days after the second-tier tax is assessed the first tier tax is paid in full, a claim for refund is filed and denied, and a suit for refund is filed within 90 days after the refund claim is denied. See Pub 5616, section II E, *Enforcement of the Two-Tier Tax Scheme*. The prohibition lasts during the timely filed action until a judgment becomes final and during a later supplemental proceeding under section 4961(b) (after the refund suit judgment becomes final) until the determination therein becomes final. If an action is not filed within 90 days after the refund claim is denied, levy and proceeding in court are prohibited until the end of the 90-day period. Levy and proceeding in court are prohibited from the assessment of the second-tier tax until the end of the 90-day period if the first-tier tax is not paid in full or a refund claim filed within the 90-day period.

5.1.19.3.15  
(01-01-2006)  
**Substitute for Return**

- (1) When a taxpayer fails to file a timely income tax return or files a false or fraudulent return, the IRS may execute a return under the authority of the IRC 6020(b) and make an assessment pursuant to deficiency procedures. If the taxpayer fails to respond to the notice of deficiency, the IRS makes a deficiency assessment. The IRS may also make a deficiency assessment if the deficiency is upheld by the Tax Court. Upon that assessment, the 10-year period of limitations on collection begins per IRC 6502(a)(1).
- (2) If the taxpayer later files their own "original" return showing a tax liability smaller than the assessed liability, and that return is accepted by the IRS as filed, the deficiency assessment should be abated to show the amount of tax reflected on the taxpayer's return. The original CSED date remains intact.
- (3) If the taxpayer's "original" return reflects more tax than that assessed from the notice of deficiency based on IRC 6020(b) return, then an additional assessment is input for the increased amount. In this scenario, the original CSED remains intact and a second CSED will be systemically established based on the additional assessment.

5.1.19.3.16  
(12-18-2023)  
**CSED Wavier**

- (1) Prior to its amendment by the Restructuring and Reform Act of 1998 (RRA 98), IRC 6502(a) authorized the Secretary to accept waivers extending the statute of limitations on collection after assessment prior to the expiration of the collection period. The Code did not place any restrictions on the length of the extension, the number of times an extension could be granted or the circumstances under which an extension could be obtained. RRA 98 significantly revised the law regarding CSED waivers. Extensions in effect on December 31, 1999, as well as requests for extensions made on or before December 31, 1999, that resulted in extension being in effect, are subject to the following:

If	Then
The waiver was secured "in connection with" the granting of an installment agreement.	The period for collection expires 90 days after the date specified in the waiver.
The waiver was not obtained at the same time as an installment agreement.	The period for collection expires not later than December 31, 2002, or the end of the original collection statute, whichever is later.

- (2) On or after January 1, 2000, waivers of the collection period must be in writing and are secured only when the extension is agreed to:
  - a. At the same time a partial payment installment agreement is made, when appropriate (see IRM 5.14.2.2.3, *Waiver Procedures for Partial Payment Installment Agreements*).
  - b. Prior to a release of levy under IRC 6343 that occurs after the expiration of the statutory Ten-Year period for collection.
  - c. The collection statute of limitations is suspended for the period agreed to in writing. If the extension (waiver) is in connection with a partial payment installment agreement, then the suspension lasts for an additional 90 days after the period agreed to in writing.

5.1.19.4  
(11-22-2013)  
**CSED Payment  
Application**

- (1) Apply payments to the balance due module with the most imminent CSED first. This includes proceeds from seizures, levies, installment agreements and other undesignated voluntary payments.

**Reminder:** The CSED reflected on IDRS or ICS may not be correct due to simultaneous actions suspending or extending the CSED.

**Reminder:** A module for a later period may have a more imminent CSED than the CSED for earlier periods. Apply the payment to the period with the *earliest CSED* on an assessed liability.

- (2) Do not solicit voluntary payments on accounts barred by statute. If a taxpayer makes a payment on an account barred by statute, inform them that the payment is not required and ask if they wish to make the payment or have it returned to them. The taxpayer must be advised that the payment is purely voluntary and will be treated as a gift to the U.S. Treasury. If the taxpayer's intentions cannot be ascertained, return the payment to the taxpayer.
- (3) Proceeds from the sale of assets seized prior to the expiration of the statute can be applied after the date of expiration. The affected modules require that TC 520 CC 80 be input. Any outstanding balance will be closed using TC 530 cc 05 after the application of sale proceeds and after the statute expires.
- (4) Proceeds received as a result of a levy that was served prior to the CSED may be applied to the expired module(s).

**Note:** In some instances penalties may have a different CSED apart from any other assessment on the module.

5.1.19.5  
(04-26-2018)  
**Imminent CSEDs**

- (1) An imminent CSED is any CSED with 12 months or less remaining on the collection statute.
- (2) When a case/module is received with a short CSED (less than six months remaining on the CSED) which has been erroneously assigned, it may be appropriate to request shelving of the short CSED module(s). Consult with your group manager.

**Note:** Managers should see IRM 1.4.50.9.1.1, *Shelving Erroneously Assigned Cases/Modules*.

- (3) With situation specific guidance from Headquarters, managers may close imminent statute cases or modules *issued* to their hold files with less than six months on the CSED by routing certain cases or modules to an ICS/Entity Quality Analyst (IQA) for CNC closing. This temporary limited use of the Transaction Code 530 with Closing Code 39, requires Headquarters guidance. When such guidance is issued, it will list the case criteria and specific actions required and will be referred to in the ICS case history by the group manager. An erroneously assigned case is one that is delivered inadvertently. A case is not considered erroneously assigned solely because it was delivered to the Group Designation Hold File with less than six months on the CSED on one or more modules.

**Example:** Imminent CSED modules intended for an ACS project are inadvertently routed to GM hold files.

**Example:** A system conversion leads to the erroneous assignment of imminent CSED cases to GM hold files.

**Example:** Programming errors result in the assignment of low risk imminent CSED cases to GM hold files.

**Note:** A case/module is not considered erroneously assigned because the case bypasses both ACS and the queue and are assigned directly to ICS. See IRM 5.1.20.3.1, *Cases that Bypass ACS and the Queue that go Directly to ICS*.

**Note:** A case/module is not considered erroneously assigned when a case is transferred from ACS where the taxpayer needs contact. These cases bear Priority 100, and Sub Code 601, 602, 603, or 604.

- (4) Field Collection managers and employees are responsible for verifying that imminent CSEDs are correct.
- (5) Failure to properly identify and appropriately work imminent CSED accounts can result in an unnecessary loss of revenue to the government.
- (6) Field Collection employees must work imminent CSEDs timely as priority cases.

5.1.19.5.1  
(02-15-2005)  
**Monitoring Imminent CSEDs**

- (1) You are responsible for monitoring any imminent CSEDs in cases assigned to you. Some of the various ways to do this are:
  - ENTITY queries
  - ICS generated reports
  - ICS Case Summary screens display the earliest CSED for the case
  - ICS generates notifications at pre-set intervals prior to CSED expirations, starting one year prior to expiration

5.1.19.5.2  
(12-18-2023)  
**Working Imminent CSEDs**

- (1) When working imminent CSEDs it is recommended the imminent CSED be verified to prevent enforced collection after it has expired. Verification includes reviewing the tax module for suspending event irregularities that potentially create an inaccurate CSED, and may require a manual computation to correct. Refer to IRM 5.1.19.6, *Collection Statute Review*. If verification and/or manual computation concludes the CSED has already expired, request the input of TC 534 to write-off the expired balance. Select ICS template Form 3870- Other Assessment Request to CCP (Philadelphia). Refer to IRM 5.1.19.5.4.1, *Expiration of the Collection Statute for Fewer Than All Assessments*, and IRM 5.16.1.2.2.3, *Master File Partial Statute Expiration*.
- (2) Newly received imminent CSED accounts should receive taxpayer contact as soon as possible.
- (3) Timely follow-ups should be made and there should be no lapses in case activity.
- (4) Imminent CSED accounts sometimes include modules that do not have imminent CSEDs. It is important that all modules are worked appropriately. However, low dollar imminent CSED accounts should not receive undue or excessive attention simply because the collection statute is imminent.

- (5) Cases should not be closed with an inappropriate CNC closing code merely because an imminent CSED is about to expire on one or more modules. If an investigation has been completed prior to the expiration that shows the account to be truly uncollectible, based on the facts of the case, all modules should be reported as such under the appropriate CNC closing code as directed in IRM 5.16.1, *Currently Not Collectible*.

5.1.19.5.3  
(02-07-2020)  
**Documenting Imminent CSEDs**

- (1) Upon receipt of an imminent CSED module, or when CSED(s) become imminent, discuss with your group manager the imminent CSED(s) during the first Collection Consultation (CC) following receipt. Discuss and agree on the most appropriate plan of action based on the facts of the case.
- (2) The group manager will document the initial plan of action in the case history during the CC. In subsequent CCs or as facts warrant, the RO will keep the group manager advised of the progress of all imminent CSED modules.
- (3) If a case is received with 120 days or less left on the CSED, without delay make an immediate appointment with your group manager. The RO and manager will discuss the case as an ad hoc CC, and the GM will document the initial plan of action in the case history during the ad hoc CC.

5.1.19.5.4  
(02-15-2005)  
**Expiration Of A Collection Statute**

- (1) If all appropriate case actions have been taken without resolving the imminent CSED module prior to expiration, it may be permissible to let the collection statute expire in inventory with the group manager's prior concurrence.
- (2) Document the case history with a summarizing statement that contains the specific MFT, Tax Period, Amount, CSED and facts to support the decision **prior to statute expiration**.
- (3) The group manager will review the summary and case history. If the group manager does not concur, the group manager and revenue officer will discuss and document a new plan of action.

5.1.19.5.4.1  
(05-19-2016)  
**Expiration of the Collection Statute for Fewer Than All Assessments**

- (1) When the CSED has expired for an assessment but not all assessments, within the same module, request input of TC 534, Expired Balance Write-off, for the assessed amount(s) related to the expired CSED. Select the ICS template Form 3870- Other Assessment Request to CCP (Philadelphia). The module will adjust for the expired assessment resulting in an accurate balance due computation. See also IRM 5.16.1.2.2.3, *Master File Partial Statute Expiration*.

5.1.19.5.5  
(11-22-2013)  
**Collection Statutes That Expire Without Prior Approval**

- (1) If a collection statute expired without the group manager's prior concurrence or due to inappropriate case actions, enter a statement in the case history addressing the reasons why the statute expired. The statement should include any unusual or mitigating circumstances.
- (2) The group manager will review the summary, case history, and any other relevant information to determine if further administrative action is warranted, and whether disciplinary action is appropriate. The group manager will prepare a memo to the territory manager detailing why the CSED expired, why further administrative action is or is not warranted, and to include discipline if appropriate.

- (3) The territory manager will review the memo and determine if it should be forwarded to the area director for recommended potential disciplinary action.
- (4) If the collection statute expires on a Bal Due, non-field other investigation (NFOI), or any other open module in the control of another function, e.g., Area Counsel, Appeals, etc., then advise the manager and document the circumstances of the expiration in the case history.

5.1.19.5.6  
(11-22-2013)  
**Removing Expired  
Statute Modules From  
Inventory**

- (1) Statute expiration will normally generate a TC 608 credit to zero out a module within several cycles; therefore, it is not necessary to prepare a Form 53 to report an expired CSED account in most instances.

**Note:** The TC 608 can post up to two cycles prior to the actual statute expiration date.

- (2) In some instances, such as non-master file and filing a suit, it will be necessary to prepare a Form 53 using closing codes 04 or 05. For more information see IRM 5.16.1.2.2, *Statute Expiration*.

5.1.19.6  
(12-18-2023)  
**Collection Statute  
Review**

- (1) Be aware of CSEDs on accounts you are responsible for and take appropriate case actions to protect the CSED.
- (2) Ensuring an accurate CSED is important for collecting the correct amount due and observing taxpayer rights.
- (3) The CSED reflected on ICS and IDRS may not always be correct. See IRM 5.19.10.4.4.1, *CSED Considerations* for examples of CSED conditions that may cause an incorrect CSED reflected on ICS and IDRS.

**Note:** There is an exception to the ten-year CSED where restitution is ordered solely as a condition of the taxpayer's probation or supervised release. The IRS can only administratively collect an amount of restitution ordered solely as a condition of either probation or supervised release during the actual period of either probation or supervised release, regardless of the general 10-year collection period. Field Collection employees are to contact the assigned advisor for guidance on these RBA cases with limited periods of enforceability issues. See IRM 5.1.5.18, *Collection Actions on Cases with Restitution-Based Assessments (RBA)*, for guidance.

- (4) The CSED calculator may be used to assist with calculating the CSED. See <https://irs.gov.sharepoint.com/sites/ETD-KMT-KB065/SitePages/Special%20Circumstances/CSEDs/CSEDCalculatorCCalc.aspx> for additional information.
- (5) Document the case history with how you manually calculated the CSED which should include the CSED suspending events, days suspended/extended, with your conclusion prior to submitting the update to the group manager for approval. The group manager should be able to easily follow the calculation while they review the CSED computation for accuracy and approval of the updated CSED.

**Reminder:** Overlapping suspensions run concurrently; they are not cumulative. See IRM 5.1.19.3 (2), *Case Actions That Can Suspend And/Or Extend A CSED* for additional information.

- (6) ICS can be used to update the ICS and IDRS CSED. If unable to update the CSED using ICS, Form 8620, *Statute Recalculation* may be used.
- (7) Revenue officers who need assistance with correcting an expired or incorrect CSED should contact their local area campus liaison. See [https://irs.gov.sharepoint.com/sites/ETD-KMT-KB109/SitePages/Campus%20Liaison%20Topics/Campus%20Liaison%20Team%20\(CLT\)%20Contacts/Area-Campus-Liaison-Team-2.aspx](https://irs.gov.sharepoint.com/sites/ETD-KMT-KB109/SitePages/Campus%20Liaison%20Topics/Campus%20Liaison%20Team%20(CLT)%20Contacts/Area-Campus-Liaison-Team-2.aspx).
- (8) Determine if the CSED reflected on IDRS is for an assessment that is satisfied but there is later additional assessment(s) on the tax module. If so, this is not an erroneous CSED
  - Do not request TC 550 to change the IDRS CSED to the date for a later unsatisfied assessment.
  - Do update the ICS CSED to the current CSED for a later unsatisfied assessment.

