



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.14.4

OCTOBER 9, 2020

EFFECTIVE DATE

(10-09-2020)

PURPOSE

- (1) This transmits a revision for IRM 5.14.4, Withdrawals and Installment Agreements with Special Circumstances.

MATERIAL CHANGES

- (1) The following is a description of the material changes in this IRM:

| IRM Section | Description of Change |
|----------------|---|
| IRM 5.14.4.1 | Revised this section, clarifying the Program Scope and Objectives by adding a sentence that not all topics are discussed fully in detail. Changed alphalist (a) and (b) to bullet list to clarify the topics about collection deferred accounts, balance due accounts and relief from joint and several liability on joint return accounts. |
| IRM 5.14.4.1.2 | Added IRC 6015 to paragraph (3) and Treasury Regulations to paragraphs (4),(5), and (6). Removed Public Law 111-237 from section. |
| IRM 5.14.4.1.3 | Updated IRM subsection by creating new paragraphs (2) and (4) and amended paragraph (1). |
| IRM 5.14.4.1.4 | Built on paragraphs (1) and (2)(a)(b) to capture the level in the collection hierarchy. |
| IRM 5.14.4.1.5 | Made extensive changes concerning the paragraphs of IAR, ICS and IDRS, and added a paragraph on collection managers' responsibilities. |
| IRM 5.14.4.1.6 | Changed paragraph (1) from alpha list to bullet list. |
| IRM 5.14.4.1.7 | Added to the list of commonly used acronyms and their definitions. |
| IRM 5.14.4.1.8 | Updated citations and links to reference materials. Replaced current TBOR statement with codified statement. |
| IRM 5.14.4.2 | Old IRM 5.14.4.2, No Financial Reviews on Most IDRS Monitored Agreements, was removed . The topic isn't consistent with the IRM 5.14.4. |

| IRM Section | Description of Change |
|--------------------|--|
| IRM 5.14.4.2 | Corrected spelling in subsection title - Installment Agreements on Below Deferral (Accounts Issuance) Level Taxpayers & Procedures for Uncollectible Accounts. Made extensive updates regarding collection alternatives. Added a note to paragraph (2) and content to paragraph (4) bullet items were added to stress compliance requirements in order to report accounts uncollectible. Added citations to paragraph (4) to reference IRMs. Changed sentence structure on paragraph (5). |
| IRM 5.14.4.3 | Revised paragraph (1) to address cross-related accounts with multiple entities. Added a note to paragraph (5) to incorporate ICS procedures on how to include multiple entities in IA. Also, updated paragraph (5) to include a caution indicator when balances are reporting ST 53 and ST 72. Updated IRM citations, added notes and caution indicators for the end-user throughout the section. |
| IRM 5.14.4.4 | Added new paragraphs (1) and (2) regarding married taxpayers with joint assessments and the election to request equitable relief under IRC 6015, and the mirroring process to create two separate assessments. |
| IRM 5.14.4.5 | Revised paragraph (4) by creating an If-Then table: for Withdrawal of request for IA. Added paragraph (6) for cases received with a pending IA indicator must be dealt with before the case can be resolved either as OIC, CNC, CDP or Bankruptcy. Removed paragraph (6) to incorporate into paragraph (4) table. Removed paragraph (7) to incorporate into paragraph (4) note. The language used in exhibit 5.14.4-1 was incorporated into Form 14425. Added Form 14425, Withdrawal of Request for Installment Agreement to IRM section when a request is received to withdrawal an IA. |
| IRM 5.14.4.7 | Changed paragraph (1) to address the title for MFT 76 and MFT 74, and updated the citations to paragraphs (2), (5) and (9). |

- (2) Removed obsolete Exhibit 5.14.4-1, Withdrawal of Request for Installment Agreement from chapter.
- (3) Editorial changes have been made throughout to update IRM, references and terms. All sections were renumbered accordingly.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.14.4 dated June 11, 2018.

AUDIENCE

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5.14.4

Withdrawals and Installment Agreements with Special Circumstances

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5.14.4.1
(10-09-2020)
Program Scope and Objectives

- (1) Purpose. This chapter discusses the installment agreement (IA) process for cases with special circumstances and withdrawals of IA requests. While many topics are touched upon in this chapter, comprehensive guidance about all of them cannot always be included here. As you use this chapter, remain alert for references to other resources, such as related IRMs and websites. Access that guidance, as needed, to ensure a thorough understanding of topics. This IRM provides guidance, you will be able to:
 - Discuss collection deferred accounts, balance due below deferral level taxpayers.
 - Describe procedures for installment agreements for multiple entities.
 - Recognize relief from joint and several liability on joint return as prescribed under IRC 6015.
 - Discuss considerations and procedures for withdrawals of installment agreements.
 - Follow procedures for entering into installment agreements for restitution based assessments.
- (2) Audience. These procedures and guidance apply to IRS Field Collection employees and group managers
- (3) Policy Owner. Director, Collection Policy, SBSE
- (4) Program Owner. Collection Policy, SBSE, Case Resolution Alternatives (CRA) is the program owner of this IRM
- (5) Primary Stakeholders:
 - Field Collection
 - Independent Administrative Review (IAR)
 - Insolvency
 - Appeals
 - Taxpayer Advocate Service (TAS)
- (6) Program Goals. IAs can be a viable case resolution for many delinquent accounts. By following the direction in this IRM section, employees can identify proper procedures for completing IA actions for cases with special circumstances.

5.14.4.1.1
(10-09-2020)
Background

- (1) IAs are arrangements by which the Internal Revenue Service allows taxpayers to pay liabilities over time. Taxpayers should be encouraged to pay the liability in full to avoid the costs of an IA, which include a user fee, accrual of penalties and interest, and the possible filing of a Notice of Federal Tax Lien (NFTL). If full payment cannot be achieved by the Collection Statute Expiration Date (CSED), and taxpayers have some ability to pay, a Partial Payment Installment Agreement (PPIA) may be granted. During the course of IAs, penalties and interest continue to accrue. Generally, no levies may be served while an IA is pending, in effect, or for 30-days following rejection or termination and the appeal period if the rejection or termination is timely appealed.

5.14.4.1.2
(10-09-2020)
Authority

- (1) IRC 6159, Agreements for Payment of Tax Liability in Installments
- (2) IRC 6201(a)(4), Assessment Authority

- (3) IRC 6015, Relief from joint and several liability on joint return
- (4) 26 CFR 301.6343-1, Requirement to release levy and notice of release
- (5) 26 CFR 301.6343-2, Return of wrongfully levied upon property
- (6) 26 CFR 301.6343-3, Return of property in certain cases
- (7) 18 USC 3613, Civil remedies for Satisfaction of an unpaid fine <https://www.law.cornell.edu/uscode/text/18/3613>

5.14.4.1.3
(10-09-2020)
Responsibilities

- (1) The Director, Collection Policy is the executive responsible for the policies and procedures related to the IA program. They are responsible for overseeing program coordination for field collection personnel related to the IA program.
- (2) The program manager, Case Resolution Alternatives (CRA) is responsible for development and delivery policies, procedures and practices within the IA program.
- (3) Field collection group managers and territory managers are responsible for ensuring the guidance and procedures described in this IRM are complied with.
- (4) Collection employees are responsible for following the guidance provided in the IRM when processing cases.

5.14.4.1.4
(10-09-2020)
Program Management and Review

- (1) Program Reports:
 - a. Monthly IA Trend Report. Sourced from Collection Activity Report (CAR), CRA generates and reviews a monthly IA trend report that captures data on the various types of IAs and compares year-over-year data on IA inventory levels, the number of IAs initiated, default rates, full pay rates, and dollars collected. Any anomalies are identified and researched for potential causes. Negative trends are identified and causes addressed.
- (2) Program Reviews:
 - a. Case Resolution Alternatives (CRA) will conduct ad hoc IA program reviews as necessary to verify compliance with IRM requirements, address TIGTA/GAO findings, and evaluate any trends that appear.
 - b. Managers, leads, and On the Job Instructors (OJIs) use the Embedded Quality Review System (EQRS)/National Quality Review System (NQRS) Data Collection Instrument (DCI) to input case reviews. EQRS is used to evaluate employee performance and provide feedback and NQRS reviews samples of closed work to measure compliance with IRM standards and provide organizational feedback regarding compliance. NQRS data is used to report the official organizational business quality results.
 - c. Operational reviews are conducted by the territory manager and area director annually to evaluate program delivery and conformance to administrative and compliance requirements.

5.14.4.1.5
(10-09-2020)
Program Controls

- (1) Independent Administrative Review (IAR) is required when there is proposed rejection. The taxpayer may administratively appeal a termination, modification, or rejection of proposed IA to the IRS Independent Office of Appeals.

- (2) The Integrated Collection System (ICS) is a case management system that supports SBSE revenue officers (ROs) in working delinquent tax cases. In every case, the file must show that the disposition method selected is consistent with the facts outlined in the case, the IRM, and other official guidance. Certain actions taken by ICS users generate systemic approval requests to the manager. All Non-Streamlined Installment Agreement (NSIA) case dispositions require managerial approval.
- (3) The Integrated Data Retrieval System (IDRS) is used to monitor most IAs for timely payments on accounts, as well as to determine whether taxpayers remain in compliance with filing and paying requirements. IDRS programming also requires that all open balance due modules on IDRS in a notice or collection status are included when an IA is input.
- (4) Collection group managers are responsible for the quality of work performed by the employees they supervise in accordance with IRM 5.13.1, Embedded Quality Collection Field Organizations Administrative Guidelines. Managers are required to follow program management procedures and controls addressed in IRM 1.4.50, Resource Guide for Managers, Collection Group Manager, Territory Manager and Area Director Operational Aid.

5.14.4.1.6
(10-09-2020)
Terms

- (1) Frequently used terms used in this IRM along with their definition include:
 - Delinquent Taxes: balance due, Automatic Collection Systems (ACS) balance due accounts and/or notice status accounts
 - Accrued Taxes: unassessed amounts due on returns, missed estimated tax payments or undeposited FTDs as of the date of contact
 - Current Taxes: Federal Tax Deposits (FTDs) and estimated (ES) tax payments that become due after the date of contact

5.14.4.1.7
(10-09-2020)
Acronyms

- (1) This table lists commonly used acronyms and their definitions:

| Acronym | Definition |
|---------|-----------------------------------|
| AC | Action Code |
| ACS | Automated Collection System |
| APL | Advisory Probation Liaison |
| ALN | Agreement Locator Number |
| BMF | Business Master File |
| CAP | Collection Appeals Program |
| CAR | Collection Activity Report |
| CCP | Centralized Collection Processing |
| CDP | Collection Due Process |
| CIS | Collection Information Statement |
| CNC | Currently Not Collectible |

| Acronym | Definition |
|----------------|--|
| COP | Conditions Of Probation |
| CRA | Case Resolution Alternatives |
| CSED | Collection Statute Expiration Date |
| CSCO | Compliance Service Collection Operation |
| DCI | Data Collection Instrument |
| DDIA | Direct Debit Installment Agreement |
| DPC | Designated Payment Code |
| EIN | Employer Identification Number |
| EQRS | Embedded Quality Review System |
| FTD | Federal Tax Deposit |
| GM | General Manger |
| IA | Installment Agreement |
| IAAL | Installment Agreement Accounts List |
| IAR | Independent Administrative Review |
| IBTF | In-Business Trust Fund |
| ICS | Integrated Collection System |
| IDRS | Integrated Data Retrieval System |
| IMF | Individual Master File |
| IRC | Internal Revenue Code |
| IRM | Internal Revenue Manual |
| LLC | Limited Liability Company |
| MFT | Master File Tax |
| MMIA | Manually Monitored Installment Agreement |
| NFTL | Notice of Federal Tax Lien |
| NQRS | National Quality Review System |
| NSIA | Non-Streamlined Installment Agreement |
| OI | Other Investigation |
| OIC | Offer-in-Compromise |
| OJI | On the Job Instructor |
| PDIA | Payroll Deduction Installment Agreement |
| PPIA | Partial Payment Installment Agreement |
| RBA | Restitution Based Assessment |
| RO | Revenue Officer |

| Acronym | Definition |
|---------|--------------------------------|
| SMO | Single-Member Owner |
| SRP | Shared Responsibility Payment |
| SSN | Social Security Number |
| ST | Status |
| TAS | Taxpayer Advocate Service |
| TC | Transaction Code |
| TIN | Taxpayer Identification Number |

5.14.4.1.8
(10-09-2020)
Related Resources

- (1) IRM Resources:
 - IRM 4.20.1.4, Examination Collectibility - Installment Agreements
 - IRM 5.19.1.2.6.3, Installment Agreements
 - IRM 8.22.7.5, Installment Agreements (IA)
 - IRM 5.14.1.6, Multi-functional Installment Agreement Authority, contains guidance for other functions.
- (2) Web Resources:
 - Centralized Case Processing (CCP): <http://mysbse.web.irs.gov/collection/ccpcoll/default.aspx>
 - ICS User Guide :<http://mysbse.web.irs.gov/collection/collsystems/ics/guides/userguide/default.aspx>
 - MY SBSE web: <http://mysbse.web.irs.gov/default.aspx>
- (3) The Taxpayer Bill of Rights (TBOR) was codified as IRC 7803(a)(3). Under this new code subsection, the Commissioner must ensure employees are responsible for being familiar with and acting in accordance with taxpayer rights. For additional information refer to Policy 1-236 at IRM 1.2.1.2.36, Policy Statement 1-236, Fairness and Integrity in Enforcement Selection, and the TBOR at <https://www.irs.gov/taxpayer-bill-of-rights>.

5.14.4.2
(10-09-2020)
Installment Agreements on Below Deferral (Account Issuance) Level Taxpayers & Procedures for Uncollectible Accounts

- (1) Notice status balance due accounts less than the amount specified in IRM 5.16.1.2.5, Tolerance, may be input to IA status for an unspecified period of time provided:
 - Agreements do not extend past the CSED, and
 - Taxpayers can make regular monthly payments.
- (2) The agreements discussed in IRM 5.14.4.2 may be taken if:
 - The liability includes the total amount outstanding, including accruals and Currently Not Collectible (CNC) accounts;
 - Equal monthly installments are required for IDRS monitoring; and
 - There are no other balances due.

Note: If the case resolution is to set-up an IA, all balance due modules must be included in the IA, including modules that are reported CNC. Modules in ST 53 would need to be reversed. A module in ST 53 (CNC) and/or with an un-reversed TC 530 prevents a case from going into status 60 (IA).

- (3) Prepare Form 433-D, Installment Agreement, or Form 2159, Payroll Deduction Agreement (levy source information is not required on these agreements), process per the guidance provided in IRM 5.14.9.4, Routine Installment Agreements . (See also IRM 5.14.9.3, IDRS Monitoring)
- (4) If the taxpayer doesn't have the ability to make IA payments, then the alternative would be to:
 - Request that the taxpayer adjust Form W-4, Employee's Withholding Certificate , to ensure withholding amounts are accurate.
 - Request that estimated (ES) tax payments are paid and reported correctly.
 - Make sure Federal Tax Deposits (FTDs) are made correctly and timely.
 - File accurate returns by the due date. See IRM 5.14.1.4.2(19)a, Compliance and Installment Agreements, for detailed information on IA compliance requirements and IRM 5.14.4.2 (5) for reporting accounts uncollectible. If the request is for another case closing resolution then request for withdrawal of IA as shown in IRM 5.14.4.5.
- (5) **Reporting Accounts Uncollectible:** If taxpayers are unable to make regular monthly payments based on analysis of the Collection Information Statement (CIS), then consider reporting the accounts uncollectible. For additional information about reporting accounts uncollectible, refer to IRM 5.16.1, Currently Not Collectible. Provide taxpayers with the address at the Campus where the taxpayer files returns (for mailing voluntary payments). Taxpayers who are unable to make payments generally should not be granted IAs.
- (6) If taxpayers are able to make payments, but unable to *fully* pay all balance due accounts, then Partial Payment Installment Agreements (PPIAs) may be considered. See IRM 5.14.2.2.1, Partial Payment Installment Agreement Requirement Requirements, for procedures.

5.14.4.3
(10-09-2020)

Installment Agreements and Multiple Entities

- (1) Related entities can be included in one IA. The agreement locator number will auto-populate on ICS to XX63, when there is an associated cross-reference account, that is, one account in ST 60 (primary) and the other in ST 63 (secondary). Cross-reference IAs can be a combination of IMF/BMF or IMF/IMF. The ALN ensures proper systemic monitoring of these agreements.
- (2) For IAs involving cross-references, ensure the taxpayer entities are in filing and payment compliance (follow the procedures as outlined in IRM 5.14.1.4, Installment Agreement Acceptance and Rejection Determinations), prior to requesting the pending IA indicator. See IRM 5.14.1.3(5), Identifying Pending, Approved and Rejected Installment Agreement Proposals on IDRS for guidance. When the pending IA indicator is present (TC 971 AC 043) on the entity and one of the taxpayers is not in compliance at the time the IA is ready to be granted, a recommendation for rejection can be given to the IAR regarding only the person or entity that is not in compliance, and the taxpayer that is in compliance may be granted an IA (if appropriate). The following types of taxes may be combined in one IA:

- Taxes for two or more Form 1120S, U.S. Income Tax Return for an S Corporation, if they share the same sole officer.
 - A sole proprietorship's taxes (on the sole prop.'s tax ID number) and the individual income taxes of the sole owner of the sole proprietorship.
 - Taxes for married couples, even if the taxes are owed individually.
- (3) When a request for an IA involves a SSN and EIN (Sole Proprietor) or two SSN's, some years filed joint and some single, combine the aggregate unpaid balance of assessment (CC SUMRY) of all modules. Determine if the taxpayer meets the requirements to qualify for an IA. An IMF account and related BMF account must be included in one IA.
- (4) Select the correct IA type based on the combined aggregate unpaid balance of assessments (SUMRY) of all the modules on the related entities. The correct IA type is based on the dollar threshold and type of tax governed by the IA type (Streamlined, IBTF-Express, IBTF-IA).
- (5) For IAs on multiple entities:

- Ensure the cross-referenced identification number is entered when completing the IA on ICS by choosing "Additional TIN" to be included in the IA. Campuses will input agreements on the entity with the earliest CSED first.

Note: The ICS user is allowed up to three cross-reference TINs. Review ICS User Guide, Chapter 12 (<http://mysbse.web.irs.gov/collection/collsystems/ics/guides/default.aspx>) for selection instructions.

- The cross-reference TIN **must** have an unresolved balance due on IDRS to input TC 971 AC 063.

Caution: Other balance dues (for instances, ST 53 and ST 72) on IDRS must be reversed or resolved prior to granting the approval for an IA.

- Both agreements will cross-reference the related EIN or SSN using ALN (XX63). ALN (XX63) will be systemically included on the remarks section of IA form by ICS (This ensures the accounts appear on the Installment Agreement Accounts List (IAAL) in the correct category.)
- The primary Taxpayer Identification Number (TIN) will dictate the Campus to which the agreement will be routed for input. Primary SB/SE TINs will be routed to SB/SE Campuses. Primary W&I TINs will be routed to W&I Campuses for monitoring.
- The Campus that inputs the agreement will ensure that ALN (XX63) is input on both agreements and the secondary TINs tax modules are input to IDRS status 63 and monitored at the same Campus.
- Since the secondary agreement is monitored wherever the primary agreement is set up, this will sometimes result in SBSE Campuses monitoring W&I cases and W&I Campuses monitoring SBSE cases.

Caution: If an IMF account is included with an in-business BMF account, it must be input in accordance with the procedures provided in IRM 5.14.7, BMF Installment Agreements, regardless of which TIN has the earliest CSED. The primary TIN for these agreements is the BMF entity and the secondary TIN is the IMF entity.

Note: See IRM 5.4.11, CCP Installment Agreements, for campus processes.

- (6) IAs with a cross-reference TIN (xx63) cannot be systemically uploaded. ICS will block the input. Process this type of agreement by e-mailing the Form 433-D, Installment Agreement, to the appropriate CCP mailbox (see below) or mail it on a Form 3210, Document Transmittal, to CCP at Mail Stop 5-E04.114.
- Area Offices 21, 22, 23, 24, and 35 use *SBSE CCS GCP EAST1
 - Area Office 25 use *SBSE CCS GCP WEST2
 - Area Offices 26, 27 use *SBSE CCS GCP WEST1
- (7) For certain liabilities assessed in the name and EIN of an LLC, different Single Member Owners (SMOs) may be liable for separate tax periods assessed in the same name and EIN. See IRM 5.1.21, Collecting from Limited Liability Companies . If multiple SMOs are liable for different tax periods assessed in the same name and EIN separate IAs would be required for each taxpayer and should be established using the Manually Monitored procedures in IRM 5.14.9.5, Manually Monitored Installment Agreements (MMIA).

Reminder: When the SMO is liable for some tax periods and the LLC is liable for different tax periods assessed in the LLC's name and EIN, follow the procedures in IRM 5.14.7.3.2, Installment Agreements When Owner (SMO) and LLC are Liable for Assessments in LLC Name, for a combined SMO/LLC IA.

- (8) Ensure a TC130 is input for the appropriate Social Security Number(s).

5.14.4.4
(10-09-2020)
**Joint and Several
Liability Relief Under
IRC Section 6015 and
Installment Agreement
Requests**

- (1) Married taxpayers who file joint tax returns are each responsible for all taxes due related to the jointly filed returns, even if they later divorce and even if a divorce decree or marital settlement agreement states that one taxpayer alone will be responsible, in full or in part, for amounts due on previously filed joint returns. This means the IRS can collect all the taxes due from either taxpayer, regardless of the income either taxpayer earned. If one of the taxpayers requests separate treatment from his or her spouse under IRC 6015, and only one taxpayer wishes to enter into an IA, the account must be "mirrored" for each joint period(s). See IRM 25.15, for information about relief from joint and several liability under IRC 6015.
- (2) The tax account mirroring process is used to create two separate MFT 31 accounts from the MFT 30 joint tax liability. After January 1, 2016, individual SRP modules (MFT 35) may be mirrored when applicable. Any associated SRP MFT 35 is mirrored into a MFT 65 account for each spouse. The mirroring effect allows the IRS to treat each taxpayer separately and ensures the rights of both taxpayers are protected. .
- (3) If the spouse who does not request IRC 6015 relief from the liability *the non-requesting spouse* requests an IA, and there is an unreversed TC 971 AC 065 on any balance due module or a MFT 31 has been established, then:
- a. Follow normal procedures to determine if the non-requesting spouse qualifies for an IA and include all modules (even the modules with the unreversed TC 971 AC 065) in calculating if the proposed payment amount would full pay the liability before the Collection Statute Expiration Date (CSED). See IRM 5.14.1.4, Installment Agreement Acceptance and Rejection Determinations.

- b. If the non-requesting spouse qualifies for an IA, make sure all balance due accounts are included, *including* those with TC 971 AC 065, and establish the IA using Manually Monitored procedures in IRM 5.14.9.5, Manually Monitored Installment Agreements (MMIA).

Note: Use of the PPIA procedures provided in IRM 5.14.2.2.1, Partial Payment Installment Agreement Requirements

, is also an option if the non-requesting spouse is unable to fully pay all balance due accounts through an IA.

- (4) If the spouse applying for IRC 6015 relief requests an IA and there is an unreversed TC 971 AC 065 on any balance due module, then:

- a. Follow normal procedures to determine if the requesting spouse qualifies for an IA and include all modules (even the modules with the unreversed TC 971 AC 065) in calculating if the agreement would fully pay the liability before the CSED. See IRM 5.14.1.4, Installment Agreement Acceptance and Rejection Determination.
- b. If the requesting spouse qualifies for an IA, include all modules *except those with an unreversed TC 971 AC 065* in the agreement itself; establish the IA as a MMIA using procedures in IRM 5.14.9.5, Manually Monitored Installment Agreements (MMIA).

Note: Use of the PPIA procedures provided in IRM 5.14.2.2.1, Partial Payment Installment Agreement Requirements, is also an option if the requesting spouse is unable to fully pay all balance due accounts through an IA.

- c. Establish the agreement using Manually Monitored procedures in IRM 5.14.9.5, Manually Monitored Installment Agreements (MMIA).
- d. If after such agreement is in effect for the requesting spouse, the IRC 6015 request for relief is denied and the *requesting* spouse requests addition of the balance due account(s) to IAs, request this on Form 4844, Request for Terminal Action.
- e. Note on Form 4844, Request for Terminal Action, that the agreement for the case may now be monitored by IDRS if no other conditions exist that are mentioned in IRM 5.14.9.3(3), IDRS Monitoring.

Note: The “Mirror” assessment process is not to be confused with the MMIA or Split assessment.

Note: If full IRC 6015 relief is granted to the requesting spouse and an MFT 31 for the requesting spouse is present and the MFT 30 is closed; mirrored periods cannot be reversed to their original state.

- (5) To input pending IA codes (TC 971 AC 043) or IA codes (TC 971 AC 063), when an unreversed TC 971 AC 065 already exists on a tax module:
 - Reverse the TC 971 AC 065 using TC 972 AC 065
 - Input TC 971 AC 043 or AC 063
 - *Re*-input TC 971 AC 065 (after the pending or installment agreement code is on the tax module)

5.14.4.5
(10-09-2020)
**Withdrawal of
Installment Agreement
Requests**

- (1) Taxpayers may withdraw installment agreement (IA) requests either verbally or in writing.
- (2) Requests to withdraw an IA request are only applicable to pending IAs, and typically requested when another case closing action is determined to be the appropriate case resolution (Full payment, OIC, CNC, etc.)
- (3) In the case of a joint assessment, if the withdrawal is only requested by one spouse, the collection employee should determine the intent of the other spouse if other than a full pay resolution. If the other spouse wishes to continue with the IA request, the accounts should be mirrored so that separate collectibility determinations can be made.
- (4) When a request to Withdraw an IA has been received, complete Form 14425 , Withdrawal of Request for Installment Agreement, and document ICS:

| If | Then |
|---|--|
| The request is received during telephone or face-to-face contact... | Document ICS history of: <ul style="list-style-type: none"> • Name in Signature • Date Signed • Reason for the Withdrawal |
| The request is received with correspondence... | <ul style="list-style-type: none"> • Document ICS history showing who signed, the date, and the reason for the withdrawal request. |

Note: If, after a verbal request for withdrawal, written confirmation is **not** received, document the case file as to how the request for withdrawal occurred.

- (5) Verbal requests are effective five (5) calendar days from the day they are received unless a written confirmation of a verbal request is received within the five (5) day period. Taxpayers should be advised that by withdrawing their IA request, appeal rights with respect to that pending IA are extinguished, however, taxpayers can propose a new IA at any time.
- (6) Cases received with a pending IA indicator must be dealt with even if the case is resolved without either approving or rejecting the IA. Other situations where a Withdrawal of IA request should be addressed, include full payment, OIC, CNC, CDP, and Bankruptcy. Requests for IAs are considered withdrawn (i.e., withdrawals are effective):
 - a. upon receipt of written requests for withdrawal, or
 - b. five (5) calendar days after a verbal request for withdrawal.
- (7) Withdrawals should not be solicited by contact employees, but questions may be asked to clarify misunderstanding of taxpayers' statements.
- (8) Request input of TC 972 AC 043 (if a TC 971 AC 043 was previously input) on the effective date of the withdrawal. If the case has already been input into IA status, then:
 - Request input of TC 971 AC 163 instead, and
 - Ensure accounts are removed from status 60 and the appropriate collection status is input.

Note: No IAR or appeal rights are required in this situation.

- (9) If the IA request was a joint request on a jointly filed return, both taxpayers must sign one request or separate requests for withdrawal for the request to be honored.

Note: If one or both of the requests is verbal, see IRM 5.14.4.5, Withdrawal of Installment Agreement Requests, regarding the effective date.

- (10) No independent review is required in the case of withdrawals. (See IRM 5.14.9.7(19), Independent Administrative Review after Recommended Rejection of Installment Agreement Requests)

5.14.4.6
(10-09-2020)
Establishing Installment Agreements on Restitution-Based Assessments (RBA) and Related Civil Assessments - Overview

- (1) For background information on Restitution Based Assessments (RBAs) - see IRM 5.1.5.15.3, Restitution Based Assessments.
- (2) ROs may receive an OI from an APL or a balance due module assignment to conduct a field investigation on a RBA.
- (3) Civil assessments with associated RBAs may be received in any Collection work stream (Field, Campus, Automated Collection System) but may only be worked by ROs.
- (4) IAs for RBAs can only be considered if the proposed IA will result in the full payment of the RBA within the terms of the IA and by the CSED. Any open civil assessment should be included in the IA, even if the payment agreement won't result in full payment of those civil assessments. CCP will determine if the IA is a PPIA once the RBAs are paid in full.
- (5) IAs that include RBAs should only be established by ROs. If there is an open Conditions of Probation (COP) case, the RO should coordinate the establishment of the IA with the APL.
- (6) In the event the taxpayer's ability to pay will not result in the full payment of the RBA, MMIA's for civil assessments (including PPIA's) can be established exclusive of RBA assessments (that is, the RBA is not included as part of the IA) in cases where the taxpayer's income/expense analysis shows an ability to pay above the allowable expenses (which will include the court ordered restitution payment). The RBA modules should be reported as CNC using closing code 32.

5.14.4.6.1
(10-09-2020)
Establishing Installment Agreements on Restitution-Based Assessments (RBA) and Related Civil Assessments - Procedures

- (1) Assessment - RBA assessments will appear as a MFT 31 with a Transaction Code TC 290 and/or a TC 298. The module will contain a TC 971 with an Action Code (AC) 102 and a TC 971 with AC 180 - 189. Examination will issue Letter 4885, Notice and Demand.
- (2) Assignment - RBA modules will generally not be issued systemically to the Field. Examination will notify Advisory when an assessment has been made. As part of monitoring COP cases, APLs will issue an OI to the Field Area to request a field investigation when there are assessed liabilities including RBAs. When the Field Area group receives an OI for an RBA, the group will accelerate the case, including the related modules, to status 26 by requesting STAUP

2200. Once assigned, the Field will Close the Advisory OI and work the balance due module(s) and related modules, if any.

- (3) Pending IA status - IA proposals for RBAs that do not provide for the full payment of the RBAs by the CSED cannot be considered as a pending IA for the RBA modules. If there are associated civil assessments for which the IA proposal can be considered, exclusive of the RBA, those modules should have a TC 971 AC 043 input if pending IA requirements are met and the IA proposal cannot be approved immediately.
- (4) Computing Payment Amount - Standard financial analysis will be conducted to determine the appropriate monthly payment amount. Taxpayers will continue to make any court ordered restitution payments directly to the courts, and compliance with the court ordered payments will be listed as an additional condition of the IA. This payment will be considered an allowable expense when determining the taxpayer's ability to make monthly payments. See IRM 5.15.1.11(3) , Other Expenses, regarding deduction of court-ordered payments as individual expenses.
- (5) Rejection Issues - The ICS history should clearly indicate the basis for the rejection and clearly identify cases that are rejected based on the fact that the proposed payment as determined by financial analysis will not satisfy the RBA by the CSED. Rejection of an IA that includes a RBA requires concurrence from the Independent Administrative Reviewer.
- (6) If accepted, IAs that include RBAs require managerial approval and will be sent to CCP as a MMIA.
- (7) Posting of Payments - Payments on IAs that include both RBAs and civil assessments should be posted to the RBAs until fully paid and then in the best interest of the government for the civil assessments. Payments on MMIA's that exclude RBAs will be posted to the civil assessments in the best interest of the government.

5.14.4.6.1.1
(05-17-2017)
Establishing Installment Agreements on Restitution-Based Assessments (RBA) and Related Civil Assessments - Coordination with Advisory

- (1) The APL will be familiar with the court order and COP. The APL will be able to advise the RO regarding appropriate actions to take and will facilitate coordination with the DOJ Financial Litigation Units when necessary. RBA cases will not be worked by Campus Collection operations. APLs receiving contacts from Field or Campus Collection employees about RBA modules or related assessments should issue an OI to the appropriate Field Area group for investigation if not already assigned.

5.14.4.6.1.1.1
(05-17-2017)
Establishing Installment Agreements on Restitution-Based Assessments (RBA) and Related Civil Assessments - Payments

- (1) Payments received by Field Collection employees will be posted using established Designated Payment Codes (DPC). Payments received as a result of administrative collection action may be applied in the government's best interest. Court ordered restitution payments made to the clerk of court will continue to be sent by the court to Kansas City Submission Processing where they will be posted using DPC 26. SB/SE Campus Compliance Services will cross reference any balance due payments to ensure the full amount of the restitution is only collected once and is not overpaid.

5.14.4.7
(10-09-2020)
Establishing installment agreements which include an MFT 74 and/or MFT 76 module

- (1) This section relates to actions required when establishing IAs, which includes: the excise tax MFT 76 module and/or failure to file penalty MFT 74 assessment.
- (2) MFT 74 identifies the tax module in which an adjustment for Form 5500 (series), Annual Return/Report of Employee Benefit Plan, is to post. Form 5500 concerns compliance with qualification provisions. For Form 5500 penalties (e.g., late filing). See IRM 20.1.8.4 , Employee Plans (EP).
- (3) MFT 76 identifies the tax module in which an adjustment for Form 5330, Return of Excise Taxes Related to Employee Benefit Plans, is to post. Form 5330 is used to report and pay the excise tax related to employee benefit plans under several IRC provisions. The largest assessments usually relate to inadequate funding of employee pension plans. A tax of 10 percent [4971(a)] of the underfunded amount may apply each year. A tax of 100 percent [4971(b)] can be imposed in certain cases. The tax may be self-reported on Form 5330, or identified by IRS in an Examination proceeding.
- (4) Currently, due to programming limitations, the systemic input of certain transaction codes to a MFT 74/76 module is not possible due to the 3-digit plan identifier associated with these assessments. Automated systems do not recognize the identifier number. Notices requesting payment are sent when the tax is assessed and every time interest is updated, but the cases do not move beyond status 21. Sometimes no status is reflected on IDRS, just the assessment.
- (5) Research of these modules requires a specific format which include:

| Command Code | Format | Notes |
|--------------|--|--|
| BMFOLT | BMFOLTxx-xxxxxxx 74201212001 | n/a |
| TXMOD | TXMODAxx-xxxxxxx _____74 001 201212 | n/a |
| MFREQ | MFREQCxx-xxxxxxx _ ____ 76 201210 NAME 001 | (if TXMOD is needed for CFOL only period) |
| INOLEP | INOLEPxx-xxxxxxx | Lists the employee benefit plans and their 3-digit identifiers |

Note: Balance Due Modules cannot be created on ICS for these assessments.

- (6) IAs which include MFT 74 or 76 cannot be systemically established on IDRS; they must be processed following MMIA procedures. See IRM 5.14.9, Routine and Manually Monitored Installment Agreements, Independent Review and Appeals. Clearly identify the IA as “MMIA - MFT 74/76” in red on the top of the IA.

- (7) If the entity has other assessments (i.e. MFT 01, 02, 10, etc.) and those modules will not be fully satisfied (taxpayer placed in a Partial Payment IA), do not create a separate IA for CCP manual monitoring. If the taxpayer has a systemically monitored IA that will result in full payment of the other assessments, create a separate IA for manual monitoring in CCP. Clearly document the Form 433-D and the ICS history that both a systemic and MMIA exist and that payments will post to the non-MFT 74/76 assessments until full payment is received.
- (8) Request input of a TC 971, AC 063 on each MFT 74/76 module at the time the MMIA is forwarded to CCP.
- (9) If a NFTL is required, follow the instructions outlined in IRM 5.12.7.7.6, Employee Benefit Plans.