



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.11.5

DECEMBER 22, 2020

EFFECTIVE DATE

(12-22-2020)

PURPOSE

- (1) This transmits revised IRM 5.11.5, Notice of Levy, Levy on Wages, Salary, and Other Income.

MATERIAL CHANGES

- (1) IRM 5.11.5.1 is corrected- policy statements that have been moved to IRM 1.2.1.
- (2) IRM 5.11.5.1.7(4) is corrected- IRM reference to IRM 1.2.1.
- (3) IRM 5.11.5.3(3) is added to instruct on serving F668-W to real estate brokerages on commissions.
- (4) IRM 5.11.5.4(2)(b) is revised to change "Exempt amount" to reflect the title of code section IRC 6334(d)(2).
- (5) IRM 5.11.5.4.1 is revised to reference Notice 1439.
- (6) IRM 5.11.5.5(1) is revised to clarify applying levy payments.
- (7) IRM 5.11.5.6 is revised to clarify a continuous levy should not be used in place of an installment agreement.
- (8) IRM 5.11.5.6.1(1) is revised to add table detailing review required by group manager before approving the continuous levy.
- (9) IRM 5.11.5.6.1(2) is added to move statement that managerial approval on ICS is sufficient.
- (10) IRM 5.11.5.6.1(8) is revised to note that Letter 5112 is auto generated by ICS after approval of the CTLV.
- (11) IRM Exhibit 5.11.5-1 is revised to add additional acronyms.
- (12) Editorial changes were made throughout this IRM to update website addresses, legal references, and IRM references.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 5.11.5 dated June 13, 2018.

AUDIENCE

SB/SE Collection Field function revenue officers and tax examining technicians in SB/SE Collections
Centralized Case Processing

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5.11.5

Levy on Wages, Salary, and Other Income

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5.11.5.1
(12-22-2020)
Program Scope and Objectives

- (1) **Purpose:** This Internal Revenue Manual (IRM) section describes the process and procedures for serving notices of levy on a delinquent taxpayer's wages, salary, and other income. Refer to IRM 5.11.1.3.1, Pre-Levy Considerations, when determining whether to levy the taxpayer's wages. Specifically, this IRM section:
 - a. Discusses threats of loss of employment because of levy
 - b. Provides authority for continuing levy on salary and wages per IRC 6331(e)
 - c. Outlines procedures for determining an individual taxpayer's wages, salary, and other income, that are exempt from levy
 - d. Describes crediting levy payments to the taxpayers account
 - e. Establishes processing continuous levies for disposition
- (2) **Audience:** This IRM is designed for use by revenue officers and tax examining technicians and their managers.
- (3) **Policy Owner:** Director, Collection Policy. Collection Policy is an organization under Small Business/Sell-Employed Division (SBSE), Collection.
- (4) **Program Owner:** SBSE Collection Policy, Enforcement.
- (5) **Program Goals:** Enforcement is a necessary component of a voluntary assessment system, see IRM 1.2.1.6.1, Policy Statement 5-1. While we will actively assist taxpayers to comply, we will also take appropriate enforcement actions when warranted to resolve the delinquency. Levies are an important enforcement tool. By following the procedures in this IRM, revenue officers will be able to follow the unique requirements for levies on wages, salary, and other income which include payment for personal services in a work relationship.

5.11.5.1.1
(06-13-2018)
Background

- (1) Internal Revenue Code IRC 6331(e), Continuing levy on salary and wages provides a levy on salary or wages has continuous effect from the time the levy originally is made until the levy is released pursuant to IRC 6343. The term salary or wages includes compensation for services paid in the form of fees, commissions, bonuses, and similar items.
- (2) The Tax Cuts and Jobs Act of 2017 (TCJA) suspends the deduction for personal exemptions, and increases the basic standard deduction for individuals across all filing statuses, effective for taxable years beginning after December 31, 2017 and before January 1, 2026. The law added IRC 6334(d)(4), Years when personal exemption amount is zero.

5.11.5.1.2
(06-13-2018)
Authority

- (1) 15 USC 1674.
- (2) IRC 6330 - Notice and opportunity for hearing before levy.
- (3) IRC 6331 - Levy and distraint.
- (4) IRC 6334 - Property exempt from levy.
- (5) Treasury Regulations § 301.6331-1, Levy and distraint.
- (6) Treasury Regulations § 301.6334-2, Wages, salary, and other income.

5.11.5.1.3
(06-13-2018)
Responsibilities

- (7) IRM 1.2.1.6.6, Policy Statement 5-29, Levy on salary or wages—Generally limited to “take home” pay.
- (1) The Director, Collection Policy is responsible for all policies within the levy program.
- (2) The National Program Manager, Enforcement is responsible for development and delivery of policies within the levy program.
- (3) Managers of employees who issue levies are responsible for ensuring these procedures are followed and employee actions are timely and accurate.
- (4) Revenue officers and collection advisors are responsible for following the procedures in this IRM.

5.11.5.1.4
(06-13-2018)
Program Management and Review

- (1) Integrated Collection System (ICS) is used by field revenue officers as a method for generating levy documents that are issued to third party levy sources.
- (2) The Collection Activity Reports (CAR) report number 5000–24 records the total number of levies issued. Total Levies are the sum of Field, SB/SE ACS and W & I ACS (monthly and cumulative). The data sources are the ACS Customer Service Activity Reports (CSAR) - Monthly Support Site Report (ACS Levies) and ICS (Field Levies). See IRM 5.2.4.11, Levy and Seizure Report (Report Symbol NO-5000-24). The IRS has determined that levy data may be made available as national statistics, provided that such data will never be used to evaluate any employee or to suggest or impose production quotas or goals. See IRM 1.5.2, Managing Statistics in a Balanced Measurement System, Uses of Section 1204 Statistics.
- (3) Levy program numbers are published yearly in the IRS Data Book, Enforcement: Collections, Penalties & Criminal Investigation, in Table 16 at <https://www.irs.gov/uac/enforcement-collections-penalties-criminal-investigation>.
- (4) Targeted program reviews are periodically performed by Collection Policy to determine whether IRM guidance requires clarification or revision.
- (5) Management will ensure program effectiveness through managers' case reviews, operational reviews conducted by the territory, Area, and Field Collection Director, and NQRS reviews.

5.11.5.1.5
(06-13-2018)
Program Controls

- (1) National Quality Review System (NQRS), Attribute 416, Appropriate Enforcement Tools, Attribute 417, Managerial Approvals for Enforcement and 607, Taxpayer Rights provide independent collection review information from which management may draw inferences regarding overall case quality for this attribute. See IRM 5.13.1, Embedded Quality Administrative Guidelines.
- (2) Embedded Quality Review System (EQRS), Collection managers use EQRS Attribute 416, Appropriate Enforcement Tools, and Attribute 607, Taxpayer Rights to complete all case reviews for revenue officers.
- (3) Levy on salary or wages—Generally limited to “take home” pay. See IRM 1.2.1.6.6, Policy Statement 5-29.

- (4) Programming safeguards are built into the ICS system to prevent a levy from being generated on a module where the required notices have not been issued. The ICS system also has controls to reflect the status of the levy, i.e, open, closed etc.
- (5) Centralized Case Processing (CCP) monitors certain continuous levies in the same way manually monitored installment agreements are monitored. See IRM 5.4.11.4.1, Monitoring Continuous Wage Levies.

5.11.5.1.6
(06-13-2018)
**Terms/Definitions/
Acronyms**

- (1) The following table defines terms associated with the field levy program:

Term	Definition
Automated levy	Automated levies are levies issued through the Automated Levy Programs. These levies are transmitted electronically. The proceeds are also received electronically.
Manual levy	A manual ICS levy is a paper levy that is manually prepared and issued by an RO.
Paper levy	Either a manual or systemic levy on Form 668-A, or Form 668-W, that is prepared and issued by an RO.
Systemic levy	ICS systemic levies are initiated by ROs resulting in levy preparation and issuance by the ICS system.

Note: ACS methods of levy issuances are discussed in IRM 5.19.4.3.10(1), Levy Types.

- (2) See Exhibit 5.11.5-1 for list of Acronyms.

5.11.5.1.7
(12-22-2020)
Related Resources

- (1) The ICS User Guide, Chapter 10 - Levy, details all the functions necessary to maintain levy sources, issue levies and final demands, and close or release levies. See <http://mysbse.web.irs.gov/collection/collsystems/ics/guides/userguide/default.aspx>
- (2) The National Levy Source Look-Up web page provides up-to-date levy source name and address information. See: <https://acsweb.enterprise.irs.gov/nlsweb/pages/nl08.xhtml>.
- (3) The MySB/SE, Enforcement web page provides access to various information and job aids related to the levy program. See: <http://mysbse.web.irs.gov/Collection/toolsprocesses/Enforcement/Levy/default.aspx>.
- (4) The Taxpayer Bill of Rights (TBOR) links to listing of those rights that already existed in the tax code, putting them in simple language and grouping them

into 10 broad categories. See: <https://www.irs.gov/taxpayer-bill-of-rights>. For additional information, see IRM 1.2.1.2.36, Policy Statement 1-236, Fairness and Integrity in Enforcement Selection.

- (5) Below are recommended resources, which can be used to address questions on levy guidance.

IRM	Title	Guidance On
IRM 5.11.1 through IRM 5.11.7	Notice of Levy	<ul style="list-style-type: none"> • Notice of Levy, Background, Pre-Levy Actions, Restrictions on Levy & Post-Levy Actions • Serving Levies, Releasing Levies and Returning Property • Jeopardy Levy without a Jeopardy Assessment • Bank Levies • Levy on Wages, Salary, and Other Income • Notice of Levy in Special Cases • Automated Levy Programs
IRM 5.17.3	Legal Reference Guide for Revenue Officers, Levy and Sale	This section discusses how the IRS administratively enforces the tax lien using its power to levy on and sell property of the taxpayer or property encumbered with a federal tax lien.

5.11.5.2
(01-01-2006)

Employer Threatens to Fire Taxpayer Because of a Levy

- (1) Sometimes an employer threatens to fire an employee to avoid handling a levy. This might be a violation of 15 USC 1674.
- (2) If the employer fires the taxpayer because of this, the employer might be fined not more than \$1000 or imprisoned for not more than one year, or both.

5.11.5.3
(12-22-2020)
**Continuous Effect of
Levy on Salary and
Wages**

- (3) Refer the taxpayer to the Wage and Hour Division of the Department of Labor (DOL). The DOL, not the IRS, must decide if the employer violated the law.

- (1) Unlike other levies, a levy on a taxpayer's wages and salary has a continuous effect. It attaches to future payments, until the levy is released. Wages and salary include fees, bonuses, commissions, and similar items. Except for levies on specified payments listed in IRC 6331(h) all other levies only attach to property and rights to property that exist when the levy is served. See IRM 5.17.3.10.20, Salary.

Example: If a bank account is levied, it only reaches money in the account when the levy is served. It does not reach money deposited later.

Example: Periodic payments made on a recurring basis to a partner as compensation for services rendered to the partnership will constitute "salary or wages" subject to a continuous levy.

- (2) When other income is levied, the levy reaches a payment the taxpayer has a fixed and determinable right to. If the taxpayer's right to that payment is not dependent upon the performance of future services, then the levy will reach the future payments as well. Also see IRM 5.11.6.2, Retirement Income.

Example: A Form 668-A is issued to levy an author's royalties. The author has a fixed and determinable right to royalties for books that have already been published. The levy reaches royalties for sales of those books in the future. The levy does not reach royalties for books that are written and published later. A new levy must be served to take those royalties.

Example: A Form 668-W is issued to levy a taxpayer's retirement income. The taxpayer has a fixed right to the future payments; therefore, the levy remains in effect until it is released.

- (3) Use Form 668-W when serving a levy on real estate brokerage to capture commissions of real estate agents. The Third Circuit held that a levy served on an insurance company was continuous in nature because the commissions paid to the salesman constituted "salary or wages." *United States v. Jefferson-Pilot Life Ins. Co.*, 49 F.3d 1020, 1022-23 (4th Cir. 1995) affirming 1994 WL 238996 (M.D. NC 1994);
- (4) Also, see IRM 5.11.6.13, Levy on Non-Liable Spouse in a Community Property State, and IRM 25.18.4.5, Levies Against a Non-Liable Spouse to Reach a Liable Spouse's Share of Community Property, for guidance when the wage levy on the non-liable spouse is not continuous.

5.11.5.4
(12-22-2020)
Exempt Amount

- (1) Part of the individual taxpayer's wages, salary, (including fees, bonuses, commissions and similar items) and other income, as well as retirement and benefit income, is exempt from levy.
- (2) Under IRC 6334(d), the weekly exempt amount is:
 - a. The total of the taxpayer's standard deduction and the amount determined on an income tax return for the year the levy is served.
 - b. Then, this total is divided by 52.

Note: Under the TCJA, IRC 6334(d)(2), Exempt Amount is not in effect for taxable years 2018 through 2025 because the “exemption amount” for any deduction for personal exemptions is zero for such taxable years pursuant to IRC 151 (d)(5). For these taxable years, the “exempt amount” for property exempt from levy is determined under IRC 6334(d)(4), Years when personal exemption amount is zero.”

Note: Amount determined. For purposes of subparagraph (2) above, the amount determined under this subparagraph is \$ 4,300 multiplied by the number of the taxpayer’s dependents for the taxable year in which the levy was served. This amount is adjusted for inflation starting the calendar year after 2018.

- (3) IRC 152 Dependent defined as a “qualifying child or qualifying relative.” Taxpayers cannot claim themselves as a dependents.

Example: For taxpayers filing married filing joint return with three qualifying children, their determined amount would be \$4,150 X 3 dependents.

- (4) Income that is not paid weekly is prorated, so the same amount is exempt.
- (5) In addition, the amount the taxpayer needs to pay court ordered child support entered prior to the levy is exempt.

Note: The support order can originate from a court or administrative process under the laws and procedures of a state, territory or possession.

Reminder: If support is allowed, the same child can not be claimed as a dependent for figuring the exempt amount. IRM 5.11.5.4(2) above.

If	Then
The taxpayer has already shown proof of the required child support payment	Write on the levy form, “Under section 6334 (a)(8) of the Internal Revenue Code, \$ _____ is exempt from this levy.”
The taxpayer shows proof of the child support after the levy is served	Release enough of the levy so the support can be paid.

- (6) The taxpayer is not entitled to the support exemption unless the support is being paid.
- Consider getting the taxpayer to have the child support payment withheld and sent directly to the person with custody.
 - Or, the taxpayer may make the child support payment through the Service, and the Service will forward the payment. When there is no open assignment, have the payments sent through Submission Processing. This may happen if the payments are being monitored in the campus.

5.11.5.4.1
(12-22-2020)
**Claiming the Exempt
Amount**

- (1) The Notice of Levy on Wages, Salary, and Other Income (Form 668-W) was developed for use when an individual may be entitled to the minimum exemption from levy in IRC 6334(a)(9) and includes a Statement of Dependents and Filing Status. The employer gives the statement to the taxpayer to complete and return within three days. If it is not received by then, the exempt amount is figured as if the taxpayer is married filing separate with no dependents (zero). The taxpayer can give the statement to the employer later to change the exempt amount.

Note: The employer needs to use this statement rather than the employee's W-4, Employee's Withholding Certificate. Taxpayers may claim different exemptions for withholding from those claimed on their return.

- (2) Publication 1494, Tables for Figuring Amount Exempt From Levy on Wages, Salary, and Other Income - Forms 668-W(ACS), and 668-W(ICS), is sent with the levy to help figure the exempt amount.
- (3) The taxpayer can give a new statement to the employer later to have the exempt amount recomputed. If a levy was served prior to January 1, 2018, the effective date of the TCJA, then the taxpayer's exemption amount will have been calculated under the old law, and the exemption amount will not be accurate. Thus, taxpayers in this situation should be instructed to file a new statement with their employer so that the exempt amount is calculated consistent with the current law. Likewise, taxpayers whose exemption amounts were calculated after January 1, 2018 but prior to the Pub. 1494 being revised to reflect the TCJA should also be instructed to file a new statement with their employer.

Example: The taxpayer's filing status or dependents may change.

Example: There may be a change in exempt rates in a new year.

Note: Notice 1439 provides instruction for the taxpayer when completing the Statement of Dependents and Filing Status and contains an example of a Statement of Dependents and Filing Status.

- (4) The statement is completed under penalty of perjury. Generally, accept the information on the statement, unless there is reason to question it. If dependents are disallowed, notify the employer and the taxpayer in writing. The taxpayer can provide evidence that the statement is right and request managerial review. Include a statement that the taxpayer may provide evidence to prove the statement is accurate and may request a managerial review of the disallowance.

5.11.5.4.2
(06-13-2018)
**Employers with
Centralized Payrolls**

- (1) Some employers have a centralized payroll, so the payroll is not handled where most employees work.
- (2) Consider mailing the Statement of Dependents and Filing Status directly to the taxpayer. This avoids the delay of the employer re-mailing it.
 - a. Send to the employer Part 1 of the levy form and Notice 484, Instructions to Employer with Centralized Payroll System for Processing Statement of Dependents and Filing Status.

- b. Send to the taxpayer the other parts of the levy form and Notice 483, Instructions to Employee Paid through Central Payroll System for Submitting Statement of Dependents and Filing Status.

5.11.5.4.3
(06-13-2018)
Joint Liabilities

- (1) For joint liabilities, generally levy the income of the spouse with the larger income.
- (2) Levy both incomes only in flagrant cases of neglect or refusal to pay. **Secure group manager approval** to issue notices of levy on the income of both spouses living in the same household. If taxpayers are separated, consider collecting from both spouses' income rather than collecting from one spouse's income.

Note: See IRM 5.11.6.2(6) for examples of flagrant cases.

If	And	Then
The taxpayers are filing as married filing jointly	Both taxpayers' incomes are levied	Only one of them can claim the standard deduction for figuring the exempt amount.
The taxpayers are filing with any other filing status	Both taxpayers' incomes are levied	Both can claim the standard deduction for their filing status.
The taxpayers are remarried and filing as married filing jointly with the new spouses.	Both taxpayers' incomes are levied	Both can claim the standard deduction for their filing status.

- (3) When both spouses' incomes are levied, neither spouse can claim the other one as a dependent.

5.11.5.4.4
(09-26-2014)
Taxpayers with More Than One Source of Income

- (1) Consider income from all sources when a taxpayer has more than one income source.

If	And	Then
The taxpayer is getting the exempt amount from one source of income that is levied	Another source of income is levied, too	Include Letter 1697 with the second levy to tell the employer not to allow any exempt amount.
If the taxpayer has a source of income that is not levied	That source of income is at least as much as the exempt amount	Letter 1697 can be included with a levy on another source of income to tell the employer not to allow the exempt amount.

Note: This section applies when there is a second source of income paying at least the exempt amount to the taxpayer named on the levy. Spousal income does not count as a second source of income in this situation.

- (2) Use ICS templates to generate Letter 1697.

5.11.5.4.5 (09-14-2010) Taxpayer's Payroll Deductions

- (1) A levy legally attaches to the taxpayer's gross income minus the exempt amount; however, see IRM 1.2.1.6.6, Policy Statement 5-29. By policy, a levy only attaches the taxpayer's usual take home pay.

Exception: Voluntary deductions can be disallowed, if they are so large they defeat the levy.

- (2) Generally, allow the taxpayer to maintain deductions they already have when the levy is served. Notify the employer and the taxpayer of deductions that must stop while the levy is in effect. The taxpayer can request managerial review.

Example: If the taxpayer has a deduction for a savings account or used to buy shares in a mutual fund, this voluntary deduction should be stopped and those funds applied to the levy remittance.

- (3) Generally, employers should not allow new voluntary deductions after receiving the levy. Exceptions can be allowed on a case by case basis, with the Service's approval.

Example: The taxpayer cannot join the company insurance plan until on the job for six months. The levy is served before then. The amount of the premium is not unreasonable and is allowable.

5.11.5.4.6 (09-26-2014) Severance Pay

- (1) The taxpayer may leave a job and get severance pay.

If	Then
Severance pay is attributable to pay for a period of time	The exempt amount is based on that time period.
Severance pay is not attributable to pay for a period of time	The amount exempt for one pay period is used.

Example: Severance pay is one week's pay for each year on the job. A taxpayer on the job for ten years gets ten weeks' severance pay. The taxpayer gets a paycheck every two weeks for ten weeks. Two weeks' exempt amount is subtracted from each check, just like the person was still working for ten weeks.

Example: Severance pay is one week's pay for each year on the job. A taxpayer on the job for ten years gets ten weeks' severance pay. The taxpayer gets the amount in one payment after their employment has ended. The payment is attributable to ten weeks' pay. The employer is just making an "advance" payment, instead of writing a series of checks. The taxpayer gets ten weeks' exempt amount.

Example: A taxpayer gets a lump sum that is not attributable to a period of time. This could be, for example, an incentive payment to retire early. The exempt amount is based on the taxpayer's regular pay period. If there is no regular pay period, use one week's exempt amount. Similarly, if the taxpayer gets \$1000 for each year on the job, this is not attributable to pay periods. A person getting \$10,000 for being on the job ten years does NOT get ten years' exempt amount.

- (2) This assumes the person is not already getting the exempt amount for a pay period at the same time. If both are being received, the taxpayer does not get the exempt amount twice.

Example: The taxpayer is paid for both the last pay period worked and severance on the last pay day. The taxpayer only gets the exempt amount once.

5.11.5.5
(12-22-2020)
Levy Payments

- (1) Credit levy payments on the date they are received. Apply the money in the most advantageous way to the government. Generally, apply it to the oldest assessment listed on the Notice of Levy first. The taxpayer cannot designate how to apply the money because this is not a voluntary payment. See IRM 5.10.6.2 , Application of Proceeds of Levy and IRM 5.1.2.5.4.1(7).
- (2) Surplus levy proceeds in excess of the periods covered by the levy, may be applied to liabilities not listed on the levy. If the periods listed on the original levy have been satisfied; and
 - Any surplus proceeds have been applied to any liabilities that were not listed on the levy; and
 - Liabilities remain outstanding for periods not covered by the original levy,

then release the original levy and prepare and issue a new notice of levy to the levy source for the remaining liabilities. Surplus levy proceeds may not be applied to individual SRP modules (shown as MFT 35 or MFT 65). Please note that all statutory requirements, such as the sending of a notice of intent to levy and a right to a hearing, must be met with regard to the new notice of levy if the taxpayer has not had an opportunity for a CDP hearing under IRC 6330 for the remaining liabilities. See IRM 5.11.1.3, Pre-Levy Actions, for guidance regarding the pre-levy statutory requirements.
- (3) Use designated payment code (DPC) 05 for levy payments received from a third party in response to a Notice of Levy. Do not use for payments from the taxpayer as a result of a levy.
- (4) Because payments for levies on wages and salary may be small, determine if the amount owed should be paid from the levy proceeds. When the payments are small compared to the amount owed, though, consider other enforced collection.

If	And	Then
Payments are being monitored in CFf	One more payment is expected to pay off the amount owed	Use Form 668–D, Release of Levy/ Release of Property from Levy, to give the employer a payoff figure and release the levy after that is paid.
At least two payments are received	No additional collection is warranted	Consider transferring the case for monitoring. Get managerial approval, first.

5.11.5.6
(12-22-2020)
Continuous Levy

- (1) Even though some continuous levies are monitored in status 60 on IDRS, they are not installment agreements. Do not use a continuous levy as a way to set up an unofficial installment agreement. Where the taxpayer has entered into full filing compliance and is current with withholding or ES payments, provided a CIS and the RO has determined the taxpayer's ability to pay, an installment agreement should be established, per IRM 5.14.1, Installment Agreements, Securing Installment Agreements. The taxpayer is provided with additional protections from enforced collection action if the IA was to default and/or terminate. In order to ensure a distinction is maintained between a continuous levy and an installment agreement, it is important to follow the procedures in this subsection.

5.11.5.6.1
(12-22-2020)
Monitoring Levy Payments

- (1) If a productive levy source is the only source of collection, group managers should approve the monitoring of levy payments as continuous by signing Form 4844, Request for Terminal Action, after ensuring the procedures outlined below have been followed.

The group manager must review these cases to ensure that they reflect the following documentation:

Complete research to locate taxpayers and/or their assets, see IRM 5.1.18, Locating Taxpayers and their Assets.

Thorough analysis of available financial statement(s), see IRM 5.15.1, Financial Analysis, Financial Analysis Handbook.

Consideration of other available and appropriate means of collection including, but not limited to liquidation of assets, seizure, alter ego, installment agreements, suits, etc

The rationale for allowing the taxpayer to retain assets with equity.

- (2) Group manager approval of the continuous wage levy in ICS is sufficient to reflect the action is authorized.
- (3) The following types of levies can be monitored in a campus or Centralized Case Processing (CCP).

- a. Continuous levies on wages and salaries
- b. Levies that reach a taxpayer's fixed and determinable right to a series of payments, e.g., benefit and retirement or pension income or social security benefits. See IRM 5.17.3.5.2, Effect of Levy.

- (4) If levy payments are received monthly, then transfer for monitoring after two consecutive levy payments have been received.

Note: At local management option, accounts may be transferred after one remittance if payments will be of an equal amount and will be remitted monthly.

- (5) If levy payments are received weekly or bi-weekly, then transfer for monitoring after 60 days.

- (6) See IRM 5.1.11.7, Enforcement Determination to close the ICS Del Ret module when the Bal Dues are to be resolved by a continuous levy.

Reminder: Del Rets and Bal Dues in status 60 can coexist on IDRS. An entity can have an open Del Ret on one module and status 60 on other modules. Del Rets do not default status 60 Bal Dues.

- (7) Prior to transferring for systemic or manual monitoring,

- Ensure all open periods are included in the levy or levies.

Note: Individual SRP modules (shown as MFT 35 or MFT 65) may not be included in a continuous levy.

- Ensure the payor (levy source) understands the levy remains in effect after the transfer.
- Ensure the payor understands where to send the levy payment.
For a continuous levy that will be systemically or manually monitored, payments should be sent to the campus designated for the Area. See the Servicewide Electronic Research Program (SERP), Who/Where, Where to File – Forms and Payments, Campus Balance Due Accounts – Where to Send Payments at: <http://serp.enterprise.irs.gov/databases/who-where.dr/where-to-file/where-to-file.html>.
Use the State address listed under “Without the CP521/523 Notice.”
- Instruct the payor that payments should be payable to “United States Treasury.”
- Request the check or draft reflect the taxpayer name and identification number, the tax periods included on the levy form, and “Levy Proceeds.”

- (8) Mail Letter 5112, Payment Instructions to Third Party Responding to Notice of Levy on Wages, Salary and Other Income to third parties responding to Form 668-W, Notice of Levy on Wages, Salary and Other Income. This letter provides the recipient with response and payment instructions, as detailed in IRM 5.11.5.6.1(6) and is auto generated after the CTLV is approved by the manager.

- (9) When a case has been identified /selected for FPLP and the manager approves the ICS Option C - Continuous Levy; ICS will process and a TC 971, AC 061 will upload systemically. Once the TC 971, AC 061 is input a TC 972, AC 060 will systemically generate.

- (10) If the taxpayer contacts the IRS requesting a release of levy after the continuous levy has been set up follow procedures in IRM 5.11.2.3, Releasing Levies,

to determine if the levy should be released. The taxpayer may appeal as outlined in IRM 5.1.9, Collection Appeal Rights. Additionally, see IRM 5.1.9.4.1, Exclusions from CAP, for referrals to Taxpayer Advocate Service.

5.11.5.6.2 (03-28-2016) **Systemic Monitoring of Continuous Levy Payments**

- (1) Wage levies that result in regular remittances of about the same amount, may be monitored systemically if the earliest CSED is later than 18 months. For each levy with payment received from one levy source, request a review date:

- No more than five years in the future,
- 18 months prior to the earliest CSED if the earliest CSED is at least 24 months in the future, or
- 9 months prior to the earliest CSED if the earliest CSED is less than 24 months in the future.

Note: If fewer than 18 months remain prior to the CSED, a continuous wage levy must be monitored manually.

Note: Revenue officers cannot close a case module on a FPLP levy source without converting the FPLP levy to the paper levy. The FPLP excludes Status 60 modules. Status 60 is normally used for continuous levies or installment agreements. For guidance, see IRM 5.11.7.2.5.1, FPLP or Paper Levy (Form 668-A/668-W).

- (2) For all continuous levies, if the levy source sends payments on a weekly or bi-weekly (every two weeks) basis, the levy may be monitored systemically using the monthly total of these payments. In this situation, monitor payments for 60 days to ascertain the correct monthly total to be entered on the Form 4844, Request for Terminal Action. Do not close the case on ICS until the Form 4844 is submitted for input.

Note: If payment amounts vary, use the lowest amount it is possible will be received monthly. That amount should not be less than \$10.

- (3) Do not input transaction code (TC) 971, action code (AC) 063 (Installment Agreement) on Bal Dues included in a continuous levy.
- (4) Document the ICS case history with "Monitor Continuous Levy the same as IA."
- (5) No TSIGN change is required for levy monitoring. Systemically monitored levies will be transferred to Compliance Service Collection Operation (CSCO) (formerly SCCB).
- (6) To complete the ICS template version of Form 4844 choose "Contin. Levy - ST60" in Installment Agreement, Option C-Continuous Levy on ICS. The following information will be populated into the Form 4844:
 - a. Request for input of status 60;
 - b. "Suppress Default and Payment Reminder Notices";
 - c. The amount of the payment will be \$\$\$ and will be received on the date # of each month;
 - d. Name of the employer/payor levied;
 - e. Address of employer/payor levied;
 - f. Telephone number of employer/payor levied;
 - g. "Input Installment Agreement Locator Number 0208";

Note: Installment Agreement Locator Number 0208 identifies these accounts as continuous wage levies on the Installment Agreement Account Listing (IAAL) in the campus. Proper identification of these accounts may result in fewer field case issuances on defaults.

- h. For wage levies that will be released when the CSED expires, request input of TC 971 AC 687, misc. 002 for each module included in the continuous levy;
 - i. For levies that reach a fixed and determinable right to receive future payments (e.g., retirement or pension income, Social Security benefits) and will not be released when the CSED expires, request input of TC 971 AC 687, misc. 001 for each module included in the continuous levy. See IRM 5.19.10.4.6.1, TC 971 AC 687, and Miscellaneous Codes for CSED, for explanation of miscellaneous codes. See IRM 5.11.2.3.1.2, Statutory Collection Period Expired, for when levies do not have to be released.
- (7) When approved the information from the Form 4844 is written into the ICS history. The group manager has the option to either email the approved Form 4844, or print and mail Form 4844 to CCP/General Case Processing Unit .

Reminder: Group manager approval is required. If there is no additional collection potential on the case, group managers should approve these transfers.

- (8) Route the physical case file to CCP using the ICS generated Form 3210.
- (9) CSCO will send Form 668-D, Release of Levy/Release of Property from Levy, one month prior to the account being full paid advising the employer of the amount to remit to full pay the levy.
- (10) At the time of the review discussed in paragraph (1) above, campus Installment Agreement Account Listing (IAAL) personnel will:
 - Attempt to secure an installment agreement to fully pay the taxes;
 - Consider other avenues of collection such as offer in compromise or part pay installment agreement;
 - Consider recommending the account(s) be reduced to a judgment.

5.11.5.6.3
(03-28-2016)

**Manual Monitoring of
Continuous Levy
Payments**

- (1) Some continuous levies cannot be transferred to CSCO for systemic monitoring in status 60. Transfer those continuous levies to Centralized Case Processing (CCP) for monitoring in the same way manually monitored installment agreements are monitored. The following types of accounts and levies must be monitored in CCP:
 - a. NMF accounts;
 - b. Accounts with a wage levy and fewer than 18 months remaining prior to the earliest CSED;
 - c. Accounts with an unreversed TC 971, AC 065 (claim pending for joint and several liability relief under IRC section 6015);
 - d. In-Business Trust Fund accounts;
 - e. Levies with irregular payments dates;
 - f. Levies with irregular payment amounts;
 - g. Levies with payments received from multiple levy sources
 - h. Levies on a spouse whose SSN is not the Bal Due account TIN;
 - i. Levies on seasonal employees unless payments will satisfy the Bal Dues.

Note: Do not request manual monitoring of continuous FPLP payments. For guidance see IRM 5.11.7.2.5.1, FPLP or Paper Levy (Form 668-A/668-W).

- (2) Do not input TC 971 AC 063 (Installment Agreement) on Bal Dues included in a continuous levy.
- (3) Note the Bal Due account and document the case history, "Monitor Continuous Levy as IA."
- (4) To complete the ICS template version of Form 4844 choose "Contin. Levy MMIA (CCP)" in Installment Agreement, Option C-Continuous Levy on ICS. Selecting this option will set the sub code to "902," the location field in the Name and Address will set to "LEVY." The following information will be populated into the Form 4844.
 - a. "Transfer to CCP for Manually Monitored Continuous Levy Payments";
 - b. The amount of the payment will be \$\$\$ and will be received on the date # of each month;
 - c. Name of the employer/payor levied;
 - d. Address of employer/payor levied;
 - e. Telephone number of employer/payor levied;
 - f. For wage levies that will be released when the CSED expires, request input of TC 971 AC 687, misc. 002 for each module included in the continuous levy;
 - g. For levies that reach a fixed and determinable right to receive future payments (e.g., retirement or pension income, Social Security benefits) and will not be released when the CSED expires, request input of TC 971 AC 687, misc. 001 for each module included in the continuous levy. See IRM 5.19.10.4.6.1, TC 971 AC 687, and Miscellaneous Codes for CSED, for explanation of miscellaneous codes. See IRM 5.11.2.3.1.2, Statutory Collection Period Expired, for when levies do not have to be released.
- (5) If fewer than 18 months remain in the statutory period for collection when the account(s) is being transferred to CCP and the levy will be released when the CSED expires, document the case history to include the following statement "CSED = (insert date). No suit recommended."
- (6) If a copy of the levy form is not available in the case file, document the case history accordingly.
- (7) The manager will review the case for approval and return the Form 4844 to the **requestor**. When approved the information from the Form 4844 is written into the ICS history and the manager is given option to either email or print the Form 4844, Form 3210.

Note: Do not email the Form 4844 to CCP for Manually Monitored Continuous Levies. The ICS assignment number is automatically updated. See "Note" in paragraph (8) below.

Reminder: Group manager approval is required. If there is no additional collection potential on the case, group managers should approve these transfers.

- (8) After approval, place a copy of the approved Form 4844 in the physical case file.

Note: Choosing “Contin. Levy MMIA (CCP)” in Option C under Installment Agreements on ICS will generate Form 3210, Document Transmittal, for transmitting the physical case file to CCP. ICS will automatically update the case assignment to CCP.

- (9) Route the physical case file to CCP using the generated Form 3210.
- (10) CCP will monitor continuous levies to ensure payments are received timely. If payments are not received, CCP will follow-up with the payor.
- (11) CCP will send a notice of levy release one month prior to the account being full paid advising the payor of the amount due to full pay the levy. A notice of levy release will not be issued until:
- All Bal Dues for which the levy was made are full paid;
 - The last CSED is about to expire so the wage levy is released far enough in advance that no payments are received for wages earned after the expiration of the CSED;
 - One of the criteria in IRM 5.11.2.3, Releasing Levies, exists;
- (12) For CSED cases assigned for monitoring, CCP will:
- Not release the wage levy if one or more CSED expires, but other periods included on the levy are within the statutory period for collection;
 - Monitor levy payments until all Bal Dues included on the levy are paid or the last CSED on a wage levy is about to expire, whichever comes first;
 - Follow the procedures in IRM 5.11.5.6.2, Systemic Monitoring of Continuous Levy Payments, above if some Bal Dues are full paid or the CSED expires on one or more but not all periods and the case now qualifies for systemic monitoring. Note on the copy of the levy form, “The following period(s) have expired CSEDs:” and list the applicable Bal Due periods.
- Note:** If the levy form is unavailable, record this information in the case history and ensure a list of the tax periods on the original levy is included as well as the tax periods with expired CSEDs.

5.11.5.7
(09-14-2010)
**Defaulted/Terminated
Systemically Monitored
Levy Received in the
Field**

- (1) Levy sources sometimes stop sending payments. This can be the result of intentional or unintentional actions by the taxpayer or the levy source. If the campus or CCP cannot resolve these cases, they may be transferred to the field for follow-up action.
- (2) Once these cases are assigned to the field:
- Determine why the payments stopped;
 - Follow manually monitored procedures if irregular payments are being received;
 - Follow manually or systemically monitored procedures as appropriate if payments begin again.
- (3) If the levy source is the same, a new levy form is not needed. Complete Form 4844 and state why no copy of the levy is being provided and the reason why the levy defaulted.

Example: The taxpayer was ill for a month. Wages fell to below the exempt amount.

- (4) If the third party refuses to comply with the levy, determine if issuance of Form 668-C, Final Demand, is appropriate. See IRM 5.11.2.2.9, Refusing to Comply with a Levy.

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Exhibit 5.11.5-1 (12-22-2020)
Acronyms

Acronym	Definition
AC	Action Code
ACS	Automated Collection System
Bal Due	Balance Due
CAP	Collection Appeals Program
CCP	Centralized Case Processing
CDP	Collection Due Process
CSCO	Compliance Services Collection Operations
CSED	Collection Statute Expiration Date
CTLV	Continuous Levy
Del Ret	Delinquent Return
DOL	Department of Labor
DPC	Designated Payment Code
FPLP	Federal Payment Levy Program
ICS	Integrated Collection System
IDRS	Integrated Data Retrieval System
MFT	Master File Transaction
NFTL	Notice of Federal Tax Lien
SERP	Servicewide Electronic Research Program
TC	Transaction Code
TCJA	Tax Cuts and Jobs Act
TIN	Taxpayer Identification Number

