



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.14.9

OCTOBER 7, 2019

EFFECTIVE DATE

(10-07-2019)

PURPOSE

- (1) This transmits a revision for IRM 5.14.9, *Routine and Manually Monitored Installment Agreements, Independent Review and Appeals*.

MATERIAL CHANGES

- (1) IRM 5.14.9.1, Program Scope and Objectives, added to address management and internal controls.
- (2) IRM 5.14.9.1.6, updated terms and definitions, and incorporated additional acronyms into current list.
- (3) IRM 5.14.9.2(1)(a), added clarification that Group Manager approval is not required for streamlined agreements.
- (4) IRM 5.14.9.7, added clarification that Independent Administrative review is for proposed IA requests. Added note that Independent Administrative Review is not required for 2 year PPIA financial review cases, and updated case routing information.
- (5) IRM 5.14.9.10, updated information about Installment Agreement user fees including the Bipartisan Budget Act of 2018 (BBA 18) and user fee amounts.
- (6) Revised and updated IRM references, mailing addresses, forms and web addresses throughout.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.14.9, dated December 18, 2017.

AUDIENCE

SB/SE Compliance Employees

Nikki C. Johnson
Director, Collection Policy

5.14.9

Routine and Manually Monitored Installment Agreement Dispositions, Independent Review and Appeals

Table of Contents

- 5.14.9.1 Program Scope and Objectives
 - 5.14.9.1.1 Background
 - 5.14.9.1.2 Authority
 - 5.14.9.1.3 Responsibilities
 - 5.14.9.1.4 Program Management and Review
 - 5.14.9.1.5 Program Controls
 - 5.14.9.1.6 Terms/Acronyms
 - 5.14.9.1.7 Related Resources
- 5.14.9.2 Managerial Approval
- 5.14.9.3 IDRS Monitoring
- 5.14.9.4 Routine Installment Agreements
- 5.14.9.5 Manually Monitored Installment Agreements (MMIA)
- 5.14.9.6 Securing Installment Agreements Through Other Investigations (OI)
- 5.14.9.7 Independent Administrative Review after Recommended Rejection of Installment Agreement Requests
- 5.14.9.8 Collection Appeals Program
- 5.14.9.9 Referrals to the Taxpayer Advocate Service (TAS)
- 5.14.9.10 Installment Agreement User Fees: Authority and General Information

5.14.9.1
(12-18-2017)
Program Scope and Objectives

- (1) This IRM describes the installment agreement process. Specifically, IRM 5.14.9:
 - a. Describes routine and manually monitored installment agreement dispositions.
 - b. Discusses considerations with respect to acceptance and/or rejection of installment agreements.
 - c. Identifies and defines the next steps in the rejection process of installment agreements, Independent Administrative Review (IAR) and Collection Appeal Program.
 - d. Defines the Taxpayer Advocate Service (TAS) referral process.
 - e. Provides information on installment agreement user fees.
- (2) Purpose - This chapter provides procedures for approval and monitoring of installment agreements, including the level of approval authority necessary for different types of agreements. It provides procedures for providing the taxpayers with an independent administrative review when a revenue officer plans to reject a request for installment agreement. This chapter provides policy and procedures for providing taxpayer's appeal rights on rejected requests for agreements, defaulted agreements, and terminated installment agreements.
- (3) Audience - These procedures and guidance apply to IRS Field Collection Revenue Officers and Group Managers.
- (4) Policy Owner- Director, Collection Policy, is the policy owner of this IRM.
- (5) Program Owner- Collection Policy, Case Resolution Alternatives, is the program owner of this IRM.
- (6) Primary Stakeholders- The primary stakeholders affected or impacted by this IRM are:
 - Field Collection
 - Independent Administrative Review
 - Insolvency
 - Appeals
 - Taxpayer Advocate Service
- (6) 7) Program Goals- Installment Agreements can be a viable case resolution for many delinquent accounts. By following the direction in this IRM section, employees can ensure installment agreements are approved when required, processed correctly, and that taxpayers will be granted the right to an independent review when the employee plans to reject an installment agreement. Employees also ensure that taxpayers receive appeal rights on all rejected requests for installment agreements.

5.14.9.1.1
(10-07-2019)
Background

- (1) This chapter will discuss the process and procedures for approval and monitoring of installment agreements. It provides procedures to provide taxpayers with an independent administrative review when a revenue officer plans to reject a request for installment agreement. This chapter provides policy and procedures for providing appeal rights on rejected requests for installment agreements.

- 5.14.9.1.2
(10-07-2019)
Authority
- (1) IRC 6159, *Agreements for Payment of Tax Liability in Installments.*
 - (2) IRC 7122(e), *Compromises.*
 - (3) 31 United States Code 9701, *Fees and charges for Government services and things of value.*
- 5.14.9.1.3
(12-18-2017)
Responsibilities
- (1) The Director, Collection Policy is the executive responsible for the policies and procedures to be employed by collection personnel.
 - (2) Field Collection Group Managers and Territory Managers are responsible for ensuring the guidance and procedures described in this IRM are complied with.
- 5.14.9.1.4
(12-18-2017)
Program Management and Review
- (1) Program Reports:
 - a. Monthly Installment Agreement Trend Report. Sourced from the Collection Activity Report (CAR), Case Resolution Alternatives (CRA) generates and reviews a monthly Installment Agreement trend report that captures data on the various types of installment agreements and compares year over year data on installment agreement inventory levels, the number of installment agreements initiated, default rates, full pay rates and dollars collected. Any anomalies are identified and researched for potential causes. Negative trends are identified and causes are addressed.
 - (2) Program Reviews:
 - a. Case reviews are conducted by Group Managers and NQRS to ensure compliance with this IRM.
 - b. Operational reviews are conducted by Territory Managers and Area Director annually to evaluate program delivery and conformance to administrative and compliance requirements.
- 5.14.9.1.5
(12-18-2017)
Program Controls
- (1) Independent Administrative Review, with few exceptions, is required of all rejected installment agreement proposals. In addition, all rejection, modification, and termination decisions are subject to appeal procedures.
 - (2) The Integrated Collection System (ICS) ensures that taxpayer conditions meet requirements for Streamlined or In-Business Express installment agreement processing criteria, that there are no unfiled returns, and requires group manager approval for all non-streamlined installment agreements.
 - (3) The Integrated Data Retrieval System (IDRS) programming requires that all open modules be included in an installment agreement for input to be successful.
- 5.14.9.1.6
(10-07-2019)
Terms/Acronyms
- (1) Frequently used terms in this IRM along with their definition:
 - a. Delinquent taxes: balance due, ACS balance due accounts, and/or notice status accounts
 - b. Accrued taxes: unassessed amounts due on returns, missed estimated tax payments or under-deposited Federal Tax Deposits (FTDs) as of the date of contact
 - c. Current taxes: Federal Tax Deposits (FTDs) and Estimated tax payments (ES) that become due after the date of contact

(2) Frequently used acronyms include:

Acronym	Definition
AC	Action Code
ACS	Automated Collection System
ATAT	Abusive Tax Avoidance Transaction
BMF	Business Master File
CRA	Case Resolution Alternatives
CAR	Collection Activity Report
CAP	Collection Appeal Program
CCP	Centralized Case Processing
CDP	Collection Due Process
CSED	Collection Statute Expiration Date
DDIA	Direct Debit Installment Agreement
DPC	Designated Payment Code
IA	Installment Agreement
IAR	Independent Administrative Review
IBTF	In-Business Trust Fund
ICS	Integrated Collection System
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
MMIA	Manually Monitored Installment Agreement
NMF	Non-Master File
OI	Other Investigation
PPIA	Partial Payment Installment Agreement
RUFI	Reduced User Fee Indicator
SBSE	Small Business Self-Employed
TAS	Taxpayer Advocate Service
TC	Transaction Code

5.14.9.1.7
(12-18-2017)

Related Resources

(1) IRM resources include:

- IRM 5.19.1.6.4, *Liability Collection, Balance Due, IAs*
- IRM 5.4.11, *CCP Installment Agreements*

- IRM 8.20.7.37, *Appeals, Account and Processing Support (APS), Closing Procedures, Installment Agreements (IA)*
- IRM 13.1.7, *Taxpayer Advocate Case Procedures - Taxpayer Advocate Service (TAS) Case Criteria*

(2) Web resources include:

- 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 SB/SE Web: <http://mysbse.web.irs.gov/default.aspx>
- The IRS adopted the Taxpayer Bill of Rights (TBOR) in June 2014. Employees are responsible for being familiar with and acting in accordance with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights.

5.14.9.2
(10-07-2019)

Managerial Approval

- (1) Group Managers must approve most installment agreements. Specifically, installment agreements must be approved by managers when:
- a. the agreement is not a guaranteed or streamlined agreement;
 - b. an in-business trust fund taxpayer is involved;
 - c. the taxpayer is allowed to skip more than 2 payments in a 12-month period (including systemic skip);
 - d. there is an extension of the statutory period for collection, regardless of the length of the agreement or the amount of tax at issue; or
 - e. partial payment installment agreements are involved in accordance with the procedures provided in IRM 5.14.2, *Partial Payment Installment Agreements and the Collection Statute Expiration Date (CSED)*.
- (2) Group Managers have the authority to approve *all* installment agreements, including partial payment installment agreements secured in connection with CSED extensions. There is no dollar limit set for group manager approval of installment agreements. (See IRM 5.14.1.4.3, *Notice of Federal Tax Lien and Installment Agreements*, regarding no dollar limits and IRM 5.14.2.2, *Collection Statute Expiration Date (CSED): Law, Policy and Procedures*, on processing requirements with waivers.)
- (3) Submit installment agreements to managers for review and approval after all necessary case actions are taken, including thorough documentation of completed investigations and financial analysis (see IRM 5.14.1.4, *Installment Agreement Acceptance and Rejection Determinations*). Case histories must be noted that installment agreements are pending and TC 971 AC 043 was input, unless the agreement will be immediately approved (i.e. a streamlined or IBTF-Express IA). (See IRM 5.14.1.3, *Identifying Pending, Approved and Rejected Installment Agreement Proposals on IDRS*). Inform taxpayers if approval of agreements is delayed. If managers do not approve installment agreements, refer to IRM 5.14.9.7 regarding Independent Administrative Review.
- (4) After investigation, analysis and necessary actions, immediately request managerial approval of installment agreements (or input of installment agreements for those cases that do not require managerial approval.) Installment agreement payments may not be accepted and posted as such unless installment agreements are approved. Do not monitor cases to ensure taxpayers

make payments before submitting for approval. (See IRM 5.14.3.2, *Setting Deadlines and Receiving Payments*, regarding requesting payments.)

- (5) When installment agreements are approved by Collection Field function on taxpayers assigned to ACS, the ACS call-site should be contacted immediately and informed of the agreement. This requirement is in addition to the requirement to input TC 971 AC 043 and/or TC 971 AC 063.
- (6) Managers must approve all revisions or adjustments to current installment agreements unless the conditions of IRM 5.14.11.5(2), *Considerations after Default or Termination, Including Reinstatement*, are met. Cases meeting the criteria of IRM 5.14.11.5(2) require no managerial approval if taxpayers have not been in default of agreements in the prior 12 months.
- (7) If an existing installment agreement is modified, Collection Field function employees will prepare Form 4844, *Request for Terminal Action*, for IDRS input and attach it to the new Form 433-D, *Installment Agreement*, or Form 2159, *Payroll Deduction Agreement*, and the CIS. If the only change is the due date, complete Form 4844, and submit it for approval and IDRS input. Regarding revised agreements, the CSEDs may not be extended on balances due included in old agreements. If new agreements are entered into, CSEDs may be extended on those balances due included in old agreements as well as on balance due periods that have not previously been included in an installment agreement. (See IRM 5.14.2.2), *Collection Statute Expiration Date (CSED): Law, Policy and Procedures*, and IRM 5.14.11.5(4), *Considerations after Default or Termination, Including Reinstatement*.)

5.14.9.3 (08-05-2010) IDRS Monitoring

- (1) The Integrated Data Retrieval System (IDRS) is used to monitor most Installment agreements for timely payments on accounts, as well as to determine whether taxpayers remain in compliance with current filing and paying requirements. IDRS also monitors agreements based on the locator numbers recorded at the time agreements are input. (See IRM 5.14.1, *Securing Installment Agreements*, Exhibit 5.14.1–2).

Note: Some agreements require special monitoring, such as when accounts reside on the Non-Masterfile (NMF) or if payment amounts are varied. These accounts must be manually monitored. See IRM 5.14.9.5.

- (2) Follow ICS on-screen and help screen instructions to ensure installment agreements are routed properly for IDRS monitoring.
- (3) Use IDRS to monitor installment agreements for IMF, out-of-business BMF, or in-business BMF modules in either notice or balance due status meeting these criteria:
 - a. the payment must be for a fixed amount;
 - b. the agreement must be monthly because even though payments may be submitted more often, IDRS monitors monthly. (Anything other than a monthly payment increment should be processed as a manually monitored installment agreement);
 - c. all payment due dates are limited to calendar days 1 through 28.
- (4) Agreements should schedule the first payments to be at least 30 days after the date agreements are input (non-DDIAs). For DDIAAs, schedule the first payment

for at least 60 days from the date the IA is submitted for input. The expectation is that the DDIA should be input to Status 60 within 30-45 days. (See IRM 5.14.10, *Payroll Deduction Agreements and Direct Debit Installment Agreements*).

- (5) If a payment is received in the area office on an IDRS-monitored installment agreement, use Designated Payment Code (DPC) "99" on the posting document. Refer to Document 6209, *IRS Processing Codes and Information*, for information on the use of Designated Payment Codes.

5.14.9.4
(03-11-2011)
**Routine Installment
Agreements**

- (1) Accounts are considered routine installment agreements when the type of debt does not meet the criteria for any other type of IA (Guaranteed, Streamlined, Direct Debit, Manually Monitored Installment Agreement (MMIA), In Business Trust Fund (IBTF) or IBTF-Express). In order to close BMF accounts as routine, all employment tax filing requirements must be closed.
- (2) The preferred method of closing a Routine IA is by choosing Option A on the ICS Installment Agreement menu. Choosing this method of closure allows the IA to be systemically uploaded from ICS to IDRS (Status 60).
- (3) After the Group Manager approves the IA, an ICS Print Manager Dialogue box provides the option of e-mail or immediate printing of the Form 433-D, *Installment Agreement*, and Letter 2850, *ICS Installment Agreement Confirmation Letter*. A systemic ICS history is created stating the IA was systemically uploaded to IDRS.
- (4) Generation of the acceptance letter and Form 3210, *Document Transmittal*, have not changed with the systemic upload process. You are still responsible for mailing Letter 2850, *ICS Installment Agreement Confirmation Letter*, to the taxpayer and power of attorney, if applicable.
- (5) Write "FILE COPY" in RED ink along the top of the Form 433-D, *Installment Agreement*, and place it in the closed case file. Send the closed case file to CCP on the Form 795-B, *Closure / Document Transmittal*, or a manually created Form 3210 to:

Internal Revenue Service
2970 Market Street
Mail Stop 5-E04.115
Philadelphia, PA 19104
- (6) If a hard copy of the Form 433-D, *Installment Agreement*, was prepared and approved outside of ICS, select Option B under the Installment Agreement menu to close the case on ICS. Use the systemically generated Form 3210, *Document Transmittal*, to route the agreement form (Form 433-D, *Installment Agreement*) on top of the case file to CCP for input into IDRS at Mail Stop 5-E04.114.
- (7) Option B does not systemically generate an approval notification, Form 433-D, *Installment Agreement*, or the Letter 2850, *ICS Installment Agreement Confirmation Letter*. Create the Letter 2850, *ICS Installment Agreement Confirmation Letter*, from the Installment Agreement menu under the Templates Listing on ICS. It is your responsibility to mail the letter to the taxpayer and power of attorney, if applicable.

5.14.9.5

(12-18-2017)

Manually Monitored Installment Agreements (MMIA)

- (1) Certain assessments and agreements are not compatible with IDRS monitoring. The types of agreements listed below must be manually monitored in Centralized Case Processing to ensure compliance with the terms of agreements:
 - a. NMF assessments in either notice or Bal Due status;
 - b. agreements calling for variable or percentage amounts;
 - c. agreements with irregular payment intervals;
 - d. BMF agreements secured from two or more parties at different addresses on the same liability (partnerships, multiple entities, etc.)
 - e. L Freeze modules during pending Joint and Several Liability Relief Under IRC 6015 claims;
 - f. Restitution Based Assessments;
 - g. any other agreement not compatible with IDRS monitoring.
- (2) Status 60 is not input on manually monitored installment agreements. The modules will remain open on ICS and will be transferred to Centralized Case Processing for monitoring.
- (3) Select “MMIA — Centralized Case Processing” in either Option A or Option B on the ICS Installment Agreement menu. The preferable option is Option A. (See IRM 5.14.7.4.2, *BMF Installment Agreements, Approval and Monitoring*, for IBTF Cases.)
- (4) ICS Installment Agreement Option A is used when neither Form 433-D, *Installment Agreement*, has been prepared nor approved prior to submission of the agreement for approval on ICS. Approval by the group manager using ICS Installment Agreement Option A generates:
 - a. Transaction code (TC) 971 Action Code (AC) 063);
 - b. Approval notification to the revenue officer;
 - c. An original and copy of the Form 433-D, *Installment Agreement*;
 - d. Letter 2850, *ICS Installment Agreement Confirmation Letter*. This letter provides taxpayers with notice of the approval of their agreement as well as the terms and conditions of the agreements; and
 - e. Form 3210, *Document Transmittal*, for transmitting the case file to CCP at Drop Point N-809.
- (5) ICS Installment Agreement Option B should be used if a hard copy Form 433-D, *Installment Agreement* was prepared and approved outside of ICS. Option B does not generate the systemic information discussed in IRM 5.14.9.5(4)(b),(c) &(d). Use of Option B requires that the contact employee complete the following actions after managerial approval:
 - a. Provide the taxpayer (and power of attorney if applicable) with Letter 2850, *ICS Installment Agreement Confirmation Letter* from the ICS Installment Agreement Template menu.
 - b. Use the systemically generated Form 3210, *Document Transmittal*, to forward approved agreements to Centralized Case Processing along with the original case file to Mail Stop 5-E04.117.
 - c. To ensure proper disposition, write “Manually Monitored IA” in red ink on the top of Form 433-D, *Installment Agreement*.

- (6) Use IRM 5.14.1, *Securing Installment Agreements*, Exhibit 5.14.1–2 to choose the appropriate Agreement Locator Number (ALN). ICS will automatically set the subcode to “901” and the location to “MMIA”.
- (7) Advise taxpayers that the Letter 3856, *Monthly Reminder for Installment Agreement Payments*, which includes a payment stub and envelope, will be mailed to them.
- (8) When posting payments to manually monitored installment payments, use DPC “10” on posting documents. This code is designed to allow accumulation of data on these non-IDRS monitored agreements. See Document 6209 for information regarding other designated payment code indicators.
- (9) Refer to IRM 5.4.11, *CCP Installment Agreements*, for CCP’s monitoring procedures on MMIA’s.
- (10) See IRM 5.4.11.7, *Default and Termination Procedures*, for procedures on defaulted and terminated manually monitored installment agreements.

5.14.9.6
(08-05-2010)
Securing Installment Agreements Through Other Investigations (OI)

- (1) If an installment agreement is granted while processing a courtesy investigation (OI) and transfer of the balance due account is accepted, process the installment agreement (Form 433-D, *Installment Agreement* or Form 2159, *Payroll Deduction Agreement*) per the instructions found in the applicable IRM 5.14 section based on the type of IA secured.
- (2) If transfer is **not accepted**, ensure the pending installment agreement indicator (TC 971 AC 043) is input to IDRS. Return the installment agreement form (Form 433-D, *Installment Agreement* or Form 2159, *Payroll Deduction Agreement*) to the initiator of the courtesy investigation for approval and processing.

5.14.9.7
(10-07-2019)
Independent Administrative Review after Recommended Rejection of Installment Agreement Requests

- (1) In accordance with Internal Revenue Code sections 6159(g) and 7122(e) and the taxpayer’s right to challenge the IRS’s decision and be heard, taxpayers are entitled to an independent administrative review of proposed terminations of installment agreements or rejections of proposed installment agreement requests.
 - a. The employee will provide a response that is accurate and communicated in a clear, concise, professional, and easy to understand manner when communicating the determination. Contact employees (including revenue officers) and managers must ensure that all actions relative to this independent administrative review are documented in case histories, including:
 - the date the case is sent to the Independent Administrative Reviewer (IAR);
 - the date the case is received from the Independent Administrative Reviewer (IAR); and
 - the date the case is forwarded for second level review (if applicable).

Note: Independent administrative review is not required in cases where the installment agreement request was identified as “pending” in error, due to noncompliance with filing requirements. If the taxpayer was not in compliance with filing requirements at the time of their request, ensure all modules that contain a pending installment agreement indicator (TC 971 AC 043) are

reversed with a TC 972 AC 043, using the same date of the originating transaction code. (See IRM 5.14.1.3, *Identifying Pending, Approved and Rejected Installment Agreement Proposals on IDRS* and IRM 5.14.1.4.2, *Compliance and Installment Agreements*.)

- (2) When planning to reject a request for an installment agreement:
- a. Notify taxpayers that rejection of the request is being recommended if that is the next planned action, but do not notify taxpayers of actual rejection of the installment agreement request until after independent administrative review.
 - b. Managers must review and concur with plans to reject installment agreement requests prior to independent administrative review.
Note: This is accomplished by signing Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, (see IRM 5.14.9.7(3)(e)) making a notation in the case history on the Integrated Collection System, if available.
 - c. If managers request additional information or action, these should be requested of the taxpayer or secured from the appropriate source, without commenting to the taxpayer regarding approval status of the agreement other than that the request is being considered. Also, set deadlines in accordance with the procedures provided in IRM 5.14.3.2, *Setting Deadlines and Receiving Payments*, if appropriate.
 - d. In addition to exercising care with regard to conveying rejection of requests, exercise care regarding conveying acceptances. Specifically, though the plan to accept an installment agreement request can be shared, *do not convey acceptance if a request requires managerial approval until approval is obtained*.
- (3) If rejection is the next planned action, the following information should be provided to the Independent Administrative Reviewer (IAR). For current case routing instructions see <http://mysbse.web.irs.gov/collection/ceaso/contacts/19409.aspx>
- a. Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*;
 - b. a statement regarding the reason(s) for the proposed rejection. Bear in mind that the basis for the rejection of an installment agreement request could be the subject of an immediate appeal or a future Collection Due Process hearing;
 - c. IDRS printouts associated with the case file, including IDRS CC ICOMP. (See IRM 5.14.9.2 regarding approvals);
 - d. any documentation submitted by the taxpayer in connection with the installment agreement request;
 - e. Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, must be signed by the employee responsible for the rejection determination and the employee's manager; and
 - f. Record on Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, the date it was forwarded for independent administrative review.

Note: Installment agreements are not considered "pending" if taxpayers are not in compliance with filing requirements at the time of their request and therefore

they do not require independent administrative review. If the taxpayer's installment agreement request was identified as "pending" in error, advise the taxpayer they do not have a pending installment agreement due to lack of compliance with filing requirements at the time of the request. Ensure all modules that contain a pending installment agreement indicator (TC 971 AC 043) are reversed with a TC 972 AC 043, using the same date of the originating transaction code. (See IRM 5.14.1.3, *Identifying Pending, Approved and Rejected Installment Agreement Proposals on IDRS* and IRM 5.14.1.4.2, *Compliance and Installment Agreements*.)

Note: See "Exception" in IRM 5.14.9.7(12) below.

- (4) The Independent Administrative Reviewer (IAR) will add the case to ICS no later than five business days after receipt.
- (5) The Independent Administrative Reviewer (IAR) reviews the decision to reject installment agreement requests independent of employees' and managers' opinions. The IAR must exercise independent judgment to determine if rejection of the installment agreement request is appropriate. The IAR should use problem solving and negotiation techniques and consider the taxpayer's perspective when working toward case resolution.
- (6) In deciding to uphold or overturn a proposed rejection, the Independent Administrative Reviewer (IAR) should:
 - a. Consider the case as a whole;
 - b. Focus on the reasons for the proposed rejection given by the contact employee (or, if appropriate, the reasons for the proposed rejection given by the group manager);
 - c. Determine whether the proposed installment agreement would fully pay the liability before the CSED (see IRM 5.14.2, *Partial Payment Installment Agreements and the Collection Statute Expiration Date (CSED)* for exceptions). Use IDRS CC ICOMP or other source to support the decision to reject an installment agreement request for this reason;
 - d. Review the analysis of the taxpayer's financial condition to determine whether the payment amount requested by the taxpayer is adequate given the taxpayer's ability to pay;
 - e. Determine whether the taxpayer is in compliance with all filing requirements (see IRM 5.14.1.4.2, *Compliance and Installment Agreements*);
 - f. Determine whether positions expressed by the taxpayer were considered in the interview or review process; and
 - g. Determine if reasons for rejection provided by the revenue officer or his/her manager should be provided to the taxpayer. Considering that the basis for the rejection can be the subject of an immediate appeal or a future Collection Due Process hearing, there should be very few circumstances when the taxpayer should not be told of the reasons for rejection. The Independent Administrative Reviewer (IAR) should ensure that the reasons for rejection are well documented in the file including, as necessary, why a partial payment installment agreement was not appropriate.
- (7) The Independent Administrative Reviewer (IAR) may:
 - a. Recommend that taxpayers be granted installment agreements (of the same amount proposed by taxpayers, or a different amount);

- b. Concur with decisions to reject agreement requests;
 - c. Suggest modifications or conditions to agreements;
 - d. Request additional documentation from revenue officers or other contact employees; and/or
 - e. Request revenue officers or other contact employees secure additional information or documentation from taxpayers.
- (8) The Independent Administrative Reviewer (IAR) will provide *all reasons* for concurring (or not concurring) with decisions to reject installment agreement requests in the remarks section of Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*. Bear in mind that the basis for the rejection of an installment agreement request could be the subject of an immediate appeal or a future Collection Due Process hearing.
- (9) The Independent Administrative Reviewer (IAR) must sign and record the date that cases were reviewed on the review form. The IAR's original signature must be on Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, and any attachment thereto. Independent administrative review will be completed and a determination made no later than 15 business days from opening the ICS OI.
- (10) The Independent Administrative Reviewer (IAR) may not substitute Form 5942, *Reviewers Report - Technical Services Advisory*, for Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*. No other forms, or other history or narrative may be substituted for Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*. If a longer narrative is required than space allows on Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, an attachment is allowed. For ICS users, entries in the case histories are appropriate, but history entries cannot be substituted for Form 12233. The Independent Administrative Reviewer's (IAR's) history entries may be printed and attached to Form 12233, with a note on the Form 12233 stating: "See Attached".
- (11) The disposition of the independent administrative review will be recorded on Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*. If the Independent Administrative Reviewer (IAR) finds:
- a. Rejection is inappropriate, then the case file and Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, will be returned to the manager of the revenue officer (or other contact employee), clearly recommending acceptance of the agreement.
 - b. Rejection is appropriate, then the case file and Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, will be returned to the manager of the revenue officer (or other contact employee), clearly concurring with the rejection decision, so that an answer regarding the installment agreement request can be conveyed to the taxpayer.
 - c. If additional information is necessary to make a determination, then the case file and Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, will be returned to the manager of the revenue officer (or other contact employee) with a request for specific information and/or action. The Independent Administrative Reviewer (IAR) will allow 10 days for a response. If the field (or other contact employee) cannot complete the actions within 10 days, an interim response must be

provided to the Independent Administrative Reviewer (IAR), with reasons why the 10-day time-frame could not be met.

- (12) The revenue officer (or other contact employee) will take the actions directed by the Independent Administrative Reviewer (IAR), when a case is returned to the revenue officer (or other contact employee). If the IAR recommends acceptance of the agreement, this information should be relayed to the taxpayer, and the agreement should be processed.

Exception: If, after reviewing the Independent Administrative Reviewer's (IAR's) report a revenue officer still believes rejection is the proper action, the case file will be resubmitted to the IAR, along with additional information and an explanation that supports rejection of the installment agreement request. When no resolution is reached after the second review, the case will be further elevated to the second level management (IAR Advisory Territory Manager) for a decision.

- (13) If a decision to reject an installment agreement request is sustained by the Independent Administrative Reviewer (IAR):
- a. rejection and, except in rare cases, the basis for rejection must be communicated to the taxpayer by issuing Letter 4052, *Rejection of Proposed Installment Agreement*, found on the ICS Installment Agreement Template menu;
 - b. specific amounts and conditions for acceptance of the agreement request must be provided to the taxpayer when they are informed of the rejection decision, if sufficient information has been provided to make this determination and an installment agreement is an appropriate resolution;

Note: If the taxpayer later proposes an *amount less than* what previously was communicated to the taxpayer as being acceptable, this proposal will be deemed as an installment agreement request to delay collection, not requiring another independent administrative review, unless there has been a change in the taxpayer's circumstances. Approval by the collection group manager is required. (See also IRM 5.14.3.3, *Installment Agreement Requests Made to Delay Collection Action*.)

- c. taxpayers must be provided the right to appeal decisions to reject installment agreement requests (See IRM 5.14.9.8);

Note: If the taxpayer requests an appeal, note all applicable information on Form 12233, *Request for Installment Agreement - Independent Review Prior to Rejection*, including the date of issuance of Form 9423, *Collection Appeal Request*, to the taxpayer, the date of receipt of completed Form 9423, *Collection Appeal Request*, from the taxpayer, and the date the file was forwarded to Appeals.

- d. If levy is the next intended action, then Letter 1058(DO), *Notice of Intent to Levy and Notice of Your Right to a Hearing*, or Letter 3174P, *New Warning of Enforcement*, may be issued to taxpayers at the same time that the rejection of pending installment agreements is communicated to taxpayers using the Letter 4052, *Rejection of Proposed Installment Agreement*. See IRM 5.11.1.3.2, *Required Notices*, regarding the appropriate letter to use. See IRM 5.7.8.5(12), *Working Repeater Trust Fund Taxpayers to Address Pyramiding*, for exceptions to levy being the next intended action.

Note: No levy may be issued until after 45 days have passed since the communication of rejection of the request for installment agreement to the taxpayer. (See exceptions in IRM 5.14.1.5(2), *Levy Restrictions and Installment Agreements*.)

(14) In the event a proposed installment agreement is rejected and it is determined that the taxpayer made a good faith revision of the proposal and submitted the revision within 30 days of the date of the rejection, the installment agreement must be considered anew. The appeal period continues to run from the date of the original rejection, if the revised submission was not made in good faith.

(15) The Independent Administrative Reviewer (IAR) will notify referring field or contact employees or functions through appropriate channels of the outcomes of the independent administrative review, so that the appropriate Transaction Code (TC) and Action Code (AC) may be input. See IRM 5.14.1, *Securing Installment Agreements*, Exhibit 5.14.1-1.

a. For approved agreements: request TC 971 AC 063 be input to IDRS for all taxpayer modules.

Note: For agreements approved on ICS, ICS systemically inputs the TC 971 AC 063 to IDRS, so no additional action is necessary

b. For rejected proposals: request reversal of TC 971 AC 043 thirty days (30 days) after the rejection is communicated to the taxpayer, unless a timely appeal is received. The date of the reversing transaction (TC 972 AC 043) should be thirty (30) days from the date the rejection was communicated to the taxpayer.

(16) Review of SB/SE field cases will take place in Advisory.

(17) Independent Administrative Reviewers (IAR's) will also complete independent administrative reviews on balance due periods not included in CDP appeals (when other balance due periods for the same entity are being appealed under CDP).

Note: If the Independent Administrative Reviewer (IAR) agrees that rejection is appropriate for the proposed installment agreement (for the periods not included under CDP), then the IAR will inform the Appeals or Settlement Officer handling the CDP of the Independent Administrative Reviewer's (IAR's) decision after communicating the rejection to the taxpayer. The taxpayer should be advised that the Independent Administrative Reviewer's (IAR's) decision will be shared with Appeals and that the taxpayer should communicate any disagreement with this decision to the Settlement Officer handling the CDP as well reminding the taxpayer of their CAP rights.

(18) If the taxpayer proposes an installment agreement as a collection alternative after requesting a Collection Due Process hearing (CDP) and rejection is planned, then the field employee will forward the CDP periods to Appeals under Collection Due Process (See IRM 5.1.9.3.3, *Processing CDP and EH Requests*). The independent administrative review for CDP periods is accomplished by approving and signing of Form 5402, *Appeals Transmittal and Case Memo*, by the Appeals Team Manager. This is also true if installment agreements are requested while cases are assigned to Appeals for other reasons. If

there are periods in the installment agreement request that are not included in the CDP request, these periods will be sent for independent administrative review by Advisory in accordance with the procedures provided in IRM 5.14.9.7(14).

Note: If the Independent Administrative Reviewer (IAR) agrees that rejection is appropriate for the proposed installment agreement (for the periods not included in the CDP request), inform Appeals, or the settlement officer handling the CDP, of the Independent Administrative Reviewer's (IAR's) decision before conveying rejection to the taxpayer.

- (19) The only instances in which taxpayers are not afforded independent administrative review or given appeal rights after requesting an installment agreement are:
- a. taxpayers withdraw the request for an installment agreement (see IRM 5.14.4.6, *Withdrawal of Installment Agreement Requests*);
 - b. taxpayers fully pay the liability; or
 - c. installment agreement requests are made merely to delay collection (see IRM 5.14.3.3, *Installment Agreement Requests Made to Delay Collection Action*.)
 - d. the pending installment agreement indicator was input in error due to non compliance with filing requirements (see note in 5.14.9.7(1)(a))

5.14.9.8
(12-18-2017)
**Collection Appeals
Program**

- (1) Along with a rejection of an installment agreement request, and in accordance with the taxpayer's right to challenge an IRS decision in an independent forum, taxpayers must be immediately notified of their appeal rights. Taxpayers whose requests for installment agreements are rejected, as well as those whose installment agreements are in default or have been terminated, will follow the procedures in IRM 5.1.9.4, *Collection Appeals Program (CAP)*. Taxpayers may appeal rejections, proposed terminations, and terminations within 30 days. The time frame to request these types of appeals cannot be extended. See IRM 5.1.9.4.2(7), *Request for a CAP Appeal* and IRM 5.14.11.7, *Appeals of Defaulted and Terminated Agreements*.

Note: See IRM 5.14.9.7 regarding independent administrative review on appeals cases and situations that do not require independent administrative review nor appeals.

- (2) Allow at least fifteen additional days after the thirty day period in case the taxpayer mails a request for hearing regarding rejections, defaults, proposed terminations or terminations on the thirtieth day after any of these actions. However, if the taxpayer confirms that no hearing has been requested, there is no need to wait the additional fifteen days before issuing a levy, as long as all other requirements for levy have been met. See IRM 5.11.1, *Notice of Levy - Background, Pre-Levy Actions, Restrictions on Levy & Post-Levy Actions*.
- (3) If taxpayers' appeals are rejected, taxpayers must be informed of this. Other collection action may then be taken, provided 30 days have passed since the date of rejection or termination.

Note: See IRM 8.24.1, *Collection Appeals Program (CAP)*, Appeals Division Manual for Collection Appeals Program, and IRM 5.1.9, *Collection Appeal Rights*, for general information regarding the Collection Appeals Program.

- (4) Input, or request input of, appropriate TC 971 reversals if Appeals rejects (i.e., does not sustain) the taxpayer's appeals.
 - For rejected requests of installment agreements use TC 972 AC 043.
 - For appeals of defaulted (proposed terminations) of installment agreements, or appeals of terminated installment agreements, use TC 971 AC 163.

See IRM 5.14.1, *Securing Installment Agreements*, Exhibit 5.14.1-1.

5.14.9.9
(12-18-2017)
**Referrals to the
Taxpayer Advocate
Service (TAS)**

- (1) Taxpayers have the right to receive assistance from the Taxpayer Advocate Service (TAS) if they experience difficulty in resolving their problems with the IRS. Refer taxpayers to TAS when contact meets TAS criteria, (see IRM 13.1.7, *Taxpayer Advocate Service (TAS) Case Criteria*) or when you are unable to resolve the taxpayer's issues the same day. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer same day cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same-Day Resolution by Operations*.
- (2) When making a TAS referral, use Form 911, *Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order)*, and forward to TAS in accordance with your local procedures.

5.14.9.10
(10-07-2019)
**Installment Agreement
User Fees: Authority
and General Information**

- (1) 31 United States Code 9701 – as implemented by Office of Management and Budget Circular A-25, section 6 – provides authority for the imposition of user fees. User fees are imposed for services pertaining to the entering into and monitoring of an installment agreement and the restructuring or reinstating of an installment agreement. See 26 CFR 300.1 and 300.2.
- (2) The purpose of installment agreement user fees is to recoup the cost of administering the installment agreement program.
- (3) On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018. The Act amended IRC 6159 to provide certain limitations to installment agreement user fees. The Act's amendments to IRC 6159 apply to installment agreements entered into on or after April 10, 2018.
 - User fees for IAs may not exceed the amount of such fee as in effect on 2/9/2018.
 - Installment agreement user fees will be waived for low-income taxpayers who agree to make electronic payments through a debit instrument. Taxpayers are low income, for IA user fee purposes, if their adjusted gross income for the most recent year is at or below 250% of the federal poverty guidelines.

Note: At this time, the only mechanism the Service has in place in which the taxpayer may agree to make electronic payments through a debit instrument is a DDIA.

Note: Programming has been input to systemically waive the user fee on a DDIA when the taxpayer meets the low-income threshold.

- Installment agreement user fees will be reimbursed to low-income taxpayers that are unable to make electronic payments through a debit instrument upon completion of the installment agreement.

Note: It is anticipated that programming to systemically reimburse the user fee for eligible taxpayers will be available in January 2019.

Note: See IRC 6159 (f) to review the full text.

- (4) Taxpayers meeting the established low-income criteria are identified systemically and the account systemically adjusted.
- (5) The customer can also file a Form 13844, *Application for Reduced User Fee for Installment Agreements*:
 - For IAs entered into **before April 10, 2018**, if the customer's income has decreased significantly and has provided an explanation (i.e. unemployed, etc.), in any form (correspondence, CIS etc.) and their income falls at or below 250 percent of the Federal Health & Human Services Guidelines (FHHS), we can allow a reduced user fee for IAs.
 - For IAs entered into **on or after April 10, 2018**, if a taxpayer has an adjusted gross income, as reported on their most recently filed tax return, that is at or below 250% of the FHHS, the user fee will be reduced and possibly waived or reimbursed if certain conditions apply. See Note below.

Note: For IAs entered into **on or after April 10, 2018**, there is a waiver of user fees for low-income taxpayers that agree to make electronic payments through a debit instrument (DDIA). If the low-income taxpayer indicates that she or he is unable to make electronic payments through a debit instrument, then the taxpayer will receive a reimbursement of the reduced user fee upon completion of the IA. The low-income taxpayer will not receive a reimbursement of the reduced user fee if the IA is terminated.

- (6) Completed Form 13844, *Application for Reduced User Fee for Installment Agreements*, should be sent to:

Mailing Address	PDS Mailing Address
KCSC PO Box 219236, Stop 5050 Kansas City, MO 64121-9236	KCSC 333 W. Pershing Rd., Stop 5050 Kansas City, MO 64108-4302

KCSC ACSS is responsible for manually determining whether taxpayers meet low-income status in response to information submitted on Form 13844, *Application for Reduced User Fee for Installment Agreements*.

- a. For IAs entered into prior to 4/10/2018, KCSC ACSS will determine if the taxpayer's TPI falls within 250 percent of the guidelines set by FHHS, to determine whether the taxpayer meets low-income criteria. The KCSC ACSS employee should consider all information that the taxpayer provides, and follow financial analysis guidelines in IRM 5.19.13, *Campus Procedures for Securing Financial Information*. For taxpayers who meet this criteria, the KCSC ACSS employee should set the RUFU Indicator to

- a 1. If the standard User Fee has already been paid, take the necessary steps to credit the excess user fee over \$43 back to the tax account. Notify the taxpayer that he has qualified for a reduced user fee and we have applied the amount he paid in excess of \$43 to his account, using Letter 4212C, *Reduced Installment Agreement User Fee Acceptance*. Document AMS.
- b. For IAs entered into on or after 4/10/2018, KCSC ACSS will determine whether the taxpayer's AGI for the most recent year falls within 250 percent of the guidelines set by FHHS. For taxpayers who meet this criteria, the KCSC ACSS employee should set the RUF1 Indicator to a 1. If the standard User Fee has already been paid and:
- The taxpayer entered into a DDIA, take the necessary steps to credit the full user fee back to the tax account. Notify the taxpayer that he has qualified for a waiver and we have applied the amount he paid to his account, using Letter 4212C, *Reduced Installment Agreement User Fee Acceptance*. Document AMS.
 - The taxpayer entered into a regular IA and self-identified that they are unable to make electronic payments through a debit instrument (DDIA), take the necessary steps to credit the excess user fee over \$43 back to the tax account. Notify the taxpayer that he has qualified for a reduced user fee that will be reimbursed upon completion of the IA and we have applied the amount he paid in excess of \$43 to his account, using Letter 4212C, *Reduced Installment Agreement User Fee Acceptance*. Document AMS.
 - The taxpayer entered into a regular IA and did not self-identify that they are unable to make electronic payments through a debit instrument (DDIA), take the necessary steps to credit the excess user fee over \$43 back to the tax account. Notify the taxpayer that he has qualified for a reduced user fee and we have applied the amount he paid in excess of \$43 to his account, using Letter 4212C, *Reduced Installment Agreement User Fee Acceptance*. Document AMS.

If the taxpayer does **not** fall within low-income guidelines, deny his request and explain why he does not qualify. Send Letter 4213C, *Reduced Installment Agreement User Fee Rejected*, and document AMS with the reason for rejection. Updated low-income guidelines can be found at: <https://aspe.hhs.gov/poverty-guidelines>. Action 61 Guidelines concerning control & monitoring apply to these requests and require comments be added to AMS.

- (7) For agreements monitored in status 60, Masterfile generates:
- user fees and
 - "user fee modules."
- (8) User fee modules must be established on manually monitored installment agreements when they are received in Centralized Case Processing.
- (9) Request establishment of user fee modules from Centralized Case Processing for ATAT agreements that are monitored in groups.
- (10) The purpose of an IA User Fee is for the IRS to recover costs of the services with administering the IA program to taxpayers. United States Code 9701 – as interpreted by Office of Management and Budget Circular A-25 – provides

authority for the imposition of user fees. User fees are imposed for services pertaining to the entering into and monitoring of an IA and the restructuring or reinstating of an IA. See 26 CFR. 300.1. **Current User Fee Rates:**

From...	Through...	Current User Fee Rates
April 10, 2018	Present	<p>a. Origination Fee: Manual:</p> <ul style="list-style-type: none"> • Low-Income regular IA origination - \$43, which may be reimbursed if certain conditions apply (see paragraph (05) above) • Low-Income DDIA origination for DDIA entered into on or after 4/10/2018 - \$0 • DDIA origination \$107 • Regular IA origination -\$225 <p>b. On-Line Payment Agreement (OPA)</p> <ul style="list-style-type: none"> • Low-Income Regular origination - \$43 (see paragraph (05) above) • Low-Income DDIA origination for DDIA entered into on or after 4/10/2018 - \$0 • OPA Regular origination - \$149 • OPA DDIA origination -\$31 <p>Note: Taxpayers must establish their IA through <i>OPA</i> to be eligible for the <i>OPA</i> user fees shown above..</p> <p>c. Reinstatement/Restructuring User Fee:</p> <ul style="list-style-type: none"> • Low-Income regular IA reinstatement/restructuring - \$43, which may be reimbursed if certain conditions apply (see paragraph (13) below). • Low-Income DDIA reinstatement/restructuring for DDIA entered into on or after 4/10/2018 - \$0 • Reinstatement/restructuring completed through OPA -\$10 • All other reinstatement/restructuring - \$89