MANUAL
TRANSMITTAL

**5.19.14**

Department of the Treasury
**Internal Revenue Service**

**FEBRUARY 8, 2022**

**EFFECTIVE DATE**

(02-08-2022)

**PURPOSE**

(1)    This transmits revised IRM 5.19.14, Liability Collection, Trust Fund Recovery Penalty (TFRP).

**MATERIAL CHANGES**

(1)    IRM 5.19.14.1.7(3) Provided clarification for Taxpayer Bill of Rights (TBOR) and corrected broken link.

(2)    IRM 5.19.14.2.5(3) Changed (5) of the fourth bullet from NMF Manual Assessment Unit in Cincinnati to CFO KC RACS team in Kansas City.

(3)    IRM 5.19.14.3.1(5) Added bullet - ATFR Tax Period Status Code 13.

(4)    IRM 5.19.14.3.3.3(1) and (2) Added NOTE with link to IRM 5.19.14.3.11(3) and changed TC 608 to CSED.

(5)    IRM 5.19.14.3.8(5) After first paragraph added NOTE regarding more than one payment with the same date.

(6)    IRM 5.19.14.3.8(6) Changed paragraph with new closing code information, updated procedures for certain Insolvency cases and updated NOTE.

(7)    IRM 5.19.14.3.8(7) Added new paragraph to include Collection Due Process information.

(8)    IRM 5.19.14.3.8(8) Updated with new closing codes.

(9)    IRM 5.19.14.3.10 Replaced entire section with new instructions for Processing PMTEXPCSED Transcripts.

(10)   IRM 5.19.14.3.10(2) Added link to second NOTE to determine levy type based on EFT number.

(11)   IRM 5.19.14.3.11(3) Added NOTE for TC 534 write-offs on multiple assessments.

(12)   IRM 5.19.14.3.13(2) Changed NOTE TC 608 to CSED.

(13)   IRM 5.19.14.3.14(1) Changed First THEN box with posted TC 608 date to CSED.

(14)   IRM 5.19.14.4.3 Updated "If and Then" Chart procedures for requesting source documents on TFRP adjustments.

(15)   IRM 5.19.14.4.3(11) In "If and Then" Chart, removed requirement to request TC 150 and TC 976 documents.

**EFFECT ON OTHER DOCUMENTS**

This supersedes IRM 5.19.14 dated August 3, 2018. IPU 19U1233 issued 11-27-2019, IPU 19U1248 issued 12-4-2019, IPU 20U0441 issued 3-18-2020, IPU 20U0495 issued 4-6-2020, IPU 20U0612 issued 5-13-2020, IPU 20U1004 issued 9-14-2020, IPU 21U0363 issued 03-09-2021, IPU 21U1120 issued 09-23-2021, and IPU 21U1125 issued 09-24-2021 have been incorporated into this document.

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**AUDIENCE**

Small Business Self Employed (SB/SE) Compliance Campus employees who process Collection work.

Kareem R Williams
Acting Director, Collection Policy

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5.19.14
Trust Fund Recovery Penalty (TFRP)

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**5.19.14.1**
**(02-08-2022)**
**Program Scope and Objectives**

(1) **Purpose:** When a business fails to collect or pay trust fund taxes to the Internal Revenue Service (IRS), the unpaid liability is assessed against the responsible business individual(s) as a Trust Fund Recovery Penalty (TFRP). Payments and credits received on related Individual Master File (IMF) and Business Master File (BMF) accounts must be timely and accurately cross-referenced to ensure the Service collects the tax only once.

(2) **Audience:** This Internal Revenue Manual (IRM) section contains instructions for the TFRP program collection functions in Campus Collection Operations (CCO). Campus personnel includes tax examiners, clerks, and associated management staff.

(3) **Policy owner:** Director, Small Business / Self Employed, Collection Operations, Headquarters Collection, Collection Policy.

(4) **Program owner:** Small Business / Self Employed, Collection Operations, Headquarters Collection, Collection Policy, Employment Tax.

(5) **Primary Stakeholders:** Internal stakeholders include, but are not limited to: Chief Financial Officer (CFO), Revenue officers (RO), Civil Enforcement Advice and Support Operations' (CEASO) Control Point Monitor (CPM), Campus Collection Operation (CCO), Taxpayer Advocate Service (TAS).

(6) **Program Goals:** Duplicate TFRP assessments artificially inflate the dollar amount of total IRS balance due accounts. It is critical that TFRP cross-referencing of payment and credit case actions adhere to a very high standard of account accuracy and timeliness requirements in order to provide quality customer service, maintain public trust in the Organization, and satisfy GAO & CFO requirements associated with the IRS Financial Statements that go to Congress.

**5.19.14.1.1**
**(08-03-2018)**
**Background**

(1) TFRP is a penalty provided for by Internal Revenue Code (IRC) 6672 against any person required to collect, account for, and pay over taxes held in trust who willfully fails to perform any of these activities, or willfully attempts to evade or defeat any such tax or its payment. TFRP is a "pecuniary" penalty, meaning the government has suffered an actual monetary loss for unpaid trust fund taxes. The penalty is equal to the total amount of tax evaded, not collected, or not accounted for and paid over.

(2) IRC 6672, Trust Fund Recovery Penalty, applies to individuals or entities (representatives of a business with authority and responsibility) that did not pay the government:

- Withheld income taxes
- Withheld Social Security and Medicare
- Railroad retirement taxes, or
- Collected excise taxes

(3) The responsible person may be one or more of, but not limited to, the following:

- Officer or employee of a corporation
- Partner or employee of a partnership
- Employee of a sole proprietorship
- Corporate director
- Shareholder

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- Another corporation
- Surety lender
- Limited Liability Company (LLC) member, manager, or employee
- Other person(s) or entity outside the delinquent business

(4) Though TFRP may be assessed against several individuals, the total liability is collected (ultimately retained) only once from either:

- The business
- One or more responsible individuals, or
- The business and one or more responsible individuals

(5) Assessments of the TFRP may be based on liabilities for the following tax forms with related Masterfile Tax (MFT) codes:

- Form 941, Employer's Quarterly Federal Tax Return (MFT 01, 17*)
- Form 720, Quarterly Federal Excise Tax Return (MFT 03, 45*)
- Form CT-1, Employer's Annual Railroad Retirement Tax Return (MFT 09, 71*)
- Form 943, Employer's Annual Tax Return for Agricultural Employees (MFT 11, 19*)
- Form 944, Employer's Annual Federal Tax Return (MFT 14)
- Form 945, Annual Return of Withheld Federal Income Tax (MFT 16)
- Form 1042, Annual Withholding Tax Return for U. S. Source Income of Foreign Persons (MFT 12)
- Form 8288, U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests (MFT 17)
- Form 8804, Annual Return for Partnership Withholding Tax (Section 1446) (MFT 08)

**Note:**   *Indicates Non-Master File (NMF)

(6) When more than one individual is assessed the penalty Transaction Code (TC) 240 with Reference Number (RN) 618, the amount collected is equal to the unpaid trust fund taxes owed by the business entity, plus interest and fees owed on the trust fund portion of the business, plus accruals for each quarter involved.

(7) The amount assessed for each responsible individual from a corporation may be different if all responsible persons were not liable for the same tax periods or the same parts of the tax period (e.g., if a responsible person joins or leaves a business mid-period). The amounts can also differ when Appeals reaches different settlements with the various responsible persons. In the following example where taxpayer B is the only person responsible for all the business tax periods at issue, the Service would seek to collect a total of $20,000 plus accruals.

**Example:**

| Business Trust Fund Portion | Taxpayer A | Taxpayer B | Taxpayer C | Taxpayer D |
|---|---|---|---|---|
| $20,000 | $10,000 | $20,000 | $15,000 | $18,000 |

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| 5.19.14.1.2<br>(08-03-2018)<br>**Authority** | (1) | The authority to assert the TFRP is Internal Revenue Code (IRC) Section 6672, which states, "Any person required to collect, truthfully account for, and pay over any tax imposed by this title who willfully fails to collect such tax, or truthfully account for and pay over such tax, or willfully attempts in any manner to evade or defeat any such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and paid over." Though the TFRP may be assessed against several individuals, the total liability is collected only once from the business and/or one or more responsible individuals. |
| 5.19.14.1.3<br>(08-03-2018)<br>**Roles and Responsibilities** | (1) | Director, Collection Policy, is responsible for overseeing program coordination for Trust Fund Recovery Penalty (TFRP) policies, strategies, objectives, and procedures. Directs evolving program issues and collaborates with stakeholders to ensure TFRP financial reporting requirements meet GAO & CFO standards. Clarifies tax code issues within this IRM. |
| | (2) | Director, Campus Collection, has administrative responsibility for all Campus managerial and TFRP program responsibilities. |
| | (3) | Director, Campus Operations, has administrative responsibility for Campus management and TFRP employees. Promotes adherence to TFRP IRM program processes and procedures. Certifies the accuracy and timeliness of TFRP casework on a quarterly basis. |
| | (4) | Campus operations manager oversees TFRP department, team, and employee actions, and ensures casework meets TFRP IRM accuracy and timeliness requirements. |
| | (5) | Campus department manager oversees TFRP team and employees actions, and ensures casework meets TFRP IRM accuracy and timeliness requirements. Reviews all local TFRP program inventory and quality review reports to confirm accuracy. Initiates and monitors actions to identify and resolve case errors and error trends. Resolves internal campus TFRP processing issues. Elevates complex TFRP program questions to Collection Policy Headquarter (HQ) Analysts. |
| | (6) | Campus team manager is responsible to manage employees and programs in their team. Oversees employee actions and assigns inventory. Ensures casework meets TFRP IRM accuracy and timeliness requirements. Oversees the preparation of TFRP team quality review and inventory reports and checks them for accuracy. Suggests actionable items to identify and resolve errors and error trends. Resolves routine internal campus TFRP processing issues. Elevates complex TFRP program issues to TFRP Department Manager. |
| | (7) | Campus tax examiners work their assigned cases in accordance with TFRP IRM accuracy and timeliness requirements. Their responsibilities include, but are not limited to, the cross-referencing of all payments and credits to related duplicate assessments, establishing account linkages on IDRS, adjusting existing TFRP assessments, responding directly to taxpayers and/or their representatives on inquiries regarding these accounts, performing quality reviews, preparing inventory and quality review reports, and varied interactions with other TFRP program functions within the organization. |

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| 5.19.14.1.4<br>(08-03-2018)<br>**Program Management and Review** | (1) | **Program Reports:** Local campus reports are submitted via the Batch/Block Tracking System (BBTS) to the Work Planning & Control (WP&C) reports. The WP&C is used to monitor rates, receipts, and closures to determine if cases are being received and subsequently closed. WP&C reports are located on the Business Objects platform. The Automated Trust Fund Recovery (ATFR) system reports detail the cases assigned to each campus operation, team, or employee. Accounts Management Services (AMS) reports provide information on non-ATFR inventory and inventory age. Integrated Data Retrieval System (IDRS) Case Control Activity System (CCA) reports detail the cases assigned to an operation, department, team or employee; they are located on Control D. |

(2) **Program Effectiveness:** The program goals and results are housed on the Collection Program and Campus Reports SharePoint site in the Monthly Monitoring Report (MMR).The MMR captures monthly and cumulative data on inventory and rates. Operational and program reviews are conducted to ensure case actions are timely and in accordance with the procedures in this IRM.

- Case Reviews are conducted by Group Managers and are recorded in the Embedded Quality Review System (EQRS).
- Daily Transcript reviews are conducted on all manual and systemic ATFR system closures.
- Quality Assurance Internal Compliance Reviews (QAICR) are conducted by headquarters biannually to validate the accuracy and timeliness of the cross-referencing of payments and credits and provides a constructive opportunity to correct account defects, identify root cause and prevention, and implement corrective actions.
- Program Reviews are conducted by Headquarters annually to evaluate program delivery and conformance to administrative and compliance requirements.

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|---|---|---|
| 5.19.14.1.5<br>(08-03-2018)<br>**Program Controls** | (1) | IRS Master File is programmed to generate transcripts when specified activity occurs on TFRP and / or related duplicate tax modules. These transcripts are loaded into ATFR and / or AMS then distributed to tax examiners. Taxpayer correspondence and Form 3870 requests for adjustment are controlled and assigned to the tax examiners on IDRS. Additionally, *SBSE Ogden TFRP is a designated and secured email box that is utilized by other areas to communicate case action requests to the TFRP department. These inventory mechanisms and employee actions are monitored by the Campus Operation, Department, and Team managers, along with Collection Policy HQ Analysts. |

(2) ATFR is comprised of the following:

- Automated Trust Fund - Area Office & Control Point Monitoring (ATFR-AO)
- Automated Trust Fund - Campus Compliance (ATFR-CC)

(3) Revenue officers use ATFR-AO to:

- Systemically download from IDRS, business master file (BMF) name, address, and tax period data to establish a case
- Calculate the trust fund penalty on open IDRS modules
- Control trust fund recovery case inventories
- Systemically generate and control managerial approvals
- Monitor Assessment Statute Expiration Dates (ASED) and determination dates

- • Make recommendations regarding assertion and non-assertion of the penalty
- • Generate required forms and letters

(4)   Control Point Monitoring in the CEASO Groups use ATFR-AO to:

- • Track and monitor trust fund cases received from the field
- • Monitor cases assigned to Appeals
- • Input pertinent bankruptcy information
- • Set the final case disposition
- • Release the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), to CCO for processing

(5)   Compliance Campus uses ATFR-CC to:

- • Process the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s)
- • Process transcripts
- • Cross-reference payments to all related TFRP modules and the underlying BMF module(s)

*Note:* Access privileges to ATFR-AO for Campus Compliance employees includes the ability to search and view forms and letters of the business and all related officers.

| | |
|---|---|
| **5.19.14.1.6**<br>(08-03-2018)<br>**Acronyms & Definitions** | (1)   The following is a list of commonly used acronyms in this IRM. |

| Acronym | Definition |
|---|---|
| AC | Action Code |
| ADJ | Adjustment |
| AIS | Automated Insolvency System |
| AMS | Accounts Management System |
| AMT | Amount |
| ANMF | Automated Non Master File |
| ASED | Assessment Statute Expiration Date |
| ATFR | Automated Trust Fund Recovery system |
| ATFR-AO | Automated Trust Fund Recovery Area Office |
| ATFR-CC | Automated Trust Fund Recovery Campus Compliance |
| BMF | Business Master File |
| CC | Command Code |
| cc | Closing Code |

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| Acronym | Definition |
|---------|------------|
| CCO | Campus Collection Operation |
| CI | Criminal Investigation |
| CPM | Control Point Monitor |
| CSED | Collection Statute Expiration Date |
| DLN | Document Locator Number |
| DMI | Decision Modeling Incorporated |
| DPC | Designated Payment Code |
| EIN | Employer Identification Number |
| FICA | Federal Insurance Contribution Act |
| FLU | Financial Litigation Unit |
| FTP | Failure to Pay |
| GII | Generalized IDRS Interface |
| HQ | Headquarters |
| IAT | Integrated Automation Technologies |
| IDRS | Integrated Data Retrieval System |
| IMF | Individual Master File |
| IRC | Internal Revenue Code |
| IRM | Internal Revenue Manual |
| IRS | Internal Revenue Service |
| MFT | Master File Tax |
| MMA | Memo Money Amount |
| MOIC | Monitoring Offers In Compromise |
| NMF | Non Master File |
| OIC | Offer in Compromise |
| POA | Power of Attorney |
| PRC | Penalty Reason Code |
| RBA | Restitution-Based Assessment |
| RO | Revenue Officer |
| RRP | Related Responsible Party |
| RSED | Refund Statute Expiration Date |
| SBSE | Small Business / Self-Employed |

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| Acronym | Definition |
|---------|------------|
| SERP | Servicewide Electronic Research Program |
| SSA | Social Security Administration |
| SSN | Social Security Number |
| TAS | Taxpayer Advocate Service |
| TIN | Tax Identification Number |
| TC | Transaction Code |
| TP | Taxpayer |
| TFRP | Trust Fund Recovery Penalty |
| TXPD | Tax Period |

**5.19.14.1.7**
**(09-24-2021)**
**Related Resources**

(1) This program may require research specific to the program including access and input to the Integrated Data Retrieval System (IDRS) with and without Integrated Automation Tools (IAT), the Automated Trust Fund Recovery System (ATFR),the Accounts Management System (AMS), the Automated Non-Master File (ANMF) system, and use of the Decision Modeling Inc.(DMI) interest calculation tool.

(2) The TFRP program involves both paper and telephone contact with internal and external customers, and follows additional guidelines set forth in the Taxpayer Advocate Program and other relevant IRMs referenced in this document.

(3) The IRS adopted the Taxpayer Bill of Rights (TBOR) in June 2014. The TBOR lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. 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. For additional information about TBOR, see *https://www.irs.gov/taxpayer-bill-of-rights*.

**5.19.14.2**
**(01-13-2016)**
**TFRP Assessments**

(1) Prior to August 17, 2001, the TFRP penalty assessment was shown on Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), as a total combined assessment. On these assessments, the total penalty (TC 240) was combined on the last tax period reflected on the Form 2749.

(2) Effective August 17, 2001, each quarter is listed on the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), separately and each quarter is assessed separately on IDRS.

**5.19.14.2.1**
**(08-03-2018)**
**Assessment Overview**

(1) The majority of Forms 2749 are generated through the ATFR-AO system. The Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), is processed through the ATFR-CC application. Assessment data is maintained on the system electronically for future reference. On rare occasions a Form 2749 is manually processed, independent of the ATFR system. The adjustment is input to IDRS CC ADJ54. See IRM 5.19.14.2.6, Inputting the Form 2749

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Manually - Not Through ATFR-CC, for IDRS input instructions. TFRP assessments for the following forms must be processed manually:

- Form 720 , Quarterly Federal Excise Tax Return (MFT 03, 45*)
- Form 8288 , U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests (MFT 17)
- Form 8804 , Annual Return for Partnership Withholding Tax (Section 1446) (MFT 08)

(2) For manual assessments, the RO completes a paper Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), which has five parts. They are:

- Part 1, legal assessment document
- Part 2, acknowledgment document
- Part 3, routing document
- Part 4, file copy for the Compliance Campus, if appropriate
- Part 5, control copy, which is kept by the CEASO function

(3) Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), must be processed within 2 business days of receipt in CCO.

(4) Forms 2749 that have been submitted to ATFR-CC from Control Point Monitoring (CPM) are automatically delivered to Ogden campus inventory on a daily basis. ATFR-CC systemically submits all of the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), transactions to IDRS. Those cases that cannot be systemically processed are added to the ATFR-CC campus inventory for employee processing.

(5)  When a Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), is received on ATFR-CC, the system will ensure the most current IDRS information (payments/credits/debits) is reflected on the ATFR-CC Form 2749. The ATFR-AO Form 2749 will always appear as it was originally sent to the Compliance Campus.

**5.19.14.2.2**
**(08-03-2018)**
**Trust Fund Recovery Penalty Statute of Limitations**

(1) The general rule is that an assessment of tax must be made within three years from the date a return is filed or the due date of the return, whichever is later.

(2) The following chart explains how the ASED is determined for trust fund taxes:

| If | Then the limitations period for assessment is: |
|---|---|
| Withholding or Federal Insurance Contribution Act (FICA), | Three years from the succeeding April 15th or three years from the date return was filed; whichever is later. |
| Excise or Railroad Retirement Tax Act (RRTA), | Three years from the due date of return, without regard to any extension; or three years from the date return was filed; whichever is later. |

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| If | Then the limitations period for assessment is: |
|---|---|
| Withholding, FICA, Excise or RRTA returns that are:<br>• filed under IRC 6020(b)(1), Returns Executed by Secretary<br>• false or fraudulent<br>• willful attempt to evade tax; or<br>• not filed | No limitation period. |

(3) The statutory period for assessing trust fund taxes, collecting taxes, and refunding credits may be extended for TFRP cases by the following:

- Form 2750, Waiver Extending Statutory Period for Assessment of the Trust Fund Recovery Penalty(extends the ASED)
- Form 843, Claim for Refund and Request for Abatement (extends the statute of limitations for refund (RSED))
- Taxpayer Bill Of Rights II (TBOR II) extends the ASED when there is a timely protest

*Note:* Timely mailing of the Letter 1153, Proposed Trust Fund Recovery Penalty Notification, extends the statute of limitations for assessment in certain circumstances. See IRM 5.7.3.6.2, Impact of Letter 1153 on Assessment Statute .

(4) The Collection Statute Expiration Date (CSED) is normally ten (10) years from the date of assessment. Refer to IRM 5.1.19, Collection Statute Expiration.

*Note:* If there is a TC 470 CC 95, refer to CEASO to re-compute the date for the TC 550 to resume collection activity.

5.19.14.2.3
(08-03-2018)
**Reviewing the Form 2749**

(1) A Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), that cannot be processed through ATFR-CC are reviewed for the following information prior to manual input to IDRS:

- Taxpayer's name, address, and SSN (per CC INOLE). If the entity does not exist, establish per IRM 5.19.14.2.4, Establishing the TFRP Account.
- Business name and EIN.
- Type of assessment:

| Regular assessments | requested based on a determination that there is no risk to assessment statute expiration or collection of the tax. |
|---|---|
| Quick assessments | requested when the assessment statute expires within 30 days. |

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| Prompt assessments | requested when immediate collection action is needed on an account. |
|---|---|
| Jeopardy assessments | requested based on a determination that collection of the tax will be endangered if regular assessment and collection procedures are followed. |

- Description of Liability, includes the tax form(s), tax period, unpaid balance, and the total trust fund portion to be assessed.
- Related names, addresses, and TINs.
- Revenue officer's name, signature, telephone number and date.

(2) Review the BMF Assessment Statute Expiration Date (ASED) for Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), processed manually as well as those processed through ATFR as follows:

| If ... | And ... | Then ... |
|---|---|---|
| ASED is greater than 60 days | Is not a quick, prompt, or jeopardy assessment | Follow regular procedures for processing Form 2749. |
| ASED is less than 60 days, but greater than 30 days | Is not a quick, prompt, or jeopardy assessment | Follow regular procedures for processing Form 2749. Monitor weekly for TC 240 to post to IDRS. If assessment does not post and ASED is 30 days or less, follow instructions in box 4 below. |
| ASED is 30 days or less | Form 2859, Request for Quick or Prompt Assessment, is received | View ATFR and look for a DLN to determine if it was quick/prompt assessed. If present, destroy Form 2859. If no DLN, follow instructions in box 4 below to submit forms to Accounting. |

| If ... | And ... | Then ... |
|---|---|---|
| ASED is 30 day or less | No Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), and/or Form 2859 , Request for Quick or Prompt Assessment, were received in Accounting (no DLN on ATFR) | Change the assessment type on Form 2749 to Quick. If ATFR case, print a copy of the Form 2749 and submit the transactions on ATFR. Prepare the following forms to submit to Accounting: Form 2859, , for each tax period on the Form 2749, and Form 3210, Document Transmittal. Fax one copy of each to Accounting. Notify CPM assessment type was changed to Quick and Form 2859 submitted. Accounting will return/fax copy of Form 3210 with the DLNs for each tax period. ATFR Coordinator will input DLNs and assessment date for each tax period to ATFR-AO. |
| ASED appears to be expired | Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), is not submitted through ATFR | Check BMF TXMOD or BMFOLT for extension, suspension or other explanation, i.e., TC 971 AC 330. If none, return to CPM. |
| ASED appears to be expired | Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), was timely submitted through ATFR | Check BMF TXMOD or BMFOLT for extension, suspension or other explanation, i.e., TC 971 AC 330. Check ATFR-AO for extension. If none, follow procedures for barred assessments in IRM 25.6.1.13, Barred Assessments/ Barred Statute Cases. |

(3)   When the ATFR-AO Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), and IDRS prompt assessments do not match, verify the assessment amount. See IRM 5.19.14.3.2, Trust Fund Calculation. If unable to

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resolve a discrepancy between what is assessed on IDRS and the Form 2749, reject the Form 2749 back to the revenue officer. Notify the RO via email that Form 2749 was rejected and the reason why.

5.19.14.2.4
(08-03-2018)
**Establishing the TFRP Account**

(1) Use CC ENREQ with TC 000, filing status, year prior to penalty assessment and complete name and address to establish an account if the penalty is being assessed against a taxpayer with no account on Master File under the taxpayers own SSN. Input the transactions in the following order; CC ENMOD; ENREQ. Refer to IRM 2.3.15, Command Code ENMOD and IRM 2.4.9 , Command Code ENREQ.

(2) Once the TC 000 has been established, process Form 2749, Request for Trust Fund Recovery Penalty Assessment(s). When manually inputting a Form 2749, input the transactions using CC MFREQ and REQ54. In order to avoid an un-postable condition or delay processing, do not create a dummy account prior to the input of the TC 000. Input the transactions to the IDRS command codes in the following order CC ENMOD, ENREQ, MFREQ and REQ54. Taking the above steps in the designated order will allow the TC 000 and the TC 240 to post at the same time.

*Caution:*  A penalty against a secondary taxpayer cannot be assessed on the primary taxpayer's SSN.

(3) The following examples illustrate circumstances that require an account to be established:

*Example:*  A joint account for Lloyd and Fern Birch is on Master File. The TFRP is being assessed against Fern Birch, the secondary taxpayer. Fern has an account under her SSN with the name of Fern Maple on Master File because she filed individually before filing jointly. Establish the account using the name of Fern Birch with an invalid SSN (SSN with an asterisk *). When the taxpayer updates her name with the Social Security Admin-istration (SSA), the invalid SSN will be updated to valid.

*Example:*  A joint account the same as above. The TFRP is being assessed against Fern, the secondary taxpayer. Fern has no account under her SSN on Master File because she never filed an individual tax return. Establish an account for her SSN on Master File with a TC 000. See IRM 5.19.14.2.4(1), Establishing the TFRP Account, above.

5.19.14.2.5
(09-24-2021)
**Inputting Form 2749 through ATFR-CC**

(1) Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), input through ATFR-CC that can be worked systemically are processed upon receipt and those that require user intervention are added to the system inventory. Using the "Next Case" menu option, cases in the system inventory are retrieved and processed by employees.

(2) Review the BMF ASED. See IRM 5.19.14.2.2 , Trust Fund Recovery Penalty Statute of Limitations.

(3) Review the "RP History" menu option to determine the case condition(s) that require user intervention. In the table below are a few examples.

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| Scenario | Resolution |
|---|---|
| **Not on IDRS** is caused when the entity for a taxpayer does not exist on Master File, or exists on Master File but is not present on IDRS. | If the entity does not exist on Master File, establish the account per IRM 5.19.14.2.4, Establishing the TFRP Account. If the entity exists on Master File and is not present on IDRS, use CC MFREQ to re-establish the entity to IDRS. Once the entity has been re-established, refresh the transactions and review the "RP History." If the case history has updated to "Transactions Successfully Proposed," submit the transactions. |
| **Active Criminal Investigation (CI)** is indicated by a "Z" Freeze on the IMF and/or the BMF Module. A "Z" freeze will cause the TC 240 to unpost. | Review CC UPTIN to obtain the identity of the CI employee assigned to work the unpostable transaction. Contact the CI employee to inform them that you require timely posting of the assessment. Notate in the ATFR History that CI was contacted. Monitor the case every 14 days and document in ATFR History until the transaction posts. Do not delete the unposted TC 240 transaction. Once ″Z″ freeze is released, access the unposted transaction and reset the status of the transaction from 70 (unposted) to 20 Submitted in ATFR. This allows the monitor run to update the case to posted and load the DLN and assessment date on the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s). |
| | *Caution:* Caution must be taken to protect the Assessment Statute Expiration Date (ASED). If the ASED is within 30 days, elevate the case to your manager. |

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| Scenario | Resolution |
|---|---|
| **Possible TFR Assessment Detected** will occur when a TC 240 is already posted to IDRS for the tax period listed on the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s). TFRP assessments may not occur for all responsible persons at the same time due to protests or other reasons. Additional TFRP assessments are also possible. | If a TC 240 is posted to IDRS for the same related responsible party of the business entity and the TC 240 amount and tax period are the same as that shown on Form 2749, delete the TC 240 RN 618 transaction on ATFR. Verify the Memo Money Amounts (MMAs) are correct before submitting the TC 971s. If the TC 240 amount and tax period are not the same as shown on Form 2749, submit the transactions. |
| | *Caution:* Verify assessment date, TC 240 amount, and all responsible parties before deleting. These may be additional assessments for the same corporation under a different MFT (for example, MFT 03 or 11). Contact CPM if unable to determine correct assessments. |

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| Scenario | Resolution |
|---|---|
| **BMF Responsible Party – NMF** will occur when the Related Responsible Party (RRP) is a BMF entity. | (1) Change the assessment type on Form 2749, Request for Trust Fund Recovery Penalty Assessment(s) to Quick.<br>(2) Print a copy of the Form 2749.<br>(3) Prepare a Form 2859, Request for Quick or Prompt Assessment, for each tax period listed on Form 2749.<br>(4) Prepare Form 3210, Document Transmittal.<br>(5) Fax the forms to the CFO KC RACS team in Kansas City. Notify CPM that the assessment type was changed to Quick and the Form 2859, Request for Quick or Prompt Assessment, submitted. Suspend the case until the DLN and assessment dates are received. When DLNs and assessment dates are received from the NMF Manual Assessment Unit, the ATFR Coordinator will input on ATFR/AO. Once the DLNs are input, unsuspend the case and submit transactions. |
| **Manual Assessment Failed to Post** will occur if the ATFR-AO Form 2749 and ATFR-CC or IDRS quick assessment amounts do not match. | Verify the assessment amount per IRM 5.19.14.3.2 , Trust Fund Calculation. ATFR-CC will automatically update the assessment amount if the corporation has made payments between the time of the quick assessment and submission of Form 2749 to ATFR-CC. If it is determined that the assessed amount is accurate and the DLN, assessed date, and assessment match Form 2749, delete the transaction(s) on ATFR and select "submit transactions". If unable to resolve a discrepancy between what is assessed on IDRS and the Form 2749, contact CPM for resolution. |

(4)  Reject Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), via ATFR-CC if information is incomplete or incorrect on ATFR. Input a history on ATFR-AO with the reason for rejecting the Form 2749.

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**Note:** If 971 Links and CC UNLCE have been established, reverse the links and CC UNLCE when case is rejected.

**Caution:** Rejecting Form 2749 is very rare and should only occur after all corrective action(s) has been exhausted. Once a case has been submitted, rejecting is no longer an option.

(5)    When the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), is processed and all transactions post to IDRS, the case will update to a posted status.

|  |  |
|---|---|
| 5.19.14.2.6<br>(01-04-2017)<br>**Inputting the Form 2749 Manually - Not Through ATFR-CC** | (1)    Trust Fund Recovery Penalty Assessments are input on the Individual Master File (IMF) under the responsible party(s) SSN. The assessment is input onto IDRS under MFT 55, using a TC 290 $.00 with RN 618, for the amount of the Trust Fund Penalty. |

(2)    Use CC REQ54 to input the assessment amount to the TFRP account(s) as listed below. From this, a TC 240 with a RN 618 and a CP 15B, Civil Penalty Notice, with a cross-reference EIN will generate.

(3)    Always input CC ASEDR with review indicator "1" to the BMF tax period unless the box on the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), is checked "no".

(4)    Use CC REQ77 to cross-reference all related TFRP accounts.

- TC 971 AC 097 IMF to BMF
- TC 971 AC 093 IMF to IMF or BMF to IMF

**Note:** When multiple MFTs are assessed for the same tax period on the same corporation, a separate TC 971 AC 097 must be input for each MFT with the memo money amount.

(5)    When processing a paper Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), hold the case until the DLN is available then write the DLN and the assessment date on the Form 2749. If multiple tax periods, write the DLN for each assessment on the Form 2749.

(6)    Route copies of Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), as follows:

a.    Part 1: Place in the employee source document folder and route to Files.
b.    Part 2: Send to CEASO via Form 3210, Document Transmittal.
c.    Part 3: Destroy.
d.    Part 4: Destroy.

|  |  |
|---|---|
| 5.19.14.2.7<br>(08-03-2018)<br>**Trust Fund Recovery Penalty File (UNLCE File)** | (1)    The TFRP file (commonly referred to as UNLCE) contains a record of the amount of the TFRP assessments, the business entity, and the responsible person(s). The file is established and researched on IDRS, using CC UNLCE, which is the IDRS screen display of Form 2749, Request for Trust Fund Recovery Penalty Assessment(s). |

(2)    The majority of CC UNLCE files are initially populated by a systemic process. Reject listings of cases that could not be loaded into CC UNLCE are provided to the Campus via an email delivery system. For those cases, correct the

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account information as indicated on the reject (error) listing, and use the infor-
mation from the source document, Form 2749, Request for Trust Fund
Recovery Penalty Assessment(s), to establish the TFRP file on IDRS. Update
the TFRP (UNLCE) file within 5 business days from the UNLCE Error Report
date. See IRM 2.4.41 , Command Code UNLCE, for input information.

- Input CC UNLCE with no definer (space) to establish a business entity
  or responsible person on the TFRP file.
- Input CC UNLCER to research information on the TFRP file.
- Input CC UNLCEC to change or add information on a business entity or
  responsible person that is already established on the TFRP file.
- Input CC UNLCED to delete information from the TFRP file.

(3)  A history item field is available on the TFRP (UNLCE) file for the business
     entity and related responsible party(s) records. When in the research mode,
     the date, employee ID and history item will display. The input screen to enter
     history is a 56 character field. A maximum of 75 history items for each
     business entity and related responsible party(s) can be entered. Once the 75
     history entries have been reached, the oldest entries will be systemically
     deleted.

(4)  In the "If and Then" table below, use CC UNLCER to research the TIN to
     determine:

| If ... | And ... | Then ... |
| --- | --- | --- |
| TFRP file **IS NOT** present on CC UNLCE | TC 240 RN 618 is posted and you have Form 2749, Request for Trust Fund Recovery Penalty Assessment(s) | Establish the TFRP (UNLCE) file, using the Form 2749. |
| TFRP file **IS NOT** present on CC UNLCE | TC 240 RN 618 is posted with a date that is more than 10 years old and you do not have Form 2749, Request for Trust Fund Recovery Penalty Assessment(s) | 1. Check ATFR for Form 2749 information. Input UNLCE information on accounts where Form 2749 is secured. Input/update TC 971 AC 097/093. If research determines the correct TFRP assessment information is available from BMF data, establish the TFRP (UNLCE) file and input/update TC 971 AC 097/093. 2. If Form 2749 is not secured, input TC 971 AC 331. |

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| If ... | And ... | Then ... |
|---|---|---|
| TFRP file **IS NOT** present on CC UNLCE | TC 240 RN 618 has posted (you do not have Form 2749, Request for Trust Fund Recovery Penalty Assessment(s)), and the date of the TC 240 is less than 10 years old | 1. Check ATFR for Form 2749 information. Input UNLCE information on accounts where Form 2749 is secured. Input/update TC 971 AC 093/097 If unable to secure Form 2749 and account is not on ATFR, contact CPM for copy of Form 2749, control on IDRS and monitor for 30 days. If no response within 30 days, contact the TSA Manager in the appropriate area where the business account is located. If research determines the correct TFRP assessment information is available from BMF data, establish the TFRP (UNLCE) file and input/update TC 971 AC 097/093. 2. If Form 2749 is unavailable, input TC 971 AC 331. |
| TFRP file **IS** present on CC UNLCE | blank | 1. Verify information from Form 2749. 2. Add any missing information. 3. Change any incorrect information |

(5)   When inputting information onto CC UNLCE:

- Input data from Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), beginning with the earliest tax period.
- Trust Fund balances, not BMF module balances, should be input to IMF and BMF accounts for each tax period with a TFRP assessment. If multiple RRPs have different assessment amounts, input the largest amount to the BMF.

*Note:*   Prior to July 15, 2008, the BMF UNLCE was established using the unpaid balance of the BMF account at the time of the TFRP assessment. Do not change the amount on the BMF UNLCE to display the TFRP assessment

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amount if it was established prior to July 15, 2008 unless the amount doesn't match the unpaid balance at the time of the assessment OR the TC 240 amount.

- If the account has an established TFRP file for the same periods and TIN already, update the amounts to include the additional assessment. List the amount separately in the history section.
- When using a Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), to establish the TFRP file, if one already exists with the same tax periods and TIN and the Trust Fund balances are not identical, review the ATFR-CC and the AO Form 2749. If the information on the TFRP file is identical to either Form 2749, take no action. If the information on the TFRP file is not identical, validate the Trust Fund assessment by following the steps in IRM 5.19.14.3.2 , Trust Fund Calculation. If the TC 240 amount is the same as either Form 2749, change the TFRP file to the amounts on the Form 2749 that matches the TC 240 amount.

    ***Caution:*** TFRP amounts may not match the Form 2749 if multiple MFTs or multiple assessments for the same tax period and TIN have been included in the total amount for that tax period. Review history to determine if these conditions exist.

- When establishing the TFRP file, if one already exists with the same tax periods and TIN, and the Trust Fund balances are identical to the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), destroy the Form 2749.

(6) BMF penalty assessments cannot be input to the TFRP file using the EIN format. Input BMF penalty assessments to the TFRP file using the SSN format. Indicate in the history item field that the assessment is a NMF EIN using the phrase: "SSN XXX-XX-XXXX represents BMF XX-XXXXXXXN NMF account".

(7) Input a history item to indicate the type of assessment.

***Example:***
Form 2749/R (regular assessment)
Form 2749/Q (quick assessment)
Form 2749/P (prompt assessment)
Form 2749/J (jeopardy assessment)

(8) **Do not** delete full paid accounts from the TFRP file.

| | |
|---|---|
| 5.19.14.3<br>(01-13-2016)<br>**TFRP Transcripts** | (1) TFRP Transcript case processing. |
| 5.19.14.3.1<br>(09-24-2021)<br>**Case Processing Overview** | (1) Ogden and Brookhaven CCO Operations are responsible for the Trust Fund Recovery Penalty program and all necessary actions (e.g., payment cross referencing, TC 971 linkages, and Form 3870, Request for Adjustment, adjustment requests). |
| | (2) TFRP transcript case processing consists of ATFR and Non-ATFR (manual) transcripts. ATFR transcripts are processed systemically with and without user intervention. ATFR cases that are processed by a user are completed by inserting and/or deleting transactions, then submitting the transactions. "Submit |

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Transactions" must be selected to close the case, even if no transactions are required. When closing a case without transactions, an ATFR history item is required stating case conditions (e.g. no transactions submitted because "all modules are current, or BMF CSED expired", or "paying non-trust", or "payment applied via associated multi-corp case," etc.). An ATFR case cannot be re-opened once "Submit Transactions "has been selected. As a result, any transaction(s) required to be input subsequent to submission of the case must be input directly to IDRS.

(3)  Campus TFRP inventory is generated by the following computer generated transcripts:

- **TFRPENACT** transcripts generate on an IMF TFRP account when a payment or credit offset or reversal posts to the account, or when the account reaches Masterfile status 12.
- **100PENADV** transcripts generate on a BMF account with a posted TC 971 AC 093 when a payment or credit offset, or reversal posts to the account. TC 290/291 will also generate this transcript.
- **100%PNFIN** transcripts generate on a BMF account with a posted TC 971 AC 093 when the account updates to Status 12.
- **AMRH 09** and various other credit transcripts generate when a credit balance remains unresolved for at least 26 cycles because of a TC 570 posting to a module with a TC 24X and a Reference Number 699/ 697. Other generated transcripts may include but are not limited to AM06, ST07, and ST09.
- **TFRPINVSSN** transcripts generate when the TFRP has been established on an invalid SSN and the account is later merged to a valid SSN. When closing TFRPINVSSN transcript cases, a history of all case actions taken must be documented in AMS. If a TFRP account has been merged to the valid SSN or vice versa, research ATFR to determine how the account was established, i.e., valid or invalid SSN. If validity on ATFR needs to be changed, email the ATFR Coordinator of the change.
- **TFRPOFLOW** transcripts generate when TFRP MFT 55 accounts are about to move to NMF, but prior to the generation of the TC 400.
- TFRPOFLOW transcripts must be worked within 3 business days from the date of the transcript, allowing all transactions to be submitted and post before the TC 400 posts to the account and prohibits the posting of any other transactions.
- Do not reverse account linkages TC 971 AC 093 / 097. (NMF account linkages are automatically stripped away when an account goes to NMF.)
- Leave the TC 971 AC 093 / 097s on the related accounts.
- Perform a review of all tax periods and entities included in the TFRP case to ensure all transactions are accurate and up to date, including all MMA's.
- Document ATFR (AMS for non-ATFR cases) history as follows: "TFRPOFLOW transcript, potential NMF XXX-XX-XXXX".

(4)  Case actions on TFRP related transcripts must be completed within 43 days of the date of the transcript. Perform all necessary case actions to make the account current. Cross-reference all payments that have posted.

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*Note:* Related cross-referencing resulting from a transfer or offset of the originating payment or credit must be completed within 43 days of the date of that originating transcript.

(5)  You are required to review all tax periods and entities included in a TFRP case that has been assessed using the current single assessment method. Generally, the tax periods and entities included in your case are identified by the ATFR case creation date. ATFR Tax Period Status Code 0 exceptions are as follows:

- ATFR Tax Period Status Code 0 (zero) with a case balance greater than $0.00 **and** no Un-Xrefs **and** no Proposals.
- ATFR Tax Period Status Code 0 (zero) with $0.00 case balance **and** no Un-Xrefs **and** no Proposals **and** module is in status 12.
- ATFR Tax Period Status Code 13 with no Un-Xrefs, no Proposals and tax period is not in transcript box.

*Note:* If Tax Period Status Code 0 (zero) does not meet either of the above exceptions completely, review all tax periods and entities. Resolve any credit balances in accordance with IRM 5.19.14.3.8 , Resolving TFRP Overpayment Cases. Additionally, interest must be validated, see IRM 5.19.14.3.5, Payment/Credit Cross-Referencing - Single Assessment, and IRM 5.19.14.3.7, Computing and Cross-Referencing Interest. For Non-ATFR cases, use CC RECON if there are payments pending to post in the current cycle. See IRM 5.19.14.3.3.3, Cross-Referencing Restrictions, for exceptions.

(6)  It is not necessary to work the entire transcript on combined assessments until the account reaches Status 12, a TC 604, or TC 608 is posted. If the trust fund module (MFT 55) is Status 12, it is not necessary to review the entire account when a TC 604 or TC 608 posts to a BMF tax period associated with the combined assessment.

(7)  Integrated Automation Technologies (IAT) provides tools that simplify research, reduce keystrokes, eliminate repetitive typing, and increase the accuracy of regular work processes. The use of IAT is mandatory and limited to the certain IAT Tools listed below. Additional IAT tools will be added to the list when one is deemed beneficial and seen as adding quality to Campus Collection work processes. For User Guides, see the IAT web site at *https://organization.ds. irsnet.gov/sites/WiMttIat/home/default.aspx*.

- Manual Refund IAT tool, also reference IRM 21.4.4, Manual Refunds.
- Erroneous Refund IAT tool, also reference IRM 21.4.5, Erroneous Refunds.
- Credit Transfer IAT tool, also reference IRM 21.5.8, Credit Transfers.
- Fill Forms IAT tool.

(8)  If an IAT tool is not available, or an employee has a problem with the IAT Task Manager, the case should be processed through IDRS, following established procedures. See the IAT Website at *https://organization.ds.irsnet.gov/sites/ WiMttIat/home/default.aspx* for how to report/fix problems with IAT tools. IAT users may also visit this site to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.

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*Note:* The mandated use of IAT does not apply to cases worked within the ATFR system. ATFR has built in automation that assists users with case processing.

(9) An ATFR case is defined as "all tax periods and all RRPs associated with the business entity case established with the same case creation date".

(10) ATFR Transcript cases are automatically delivered to the system on a weekly basis, generally Tuesday through Friday or until the cycle upload is complete. ATFR systemically generates and submits transactions to IDRS. Transcript cases that require user intervention are added to the system inventory. Using the "Next Case" menu option, cases in the system inventory are retrieved and processed by employees.

- Ogden works ATFR cases where the business entity state is AK, AZ, CA, CO, HI, IA, ID, IL, IN, KS, MI, MN, MO, MT, ND, NE, NM, NV, OK, OR, SD, TX, UT, WA, WI, WY and where the business entity country is Guam, Puerto Rico, and Virgin Islands.
- Brookhaven works ATFR cases where the business Entity state is AL, AR, CT, DC, DE, FL, GA, KY, LA, MA, MD, ME, MS, NC, NH, NJ, NY, OH, PA, RI, SC, TN, VA, VT, and WV.

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5.19.14.3.2
(08-03-2018)
**Trust Fund Calculation**

(1) Employment tax is comprised of trust fund and non-trust fund taxes. The trust fund portion of these taxes is the amount of Social Security and Medicare (FICA), and income tax the employer is responsible to withhold and remit to the government on behalf of the employee. The non-trust fund portion of these taxes is the amount of Social Security and Medicare taxes the employer is responsible, in most instances, to match and pay to the government.

*Caution:* Due to legislative changes the employer is not required to match the employee Social Security and Medicare Taxes in the following situations:

- Additional Medicare Tax, see IRM 5.19.14.3.2 (2), Trust Fund Calculation.
- Hiring Incentives to Restore Employment (HIRE) Act, see IRM 5.19.14.3.2 (3), Trust Fund Calculation.

(2) Generally, the non-trust fund tax is determined by dividing the FICA tax of the related BMF module in half (see exceptions below). Trust fund tax is then calculated by adding one-half (1/2) the FICA and all of the income tax withheld for the period. The non-trust fund tax amount is always the same for the corporation. It does not change from related responsible party (RRP) to RRP when they are assessed different amounts.

- The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reduced the amount of FICA taxes required to be withheld on behalf of the employee. The employee portion of Social Security tax is reduced to 4.2 percent from 6.2 percent on Form 941, Employer's Quarterly Federal Tax Return, for all quarters in the calendar years 2011 and 2012 and annual Form 944, Employer's Annual Federal Tax Return, and Form 944, Employer's Annual Federal Tax Return for Agricultural Employees. As a result, when calculating the Trust Fund portion of tax for these years, the amount is calculated as demonstrated in the examples below.

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*Reminder:* When TXBL SSA TIPS is present for tax period 2011XX/ 2012XX; tip income must be added to the TXBL SSA WAGES before multiplying by 4.2 percent.

- Beginning January 1, 2013, employers are responsible for withholding a 0.9 percent Additional Medicare Tax on an employee's wages and compensation that exceeds $200,000, in addition to withholding Medicare tax at 1.45 percent. There is no employer match for the Additional Medicare Tax. The literal **ADDL-MED-WAGE** will only display on TXMOD for wages subject to the 0.9 percent Additional Medicare Tax; the literal will not be present unless there is a value. This amount needs to be taken into consideration when calculating Non-Trust Fund for correct payment application. This corresponds to Line 5d of Form 941, Employer's Quarterly Federal Tax Return, Line 4d of Form 944, Employer's Annual Federal Tax Return, and Line 7 of Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, which represents the total Additional Medicare Wages.
- The following table shows the calculation of total trust fund tax and total non-trust fund tax from CC TXMOD for the most common form for TFRP assessment, Form 941, Employer's Quarterly Federal Tax Return.

| STEP | ACTION |
|------|--------|
| 1 | Access CC TXMODA for the related corporation. |
| 2 | Reference the amount of **TTL-INC-TX-WTHLD** or ADJ-INCM-TX-WTHLD. This corresponds to Line 3 of Form 941, Employer's Quarterly Federal Tax Return, and represents the total income tax withheld for the quarter. |
| 3 | Reference the amount of **TOT-SS-MED-TAX-AMT** or ADJ-FICA-TX-WTHLD. Add that figure to the **CUR-QTR-FRAC-CT-AMT** plus **CUR-QRT-SK-PY-AMT.** This corresponds to Line 5e of Form 941, Employer's Quarterly Federal Tax Return, and represents the total Social Security and Medicare (FICA) tax (line 5d prior to 2013). |
| 4 | Calculate the Total Trust Fund Tax by adding the full amount from step 2 and one half of the amount from step 3. These two figures combined equal Total Trust Fund Tax. |
| 5 | The Non-Trust Fund Tax is one half of the referenced amount in step 3. |

(3)   The table below outlines the calculation of the TFRP assessment amount.

| If ... | Then ... |
|--------|----------|
| No credits appear on TXMODA | The TFRP assessment amount (TC 240, RN 618) is the same as the Total Trust Fund Tax amount. |
| Credits appear on TXMODA | Determine if the payments are designated payments. |

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| If ... | Then ... |
|---|---|
| Payments are designated for Trust Fund (DPC 02, 11) | Determine if the payments have already been considered in the trust fund assessment. If the Total Trust Fund Tax amount minus the DPC 02 or DPC 11 payment amount matches the TC 240, RN 618 amount of the related IMF account, then the payments have already been considered in the trust fund assessment. Do not cross-reference the payments. **See example No. 1 below.** Payments that have not been considered in the trust fund assessment must be cross-referenced per IRM 5.19.14.3.5 Payment/Credit Cross-Referencing - Single Assessment. **See example No. 2 below.** |
| Payments are not designated, or are designated other than DPC 02, 11 | Determine if the payments have already been considered in the trust fund assessment. Subtract the payments from the non trust portion first, then from the trust. If the Total Trust Fund Tax minus the payment(s) matches the TC 240, RN 618 amount of the related IMF account, then the payments have already been considered in the trust fund assessment. Do not cross-reference the payments. **See example No. 3 below.** Payments that have not been considered in the trust fund assessment must be cross-referenced per IRM 5.19.14.3.5, Payment/Credit Cross-Referencing - Single Assessment. **See example No. 4 below.** |

*Example:* **No. 1**

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| If... | Or... |
|---|---|
| **Tax period other than 2011XX/2012XX** | **Tax period 2011XX/2012XX** |
| The TOT-SS-MED-TAX-AMT field on TXMOD shows $3,958.08. The TTL INCM-TX-WTHLD field on TXMOD shows $4,482.00. The TC 240 RN 618 amount assessed is $4,961.04. | The TXBL SSA WAGES field on BMFOLR shows $29,760.00. The TXBL MED WAGE/TIPS field on BMFOLR shows $29,760.00. The TTL INC TX WTHELD field on BMFOLR shows $4,482.00. The TC 240 RN 618 amount assessed is $4,663.44. |
| **CALCULATE TRUST FUND TAX:** $1,979.04 (½ TOT-SS-MED-TAX-AMT) +$4,482.00 (Full amount of INCM-TX-WTHLD) =$6,461.04 (Trust Fund Tax) | **CALCULATE TRUST FUND TAX:** $1,249.92 (TXBL SSA WAGES x 4.2%) +$ 431.52 (TXBL MED WAGE/TIPS x 1.45%) +$4,482.00 (Full amount of INCM-TX-WTHLD) =$6,163.44 (Trust Fund Tax) |

- The BMF tax module shows a TC 670 designated trust fund (DPC 02) payment for $1,500.00 that is dated the same date as the TC 240 assessment.
- The Trust Fund Tax amount minus the DPC 02 payment of $1,500.00 equals the TC 240/618 amount. This payment has already been considered in the Trust Fund assessment.
- If the TC 240/618 amount was equal to the Trust Fund Tax amount, the payment would not have been considered in the Trust Fund assessment and would have to be cross-referenced to the RRP account.

*Example:* **No. 2**

| If... | Or... |
|---|---|
| **Tax period other than 2011XX/2012XX** | **Tax period 2011XX/2012XX** |
| The TOT-SS-MED-TAX-AMT field on TXMOD shows $15,289.00. The TTL INCM-TX-WTHLD field on TXMOD shows $9,427.46. The TC 240 RN 618 amount assessed is $17,071.96. | The TXBL SSA WAGES field on BMFOLR shows $114,954.94. The TXBL MED WAGE/TIPS field on BMFOLR shows $114,954.94. The TTL INC TX WTHELD field on BMFOLR shows $9,427.46. The TC 240 RN 618 amount assessed is $15,922.41. |

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| If... | Or... |
|---|---|
| **Tax period other than 2011XX/2012XX** | **Tax period 2011XX/2012XX** |
| **CALCULATE TRUST FUND TAX:** <br> **$7,644.50** (½TOT-SS-MED-TAX-AMT) <br> **+ $9,427.46** (TTL INCM-TX-WTHLD) <br> **=$17,071.96** (Trust Fund Tax) | **CALCULATE TRUST FUND TAX:** <br> **$4,828.10** (TXBL SSA WAGES x 4.2%) <br> **+$1,666.85** (TXBL MED WAGE/TIPS x 1.45%) <br> **+ $9,427.46** (TTL INCM-TX-WTHLD) <br> **=$15,922.41** (Trust Fund Tax) |

- The BMF tax module shows a TC 670 designated trust fund (DPC 02) payment for $5,000.00 that is dated the same date as the TC 240 assessment.
- The TC 240/618 amount equals the Trust Fund Tax; therefore, this payment has not been considered in the Trust Fund assessment and must be cross-referenced to the RRP accounts.

*Example:* **No. 3**

| If... | Or... |
|---|---|
| **Tax period other than 2011XX/2012XX** | **Tax period 2011XX/2012XX** |
| The TOT-SS-MED-TAX-AMT field on TXMOD shows $6,923.39. The TTL INCM-TX-WTHLD field on TXMOD shows $5,072.00. The TC 240 RN 618 amount assessed is $6,033.70. | The TXBL SSA WAGES field on BMFOLR shows $52,055.61. The TXBL MED WAGE/TIPS field on BMFOLR shows $52,055.61. The TTL INC TX WTHELD field on BMFOLR shows $5,072.00. The TC 240 RN 618 amount assessed is $5,513.14. |
| **CALCULATE TRUST FUND TAX:** <br> **$3,461.70** (½TOT-SS-MED-TAX-AMT) <br> **+$5,072.00** (TTL INCM-TX-WTHLD) <br> **=$8,533.70** (Trust Fund Tax) | **CALCULATE TRUST FUND TAX:** <br> **$2,186.34** (TXBL SSA WAGES x 4.2%) <br> **+ $754.80** (TXBL MED WAGE/TIPS x 1.45%) <br> **+$5,072.00** (TTL INCM-TX-WTHLD) <br> **=$8,013.14** (Trust Fund Tax) |

- The BMF tax module shows a TC 670 undesignated payment for $2,500.00 that is dated the same date as the TC 240 assessment. Payments posted to the account prior to the TC 240 assessment have full paid the non-trust fund portion of tax.
- The Trust Fund Tax amount minus the payment of $2,500.00 equals the TC 240/618 amount. This payment has already been considered in the Trust Fund assessment.

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- If the TC 240/618 amount was equal to the Trust Fund Tax amount, the payment would not have been considered in the Trust Fund assessment and would have to be cross-referenced to the RRP account.

*Example:*   **No. 4**

| If... | Or... |
| --- | --- |
| **Tax period other than 2011XX/2012XX** | **Tax period 2011XX/2012XX** |
| The TOT-SS-MED-TAX-AMT field on TXMOD shows $6,076.96<br>The TTL INCM-TX-WTHLD field on TXMOD shows $3,374.00<br>The TC 240 RN 618 amount assessed is $6,412.48 | The TXBL SSA WAGES field on BMFOLR shows $45,691.45.<br>The TXBL MED WAGE/TIPS field on BMFOLR shows $45,691.45.<br>The TTL INC TX WTHELD field on BMFOLR shows $3,374.00.<br>The TC 240 RN 618 amount assessed is $5,955.57. |
| **CALCULATE TRUST FUND TAX:**<br>**$3,038.48** (½TOT-SS-MED-TAX-AMT)<br>**+$3,374.00** (TTL INCM-TX-WTHLD)<br>**=$6,412.48** (Trust Fund Tax) | **CALCULATE TRUST FUND TAX:**<br>**$1,919.04** (TXBL SSA WAGES x 4.2%)<br>**+ $662.53** (TXBL MED WAGE/TIPS x 1.45%)<br>+**$3,374.00** (TTL INCM-TX-WTHLD)<br>**= $5,955.57** (Trust Fund Tax) |

- The BMF tax module shows a TC 706 payment for $250.00 that is dated and posted before the TC 240 assessment. Payments posted to the account prior to this TC 240 assessment have full paid the non-trust portion of the tax.
- The TC 240/618 amount equals the Trust Fund Tax; therefore, this payment has not been considered in the Trust Fund assessment and must be cross-referenced to the RRP accounts.

(4) The Hiring Incentives to Restore Employment (HIRE) Act was enacted March 18, 2010. It is a tax benefit that is available to employers who hire certain previously unemployed workers, or "qualified employees," in their trade or business. This is a tax exemption that reduces the employer's 6.2 percent share of social security (FICA) tax on wages paid to qualified employees during the second, third and forth quarters of 2010 (201006, 201009 and 201012). Since this is an adjustment to the employer's share of FICA, it affects **only** the **non-trust fund** portion of the tax. There is no change to the tax withheld or the employee's share of FICA tax. When calculating the Non-Trust Fund portion of tax for 201006, 201009 and 201012 the amount is calculated as demonstrated in the HIRE examples 1 - 3 below.

The following table shows the calculation of total trust fund tax and total non-trust fund tax from CC TXMOD when the **HIRE Act Credit** is involved.

| STEP | ACTION |
|------|--------|
| **1** | Access CC TXMODA for the related corporation. |
| **2** | Reference the amount of TTL-INC-TX-WTHLD or ADJ-INCM-TX-WTHLD. This represents the total income tax withheld for the quarter. |
| **3** | Reference the amount of TOT-SS-MED-TAX-AMT or ADJ-FICA-TX-WTHLD. Add that figure to the CUR-QTR-FRAC-CT-AMT. The total represents the Social Security and Medicare (FICA) tax. |
| **4** | Calculate the Total Trust Fund Tax by adding the full amount from step 2 and one half of the amount from step 3. These two figures combined equal Total Trust Fund Tax. |
| **5** | Reference the amount of CURR-TX-HOL or CURR-TX-HOL-CMPTR. If both fields are present and the amount is different, use the amount shown in CURR-TX-HOL-CMPTR. This figure represents the HIRE Act Credit for the quarter. |
| **6** | The Non-Trust Fund Tax is one half of the referenced amount in step 3 minus the referenced amount in step 5. |

- Once you have calculated the non trust fund tax, follow normal payment application procedures. To determine if BMF credits were already considered in the calculation of the TFRP assessment amount, see IRM 5.19.14.3.2 (3), Trust Fund Calculation.

(5)

*Example:*  **No. 1 HIRE**

Scenario: The TOT-SS-MED-TAX-AMT field on TXMOD shows $12,876.65. The CUR-QTR-FRAC-CT-AMT field on TXMOD shows $0.01-. The TTL INCM-TX-WTHLD field on TXMOD shows $6,556.00. The CURR-TX-HOL field on TXMOD shows $1,032.08. The TC 240 RN 618 amount assessed is $10,912.21. The table below shows how the HIRE Act Credit affects the non-trust fund tax calculation and payment application.

| Non Trust Fund Tax... | Trust Fund Tax... |
|---|---|
| **CALCULATE NON TRUST FUND TAX:**<br>**FICA Tax = $12,876.64** (TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT)<br>**$6,438.32** (½ FICA Tax)<br>- **$1,032.08** (CURR-TX-HOL)<br>= **$5,406.24** (Non Trust Fund Tax) | **CALCULATE TRUST FUND TAX:**<br>**FICA Tax = $12,876.64** (TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT)<br>**$6,438.32** (½ FICA Tax)<br>+ **$6,556.00** (TTL INCM-TX-WTHLD)<br>=**$12,994.32** (Trust Fund Tax)<br>The TC 240 RN 618 amount assessed is **$10,912.21** |

- Notice that there is a difference in the Trust Fund Tax amount and the TFRP assessment amount. The table below shows there were BMF credits that were considered in the calculation of the TFRP assessment amount.

| Non-Trust Fund Tax... | Trust Fund Tax... |
|---|---|
| **$7,488.35** (total BMF payments on TXMOD)<br>- **$5,406.24** (Non Trust Fund Tax)<br>= **$2,082.11** (total payments to apply to Trust Fund Tax) | **$12,994.32** (Trust Fund Tax)<br>- **$2,082.11** (total payments applied to Trust Fund Tax)<br>= **$10,912.21** (TC 240 RN 618 amount assessed) |

- Since Trust Fund Tax minus the total payments applied equals the amount assessed, the $2,082.11 would not be cross-referenced. It has already been considered in the calculation of the TFRP assessment. Any subsequent payments can now be applied to the TFRP assessment and cross-referenced following normal procedures.

(6)

*Example:* **No. 2 HIRE**

Scenario: The TOT-SS-MED-TAX-AMT field on TXMOD shows $25,954.73. The CUR-QTR-FRAC-CT-AMT field on TXMOD shows $0.25. The TTL INCM-TX-WTHLD field on TXMOD shows $5,966.80. The CURR-TX-HOL-CMPTR field on TXMOD shows $616.86. The TC 240 RN 618 amount assessed is $3,458.39. The table below shows how the HIRE Act Credit affects the non-trust fund tax calculation and payment application.

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| Non-Trust Fund Tax... | Trust Fund Tax... |
|---|---|
| **CALCULATE NON TRUST FUND TAX:** **FICA Tax = $25,954.98** (TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT) **$12,977.49** (½ FICA Tax) - **$616.86** (CURR-TX-HOL) = **$12,360.63** (Non Trust Fund Tax) | **CALCULATE TRUST FUND TAX:** **FICA Tax = $25,954.98** (TOT-SS-MED-TAX-AMT +CUR-QTR-FRAC-CT-AMT) **$12,977.49** (½ FICA Tax) + **$5,966.80** (TTL INCM-TX-WTHLD) =**$18,944.29** (Trust Fund Tax) The TC 240 RN 618 amount assessed is **$3,458.39** |

- Notice that there is a difference in the Trust Fund Tax amount and the TFRP assessment amount. The table below shows there were BMF credits that were considered in the calculation of the TFRP assessment amount.

| Non-Trust Fund Tax... | Trust Fund Tax... |
|---|---|
| **$27,846.53** (total BMF payments on TXMOD) - **$12,360.63** (Non Trust Fund Tax) = **$15,485.90** (total payments to apply to Trust Fund Tax) | **$18,944.29** (Trust Fund Tax) - **$15,485.90** (total payments applied to Trust Fund Tax) = **$3,458.39** (TC 240 RN 618 amount assessed) |

- Since Trust Fund Tax minus the total payments applied equals the amount assessed, the $15,485.90 would not be cross-referenced. It has already been considered in the calculation of the TFRP assessment. Any subsequent payments can now be applied to the TFRP assessment and cross-referenced following normal procedures.
- **Subsequent Claims - HIRE** There are times when the HIRE Act Credit will not be claimed on an original, but on an amended return. In this situation, a TC 291 will post to IDRS on the business account. The Reference Numbers you might see that are associated with the HIRE Act Credit are Item Reference Numbers 115, 116, 117 and Credit Reference Number 296. See example 3a below.

(7)

*Example:* **No. 3a HIRE**

| TC 291... |
|---|
| The TC 291 amount on TXMOD is $1,442.31- **Item Reference Numbers** 115 is $23,263.00 116 is $1,442.31- 117 is $4,769.75 **Credit reference Number** 296 is $295.72 |

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- Since there is no change to the tax withheld or the employee's share of FICA tax, no adjustment to the trust fund assessment will be necessary. However, as shown in the previous examples and in example 3b below, the employer's portion of the FICA Tax (non-trust fund) is reduced by the HIRE Act Credit. For more information on Reference Numbers and Employment Taxes, refer to IRM 21.7.2.4.1, Item Reference Numbers (IRNs) and Credit Reference Numbers (CRNs) — Employment Taxes. See example 3b below.

(8)

***Example:*** **No. 3b HIRE**

Scenario: The TOT-SS-MED-TAX-AMT field on TXMOD shows $19,776.52 . The CUR-QTR-FRAC-CT-AMT field on TXMOD shows $0.03 . The TTL INCM-TX-WTHLD field on TXMOD shows $1,163.00 . The CURR-TX-HOL-CMPTR field on TXMOD shows $1,442.31. The TC 240 RN 618 amount assessed is $11,051.28.

| Non-Trust Fund Tax... | Trust Fund Tax... |
|---|---|
| **CALCULATE NON TRUST FUND TAX:** FICA Tax = **$19,776.55** (TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT) **$9,888.28** (½ FICA Tax) - **$1,442.31** (CURR-TX-HOL-CMPTR) = **$8,445.97** (Non Trust Fund Tax) | **CALCULATE TRUST FUND TAX:** FICA Tax = **$19,776.55** (TOT-SS-MED-TAX-AMT + CUR-QTR-FRAC-CT-AMT) **$9,888.28** (½ FICA Tax) + **$1,163.00** (TTL INCM-TX-WTHLD) =**$11,051.28** (Trust Fund Tax) The TC 240 RN 618 amount assessed is $**11,051.28** |

- Notice that the Trust Fund Tax amount and the TFRP assessment amount are the same. This shows that there were no BMF payments considered in the calculation of the TFRP assessment amount. Also see in the table below that the Non Trust Fund tax has not been paid yet.

| Non-Trust Fund Tax... | Trust Fund Tax... |
|---|---|
| **$4,355.38** (total BMF payments/ credits on TXMOD) **$8,445.97** (Non Trust Fund Tax) Notice that there are not enough payments/credits to cover the Non Trust Fund Tax. Payments can not yet be applied to the TFRP assessment. | $11,051.28 (Trust Fund Tax) - **$0.00** (total payments applied to Trust Fund Tax) = **$11,051.28** (TC 240 RN 618 amount assessed) |

- Once the Non Trust Fund is paid, payments can be cross-referenced and begin paying the TFRP assessment per normal procedures.

(9) When a subsequent tax assessment (TC 29X,30X) has not been considered in the Trust Fund assessment, calculate the non-trust fund portion of the original

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BMF tax (TC 150) using the adjustment reference codes for FICA/Medicare tax and withholding or research ATFR-AO for Form 4183, Recommendation re: Trust Fund Recovery Penalty Assessment, calculations. If the subsequent tax assessment is not considered in the Trust Fund assessment, BMF payments with received dates after the TC 290 posted are applied first to the non-trust portion of tax before cross-referencing to the MFT 55 accounts. Payments with received dates prior to the TC 290 posting may be applied to the trust fund portion of tax if the non-trust fund was fully satisfied prior to the additional assessment.

(10) If the original Form 941, Employer's Quarterly Federal Tax Return, tax, including penalty and interest, was paid prior to an additional assessment (e.g., TC 290, TC 300, TC 308, TC 294, TC 298), any payments made towards the previously satisfied amount may not be reapplied to the additional tax assessment for calculation of the TFRP.

(11) TC 766 Action Code (AC) 299 is a Consolidated Omnibus Budget Reconciliation Act (COBRA) credit that is treated as a TC 650 for the purpose of TFRP calculation. However, it is not cross-referenced to RRPs.

5.19.14.3.3
(08-03-2018)
**Payment Application**

(1) When a payment or credit posts to the TFRP account, cross-reference the amount to all RRPs and the related BMF module(s), including modules in Status 53, 72 and 71, and update the MMA.

(2) Research the BMF modules for payments and credits not considered in the trust fund calculation, cross-reference to all RRPs and update the MMA.

*Note:* Payments, credit offsets, and debits are cross-referenced to the related IMF and BMF account module(s) on IDRS using ATFR for ATFR cases and the IAT application for non-ATFR cases.

(3) If TC 91X and "Z" freeze is present on the account, contact CI/Fraud Detection Center and proceed per their instructions. For ATFR cases, input a history item on ATFR and monitor the case weekly. For Non-ATFR cases, input a history on AMS, open a Monitor control on IDRS and monitor the case weekly. If transactions are not posted within 30 days contact CI/Fraud Detection Center and input history item for the follow-up contact. Continue to monitor weekly and contact the CI/Fraud Detection Center every 30 days until transactions post. All follow-up actions must be documented in ATFR or AMS (non-ATFR).

*Note:* Do not delete the transactions from ATFR until the transactions post on IDRS. When posted, delete the transactions from ATFR and submit the case.

(4) Contact Area Office (AO) CPM when case(s) cannot be resolved. Form 2209, Courtesy Investigation, may be required if unable to contact by phone. The case will be referred on ICS to the CEASO Manager where the corporation account is located. Control on IDRS and monitor for 45 days. If unresolved, prepare Form 5942, Advisory Reviewers Report , and forward to CEASO Manager. Input a history item to AMS or ATFR (if applicable) when the Form 2209 or Form 5942 is sent. Some examples are:

- Incorrect assessments
- Unclear overpayments
- Missing returns (TC 59X)

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- Partial abatement of BMF accounts (TC 291, TC 301). See IRM 5.19.14.4.3, Processing TFRP Adjustments, for exceptions
- Additional assessments on BMF (TC 300)

Do not refer a case to the Area Office because there is no UNLCE data. See IRM 5.19.14.2.7, Trust Fund Recovery Penalty File (UNLCE File), for steps to take when UNLCE information is missing.

**Caution:** Do not refer incorrect assessments resulting from a TC 240 inserted into ATFR because the original TC 240 unposted. Instead, research ATFR 2749 RP History for the transaction status code history to verify the TC 240 unposted and was reinserted. After validation, print the submitted Form 2749 to use as the source document and adjust the account to reflect the correct TFRP amount. See IRM 5.19.14.2.2 , Trust Fund Recovery Penalty Statute of Limitations..

**Example:** Form 2749 shows the "assessment amount" of $400.00 for tax period 201503 and a "Trust Fund Balance" amount of $4,000.00. A TC 240 for $4,000.00 dated 3/15/2015 unposted in cycle 201511. In addition, a TC 240 for $400.00 dated 3/31/2015 is posted to the same account cycle in 201515. Both assessments display the same BMF X-REF TIN. Research of the ATFR RP History for the business entity reveals a deleted TC 240 for $4,000.00 and an inserted TC 240 for $400.00.

| | |
|---|---|
| 5.19.14.3.3.1<br>(01-13-2016)<br>**Trust Fund Recovery Penalty Using Old and New Calculation Methods** | (1) For all TFRP liabilities where the Letter 1153, Proposed Trust Fund Recovery Penalty Notification, and Form 2751, Proposed Assessment of Trust Fund Recovery Penalty, were issued on or after June 19, 2000, any business payments received on the account after December 31, 2002, are applied in the following order: |

- Non-trust fund portion of tax
- Trust fund portion of tax
- Fees and collection costs
- Assessed penalty
- Assessed interest
- Accrued penalty to date of payment
- Accrued interest to date of payment

This payment application method is referred to as the "new calculation method".

**Note:** The term "assessed "indicates transactions posted on CC TXMOD. Accruals are amounts computed on the total balance due on an account (interest and penalties), but are not yet posted to CC TXMOD.

(2) Under the "old calculation method", where the Letter 1153, Proposed Trust Fund Recovery Penalty Notification, and Form 2751, Proposed Assessment of Trust Fund Recovery Penalty, were issued prior to June 19, 2000, the payments received prior to December 31, 2002 were applied to:

- Non-trust
- Fees and collection costs
- Penalties
- Interest
- Trust

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(3) Effective January 1, 2003, all new undesignated payments are applied under the "new calculation method" even if the penalty was assessed under the "old calculation method." Prior to January 1, 2003 all undesignated payments were applied per the old calculation method.

*Caution:* Do not recalculate accounts that were assessed under the old method; this change only applies to new payments received on these accounts.

(4) On accounts where there are payments posted before and after December 31, 2002, penalties and interest will be paid as they post to the account. For example, penalties and interest that are posted to the account on or before December 31, 2002 will be paid using the old calculation method for application of payments. Penalties and interest that post to an account after December 31, 2002 will be paid using the new calculation method for application of payments.

(5) When two or more responsible officers on a corporation were assessed using different calculation methods, compute credits on both accounts under the new calculation method.

**5.19.14.3.3.2**
**(08-03-2018)**
**Points to Remember**

(1)   When cross-referencing payments always consider the following:

• When a balance due is created by an incorrect posting of payment(s) and/or credit(s); or subsequent case action; and there was an offset to another period, the offset must be reversed for correction of the account. Later dated payments on these accounts may be considered "misapplied" and can be moved to other balance due modules. Exceptions when not to reverse an offset are outlined in the table below:

| 1) Do not reverse an offset that was applied to a satisfied OIC account (TC 971 / AC 032 and / or TC 604). |
| 2) Do not reverse an offset that would create a refund if later dated payments cannot be cross referenced due to CSED conditions. |
| 3) Determine if payments or credits dated prior to the TC 240 RN 618 have been included in the original trust fund assessment before cross-referencing. See IRM 5.19.14.3.2 , Trust Fund Calculation. |
| 4) Before applying credits to the TFRP accounts and the BMF tax modules, verify the total of the proposed TC 538s and/or TC 241s are not greater than the unpaid Trust Fund plus interest. Do not overpay the account(s). |
| 5) Payments applied to fees and collection costs are not cross-referenced. |
| 6) Review case history on AMS, ATFR or CC UNLCE if case conditions met/meet requirements for a history item. |

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5.19.14.3.3.3
(09-23-2021)
**Cross-Referencing Restrictions**

(1) Do not cross-reference payments, credits, or debits that have the same date or are dated after a posted TC 604/606 or CSED, or accounts that have moved to retention. Update the MMA to reflect those payments, credits, and debits that were not cross-referenced.

*Note:* For accounts with a TC 534, see the NOTE in IRM 5.19.14.3.11(3).

(2) Payments with dates prior to the CSED must be cross-referenced to the account. The amount cross-referenced cannot exceed the amount of the write-off. See IRM 5.19.14.3.14, Special Conditions.

(3)  When two responsible parties owe different amounts for the same period, cross-reference payments and do not apply more than the assessment amount(s). See IRM 5.19.14.3.2 (2), Trust Fund Calculation, & IRM 5.19.14.3.5, Payment/Credit Cross-Referencing - Single Assessment.

- If the RRP with the larger assessment is making the payment, that TFRP assessment must be full paid before applying to interest for any other RRP(s).
- If the RRP with the smaller assessment is making the payment and begins to pay interest, the interest payment can be applied to the other RRP(s) and the BMF account. However, the payment applied as interest does not reduce the MMA (Trust Fund) of the non paying RRP or BMF.
- If BMF is making the payment, apply the payment to the RRP(s) once the non trust fund portion of tax has been paid.

(4) Do not post more credit than the balance of the TFRP assessment including accruals. If a credit balance is created, refer to IRM 5.19.14.3.8, Resolving TFRP Overpayment Cases, for steps to resolve the credit.

(5) Master file will clear overpayments less than $1.00 and underpayments less than $5.00.

*Note:* When paying interest, the amount due computed by CC INTST, CC COMPA and DMI may differ by a few cents from what actually posts to IDRS due to rounding differences. As a result, a credit or debit may be created when the cross-referenced payment will full pay the balance due as indicated.

- If an amount was cleared because of an overpayment or underpayment, do not attempt to reverse the cleared amount. Do not cross-reference the cleared amount.

*Example:* Two RRP's are assessed different amounts. The balance remaining on the RRP account where the payment has posted is $23.35. The payment amount is $23.55. Masterfile cleared the overpayment of $0.20 with a TC 386, and $23.35 is cross-referenced to the RRP and the corporation. The balance of interest remaining on the non-paying officer account is $33.95. A reversal of the cross-referenced amount is not required. The amount cross-referenced is limited to the amount owed by the paying officer.

*Example:* The remaining balance on the RRP account is $102.45 and a payment is received for $100.00. The underpayment of $2.45 is cleared with a TC 606 and the account becomes full paid. Cross-reference $100.00 to the corporation. The cleared amount of $2.45 is not cross-referenced. The amount cross-referenced is limited to the amount of the payment.

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**5.19.14.3.3.3**

5.19.14.3.4
(01-13-2016)
**Memo Money Amount
(MMA)**

(1)  When payments/credits/debits are received on accounts, update the memo money amount field to reflect the unpaid balance of the trust fund tax. This includes the account where the payment was received and all related accounts.

(2)  The MMA field on CC TXMOD reflects the remaining unpaid trust fund balance on all IMF and BMF related modules. The MMA is input as a TC 971 with action codes 093 and 097. The MMA must be input when a trust fund assessment is made. Update the MMA each time any single transaction (e.g., credit or debit) occurs on the account, after the last transaction when multiple transactions post, or when updating an incorrect MMA.

(3)  When a new TC 971 posts, it will overlay the money amount in the original TC 971. There will be only one TC 971 for each cross-referenced transaction. The cycle of the original TC 971 updates to a current posting cycle, but the original TC 971 date remains. The updated TC 971 will display as a "DJ" transaction in the Pending Transactions section of IDRS showing the date of the payment/credit.

(4)  IMF and BMF MMA:

   a.   TC 971 AC 097 MMA on the IMF account must reflect the unpaid trust fund penalty balance for each BMF quarter.
   b.   TC 971 AC 093 MMA on the IMF account must always be $0.00 even if there is still a trust fund balance.
   c.   TC 971 AC 093 MMA on the BMF account must reflect the IMF unpaid trust fund penalty balance for that BMF quarter for each related responsible person.

(5)  The MMA is input in dollars and cents format for both IMF and BMF accounts using the CC REQ77 screen field called FREEZE-RELEASE-AMT. There are ten spaces available in this field.

*Note:*  When inputting or updating the TC 971 AC 093 IMF to IMF MMA, the FREEZE-RELEASE-AMT must be blank.

(6)  When the trust fund has been paid in full, reduce the MMA to .00. Never input a TC 971 AC 094/096 to reverse a previous TC 971 unless it is to correct erroneous information. If erroneous information exists, it may be necessary to input a new TC 971 AC 093/097.

(7)  Use the current date when inputting a missing or incorrectly reversed TC 971.

5.19.14.3.5
(08-03-2018)
**Payment/Credit
Cross-Referencing –
Single Assessment**

(1)  Payments, credit offsets, and debits are cross-referenced to the related IMF and BMF account module using either the ATFR or IAT applications. Payments are cross-referenced using TC 241 RN 697 from BMF to IMF, TC 241 RN 699 from IMF to IMF, and TC 538 from IMF to BMF.

(2)  Payments must be posted to reflect the originating payment application. For example trust fund to trust fund, and interest to interest. When a single payment is split between trust and interest, cross-reference to trust and interest on the related accounts using a separate TC 241 RN 699/697 and/or TC 538.

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*Example:* Remaining trust fund balance is $2,000, and interest is $1,300. RRP 1 makes a $2,500 payment. A TC 241 RN 699 for $2,000 (trust fund balance) and a TC 241 RN 699 for $500 (interest) will be applied to RRP 2. A TC 538 for $2,000 (trust fund balance) and a TC 538 for $500 (interest) will be applied to the BMF.

(3) BMF payments must be applied to the non-trust fund portion of tax before cross-referencing to the MFT 55 account(s). Once the non-trust fund amount is paid, cross-reference payments to the MFT 55 account(s) until the trust fund portion is paid. If an additional tax assessment (TC 290) was not considered in the Trust Fund assessment, payments with received dates after the TC 290 posted are applied to the non-trust fund portion of tax before cross-referencing to the MFT 55 account(s). Payments received prior to the TC 290 posting may be applied to the trust fund portion of tax if the non-trust fund tax was fully satisfied prior to the additional assessment. See IRM 5.19.14.3.2 , Trust Fund Calculation.

*Example:* ABC Corporation filed its Form 941, Employer's Quarterly Federal Tax Return, for the period ended June 30, 2015 timely and it posted in cycle 201530. There are 5 payments of $350.00 posted on the account. The non-trust fund tax of $1,050.00 is full paid and two payments have been cross-referenced to the RRP account for trust fund tax. Additional tax is assessed and a TC 290 posted to the account in cycle 201611. A $350.00 payment posted in cycle 201613. This payment and all payments dated subsequent to the TC 290 must be applied to the additional non-trust tax before it is cross-referenced to the MFT 55 account(s).

*Example:* 123 Corporation filed its Form 941, Employer's Quarterly Federal Tax Return, for the period ended March 31, 2016 timely. The return reported $300.00 for non-trust fund tax and $1,300.00 for trust fund tax. Additional tax of $8,300.00 is assessed and a TC 290 is posted to the account in cycle 201325. The Trust Fund assessment (TC 240) does not include the additional tax amount. The only payment on the account is a $5,000 payment that posted in cycle 201343. Because there are no prior payments posted, the entire payment is applied to the non-trust fund tax before cross-referencing to the MFT 55 account(s).

Once the trust fund portion of tax is paid, then apply payments to assessed penalties and assessed interest, then to accrued penalties and accrued interest. Continue to apply payments in this order until the trust fund tax and trust fund interest is full paid. Amounts applied to BMF fees and penalties are not cross-referenced.

(4) IMF payments are cross-referenced to the BMF and all RRPs until the trust fund amount is full paid. Then apply payments to assessed fees and collection costs, then to interest. Amounts applied to fees and collection costs are not cross-referenced.

(5)  When Applying Fee Payments to a TFRP account:

- Once the trust tax is fully paid, fees must be paid with the next available payment / credit dated subsequent to the fee. However, fees that are assessed after payments / credits have been applied accurately to

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interest must be paid with the next available payment. Do not reallocate cross-referenced interest payments that pre-date the assessment of the fee(s).

- If the trust tax is fully paid and the assessment of a fee and a payment post to IDRS in the same cycle, but the payment pre-dates the date of the fee, the payment is applied in date order using normal application of payment processing methodology. Ref. IRM 5.19.14.3.3.1(1), Trust Fund Recovery Penalty Using Old and New Calculation Methods. Generally, that payment will be applied to interest.
- When the trust and interest of a tax period is full paid and a subsequent payment / credit posts to an account to pay fees that were assessed prior to the accurate application of payments / credits, do not reallocate the previously cross-referenced trust and interest payments. This situation is an exception to the general rules of payment application. The fee(s) is paid by that subsequent payment / credit.

(6) When a payment on the TFRP account is reversed or refunded:

   a. debit the amount on related TFRP account(s) using TC 240 RN 697/699 with a corresponding amount and date
   b. debit the amount on the related BMF module(s) using TC 539 with corresponding amount and date
   c. update TC 971s to reflect corrected MMAs

*Note:* Payments should be cross-referenced exactly as they posted to the originating account. See chart and examples below.

| If ... | And ... | Then ... |
|---|---|---|
| TC 670 or other credit transaction | The credit was **FULLY** reversed **prior** to cross-referencing | Do not cross-reference. |
| TC 670 or other credit transaction | The credit was **FULLY** reversed **subsequent** to cross-referencing | Reverse the credit from the business account and all RRP accounts. |

| If ... | And ... | Then ... |
|---|---|---|
| TC 670 or other credit transaction **except 706** | The credit was **PARTIALLY** reversed, refunded or offset **prior** to cross-referencing | Cross-reference only the remaining amount to the business and RRP accounts. See examples 1 & 2 below. |

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| If ... | And ... | Then ... |
|---|---|---|
| TC 706 | The credit was **PARTIALLY** reversed, refunded or offset **prior** to cross-referencing | Cross-reference the full amount of the TC 706 to the business and RRP accounts. **However, do not cross-reference more than the balance of the remaining TFRP.** Input TC 539 to the business account and TC 240/699 to RRP accounts for the reversed, refunded, or offset amount. See example 3 below. **Do not cross-reference the netted amount. \*\*** |

*Example:* **No. 1** TC 670 (or other credit transaction except TC 706) for $100.00 posts to the RRP account. Before it is cross-referenced to the business and other RRP accounts, $35 is reversed to pay an outstanding liability on another period. This will generally create a new TC 670 to post for the remaining amount of the credit and for this example a TC 670 posts for $65.00. Cross-reference only the remaining amount ($65.00) to the business account with TC 538 and to RRP accounts with TC 241/699.

*Example:* **No. 2** TC 670 (or other credit transaction except TC 706) for $100.00 posts to the RRP account and overpays the module. Before it is cross-referenced to the business and other RRP accounts, $35 is offset to another tax period. Cross-reference only the remaining amount ($65.00) to the business account with TC 538 and to RRP accounts with TC 241/699.

*Example:* **No. 3** TC 706 for $100.00 posted to RRP account and before it was cross-referenced to the business or other RRP accounts, a TC 701 posted for $25.00. Input TC 538 to the business account and TC 241/699 to RRP accounts for $100.00 and TC 539 to the business account and TC 240/699 to RRP accounts for $25.00.

*Reminder:* The TC 539 input to the business account for the TC 701 amount will appear differently on IDRS when the transactions post. Do not attempt to correct the transaction when this occurs.

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| If... | And... | Then... |
|-------|--------|---------|
| TC 670 or other credit transaction **except 706** | The credit was **PARTIALLY** reversed, refunded or offset **subsequent** to cross-referencing | Reverse the amount originally cross-referenced from the business and RRP accounts and cross-reference only the remaining amount. See examples 4 & 5 below. |
| TC 706 | The credit was **PARTIALLY** reversed, refunded or offset **subsequent** to cross-referencing | Input TC 539 to the business account and TC 240/699 to RRP accounts for the reversed, refunded, or offset amount. See example 6 below. **Do not cross-reference the netted amount.★★** |

*Example:* **No. 4** TC 670 for $100.00 posted to RRP account and the full amount has been cross-referenced to the business and other RRP accounts. A TC 672 for $75.00 posts to the account in a later cycle, after the payment was cross-referenced. Input TC 539 to the business account and TC 240 / 699 to RRP accounts for $100.00 and input TC 538 to the business account and TC 241/699 to RRP accounts for $25.00.

*Example:* **No. 5** TC 670 for $100.00 posted to RRP account and the full amount has been cross-referenced to the business and other RRP accounts. In a later cycle, after the payment has been cross-referenced, $75.00 is refunded to the taxpayer. Input TC 539 to the business account and TC 240 / 699 to RRP accounts for $100.00 and input TC 538 to the business account and TC 241/699 to RRP accounts for $25.00.

*Example:* **No. 6** TC 706 for $100.00 posted to RRP account and was cross-referenced to the business and other RRP accounts. In a later cycle, a TC 701 posted for $45.00. Input TC 539 to the business account and TC 240/699 to RRP accounts for $45.00.

★★The netted amount is the difference between the original amount that posted to the tax module and the amount that was reversed. Ex. $100 - $25 = $75. $75 is the netted amount.

(7)   After applying credits to TFRP accounts and BMF modules, review the Payment Sorter to validate credit dates/amounts for each payment.

(8)   Payments other than those listed below are applied using the normal payment application method. See IRM 5.19.14.3.3 , Payment Application:

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| If ... | And ... | Then ... |
|---|---|---|
| TC 670 posted to BMF | Designated Payment Code (DPC) 01 | After non-trust has been paid in full any remaining DPC 01 payment is applied using normal payment application method. |
| TC 670 posted to IMF | DPC 01 | Apply using normal payment application method. |
| TC 670 | DPC 02,11 that has not been considered in the TFRP calculation | Cross-reference using the TC 670 payment date. |
| TC 670 | DPC 11 is more than the trust fund balance | Contact Insolvency for the appropriate action. |
| TC 670 | DPC 02 is more than the trust fund balance | Apply up to the remaining trust fund amount:<br>• If the payment is posted to the BMF module, transfer the excess to the BMF module with outstanding trust fund balance with the oldest CSED.<br>• If the payment is posted to the IMF module, transfer the excess to the IMF module with outstanding trust fund balance with the oldest CSED.<br>• Cross-reference to all related accounts.<br>• After all trust fund tax is paid, apply any remaining credit from the BMF payment first to non trust tax, then to the fees and collection costs, posted penalties, posted interest, accrued penalties, and accrued interest.<br>• Apply any remaining credit from an IMF payment to Fees and Collection Costs, then to the posted Interest, and accrued Interest. |
| Designated Interest (TC 680) | Posted to BMF or MFT 55 | Do not cross-reference until all trust fund has been paid. After all related interest is paid, apply any remaining amount to Non-trust, Trust, Fees and Collection Costs, then Penalties. |

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| If ... | And ... | Then ... |
|--------|---------|----------|
| Designated Penalty (TC 690) | Posted to BMF | After all related penalties are paid, apply any remaining amount to Non-trust, Trust, Fees and Collection Costs, then Interest. |
| Designated Penalty (TC 690) | Posted to MFT 55 | Apply using normal payment application method. |
| Designated Penalty (TC 690) | Posted to MFT 55 and is more than the trust fund and any other related posted penalties | • After all posted penalties are paid, i.e., TC 240, TC 280, etc., transfer any remaining credit to the MFT 55 module with outstanding penalty with the oldest CSED.<br>• Cross-reference to all related accounts.<br>• After all penalties are paid, apply any remaining credit to the related interest in the same manner. |

(9)  If the TFRP was assessed under Old Calculation methodology, BMF payments posted prior to 01/01/03 are applied as follows:

   a.  If the total amount due on CC INTST computed on the BMF account to the date of the payment or 12/31/2002, whichever is earlier, is more than or equal to the trust fund assessment for that quarter, do not cross-reference.

   b.   If the total amount due on CC INTST computed on the BMF account to the date of the payment or 12/31/2002, whichever is earlier, is less than the trust fund assessment for that quarter, determine the amount to be applied to trust fund tax by following the table below.

| |
|---|
| 1) Calculate the BMF total tax using the following formula: TC 150 + TC 290 + TC 300 - TC 291 -TC 301. |
| 2) Subtract trust fund tax amount. If TC 29X, 30X is present on the module, see IRM 5.19.14.3.2 , Trust Fund Calculation. |
| 3) Add BMF total penalties/fees (TC 186, TC 166, etc. excluding TC 276, TC 270). |
| 4) Add TOTAL FTP displayed on CC INTST computed to 12/31/2002. |
| 5) Add TOTAL INT displayed on CC INTST computed to 12/31/2002. |

(10)  The following are examples of Old Calculation cases:

   •  Non-Trust Fund tax portion, $1,500
   •  Penalty & Collection costs, $300
   •  Interest, $1,000
   •  Trust Fund tax Portion, $2,500

*Example:* **No. 1**

- A payment posts for $500 dated 5/1/02
- Compute interest using CC INTST to the date of the payment (5/1/02)
- The total balance due per CC INTST is $2,600
- The payment will not be cross-referenced because $2,600 is more than the Trust Fund portion

*Example:* **No. 2**

- A payment posts for $500 dated 6/1/02
- Compute interest using CC INTST to the date of the payment (6/1/02)
- The total balance due per CC INTST is $2,100
- A TC 241 RN 697 for $400 should be applied because the total amount due is $400 less than the Trust Fund portion

(11) On single period assessments, cross-reference in payment date order as follows:

   a. Transaction Code, lowest to highest.
   b. TIN, lowest to highest.
   c. Transaction amount, largest to smallest.

*Note:* When payments are posted to both the IMF and BMF with the same date, use the BMF payment first.

**Exception:** If IMF same date payment has already been applied and BMF same date payment posts in a later cycle, full pays the module, and creates a refund, **do not** reverse the posted TC 538's and pursue erroneous refund procedures.

(12) If one entity makes multiple same date payments that full pays the trust and starts to pay interest, apply payments in the order listed in above paragraph.

*Example:* The trust fund balance is $4,089.42. One RRP made two payments (TC 670) dated 02/22/2016 one for $2,777.79 and one for $65.25. The same RRP also has a refund offset payment (TC 706) dated 02/22/2016 for $1,311.63. The TC 670 for $2,777.79 will be applied first because it is the lowest same date payment with the largest amount. The TC 670 for $65.25 will be applied second because it is also the lowest same date payment but has a smaller amount. The TC 706 will be applied third because it has the highest transaction code of all the same date payments.

(13) If one or more RRPs make a payment on the same day that does not full pay the trust, cross-reference each payment to all related accounts.

*Example:* The non-trust fund is full paid and the trust fund balance is $4,000.00. Officer A has a refund offset payment of $35 dated 4/15/2015, Officer B has a refund offset payment of $145.00 dated 4/15/2015, and the corporation has a refund offset payment of $85.00 dated 4/15/2015. Since the total of all of the payments does not exceed the trust fund balance, each payment is cross-referenced to the other responsible parties. Officer A's $35.00 payment is cross-referenced with TC 241/699 to Officer B and TC 538 to the BMF account, Officer B's $145.00 payment is cross-

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referenced with TC 241/699 to Officer A and TC 538 to the BMF account, and the corporation's $85.00 payment is cross-referenced with TC 241/697 to each Officer A and Officer B.

(14)   If more than one RRP makes a payment on the same day that full pays the TFRP assessment but does not full pay the interest, divide the balance of the TFRP assessment by the number of RRPs that made a payment on that day. Cross-reference that portion of each payment to full pay the TFRP assessment. Cross-reference the remaining amount toward the interest due.

*Example:*   Taxpayer A made a payment of $200.00 dated 04/01/2016, Taxpayer B made a $150.00 payment on 04/01/2016. The remaining trust fund balance is $250.00 plus interest of $950.00. Taxpayers A and B made a payment on the same day that full paid the TFRP assessment. Divide the balance of the TFRP assessment by two and cross-reference $125.00 from each officer to full pay the trust fund. Cross-reference $75.00 from Taxpayer A to Taxpayer B and the corporation, and $25.00 from Taxpayer B to Taxpayer A and the corporation as interest.

(15)   If more than one RRP makes a payment on the same day that full pays the TFRP assessment including interest, divide the balance of the TFRP assessment and interest by the number of RRPs that made a payment on that day. Cross-reference that portion of each payment to full pay the TFRP assessment plus interest and refund the difference if there are no outstanding tax liabilities.

*Example:*   Taxpayer A made a payment of $200.00 dated 04/01/2014, Taxpayer B made a $150.00 payment on 04/01/2014 and Taxpayer C made a $150.00 on 04/01/2014. The balance of the TFRP assessment is $75.00 plus interest of $300.00. Taxpayers A, B and C made a payment on the same day that full paid the TFRP assessment. Divide the balance of the TFRP assessment and applicable interest by three and cross-reference a total of $125.00 to all responsible parties. Use TC 241/699 to cross-reference $25 from each officer to full pay trust and TC 241/699 from each officer for $100.00 to pay interest. Apply TC 538 for $25.00 to the corporation from each officer to full pay trust and TC 538 for $100.00 to the corporation from each officer to full pay interest.

(16)   If the trust fund tax is full paid and more than one RRP makes a payment on the same day that pays the interest, and the interest amounts owed for each officer is not the same, divide the smallest balance of interest due by the number of RRPs that made a payment on that day and cross-reference that portion to all related party(s). Once the interest on the account with the smallest balance is full paid, continue cross-referencing to the remaining RRPs in the same manner. See chart and example below:

*Example:*   Taxpayer A made an interest payment of $150.00 dated 04/01/2015, Taxpayer B made a $75.00 interest payment on 04/01/2015 and Taxpayer C made a $300.00 interest payment on 04/01/2015. Taxpayer A owes interest of $200.00, Taxpayer B owes interest of $75.00, and Taxpayer C owes interest of $300.00.

Divide the smallest balance of interest due by three. Use TC 241/699 to cross-reference $25 from each officer to full pay the interest due for Taxpayer B. Apply TC 538 for $25.00 to the corporation from each officer

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to pay interest. The remaining interest balance for Taxpayer A is $125.00, and the remaining interest balance for Taxpayer C is $225.00. Divide the smallest remaining interest balance by the number of taxpayers with a remaining interest balance. Use TC 241/699 to cross-reference $62.50 from Taxpayer A and Taxpayer C to full pay the interest due for Taxpayer A. Apply TC 538 for $62.50 to the corporation from each officer to pay interest. The remaining interest balance for Taxpayer C is $100. Apply TC 538 for $100.00 to the corporation from Taxpayer C to full pay interest.

*Note:* The remaining payment balance for each taxpayer after their interest has been full paid is refunded.

| Taxpayer | Taxpayer A | Taxpayer A | Taxpayer B | Taxpayer B | Taxpayer C | Taxpayer C |
|---|---|---|---|---|---|---|
| Action | Paymt | Interest Owed | Paymt | Interest Owed | Paymt | Interest Owed |
| Amount | $150.00 | $200.00 | $75.00 | $75.00 | $300.00 | $300.00 |
| $75.00 divided by 3 = $25.00 from each taxpayer | -$25.00 | -$75.00 = $25.00x 3 | -$25.00 | -$75.00 = $25.00x 3 | -$25.00 | -$75.00 = $25.00x 3 |
| BALANCE Remaining | $125.00 | $125.00 | $50.00 | $0.00 | $275.00 | $225.00 |
| $125.00 divided by 2 =$ 62.50 from Taxpayers A & C | $62.50 | -$125.00 = $62.50 x 2 | $0.00 | blank | $62.50 | -$125.00 = $62.50 x 2 |
| BALANCE Remaining | $62.50 | $0.00 | $50.00 | blank | $212.50 | $100.00 |
| $100.00 remaining on Taxpayer C can be full paid with his remaining payment | $0.00 | $0.00 | $0.00 | $0.00 | $100.00 | -$100.00 |
| BALANCE of payment to be refunded or offset | $62.50 | blank | $50.00 | blank | $112.50 | $0.00 |

5.19.14.3.6
(08-03-2018)
**Payment/Credit Cross-Referencing – Combined Assessment**

(1) If a payment is received from an RRP against whom the TFRP has been assessed, apply it to the underlying BMF tax periods in earliest assessment order.

(2) Do not apply payments to a portion of any period for which a responsible person is not liable. For example, in the table illustrated below, if Taxpayer B makes a payment, his payment would not be applied to 01/199603. The application of his funds would begin with 01/199606.

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| MFT | Tax Period | BMF Trust Fund Liability | Taxpayer A | Taxpayer B | Taxpayer C |
|-----|-----------|-------------------------|------------|------------|------------|
| 01 | 199603 | $3,000 | $3,000 | 0 | $3,000 |
| 01 | 199606 | $4,000 | $4,000 | $4,000 | $4,000 |
| 01 | 199609 | $3,000 | $3,000 | $3,000 | $3,000 |
| 01 | 199612 | $4,000 | $4,000 | $4,000 | 0 |
| blank | **TOTAL** | $14,000 | $14,000 | $11,000 | $10,000 |

- Taxpayer A, Taxpayer B, and Taxpayer C are responsible for different quarters of the TFRP
- Taxpayer A was assessed $14,000 on MFT 55 199612 (total of 199603, 199606, 199609, and 199612)
- Taxpayer B was assessed $11,000 on MFT 55 199612 (total of 199606, 199609, and 199612)
- Taxpayer C was assessed $10,000 on MFT 55 199609 (total of 199603, 199606, and 199609)

Using the information above, the following examples illustrate the guidelines to follow when cross-referencing payments/credits which are posted to TFRP combined assessments.

*Example:* **No. 1**

Taxpayer A made a payment of $14,500 that fully satisfied the TFRP assessment including interest accruals and related BMF modules for Trust Fund:

- Input TC 241 RN 699 for $11,000 and a TC 241 for interest to Taxpayer B
- Input TC 241 RN 699 for $10,000 and a TC 241 for interest to Taxpayer C
- Input TC 538 for $3,000 to 01 199603, $4,000 to 01 199606, $3,000 to 01 199609, and $4,000 to 01 199612 to the corporation. The remaining $500 will be applied to interest. See IRM 5.19.14.3.7, Computing and Cross-Referencing Interest
- Trust fund amount will be fully satisfied
- Update MMAs

*Example:* **No. 2**

Taxpayer C made a payment of $3,100

- Input TC 241 RN 699 for $3,100 to Taxpayer A
- Input TC 241 RN 699 for $100 to Taxpayer B
- Input TC 538 for $3,000 to 01 199603, and $100 to 01 199606
- Update MMAs

*Example:* **No. 3**

Taxpayer A made a payment of $2,900

- Input TC 241 RN 699 for $2,900 to Taxpayer C
- Do not cross-reference the payment to Taxpayer B
- Input TC 538 for $2,900 to 01 199603
- Update MMAs

***Example:*** **No. 4**

Taxpayer A made a payment of $7,000

- Input TC 241 RN 699 for $4,000 to Taxpayer B
- Input TC 241 RN 699 for $7,000 to Taxpayer C
- Input TC 538 for $3,000 to 01 199603, and $4,000 to 01 199606
- Update MMAs

(3)   Payments received from the RRP should be cross-referenced to trust fund tax for all tax periods on the underlying BMF and related responsible party(s) accounts prior to cross-referencing any amount to interest. However, BMF payments can be applied to interest for the tax period where they posted after the trust fund tax for that tax period has been satisfied.

(4)   A separate TC 538, one for trust and one for interest, for each BMF tax period is required when applying trust and interest to the business account. When cross-referencing to other RRP accounts with combined assessments, the full amount of the trust fund tax payment can be cross-referenced, even if it is cross-referenced to multiple tax periods on the business account. A separate TC 241/699 is required to be input for interest and can be the combined amount when cross-referenced to other RRP accounts with combined assessments.

(5)   For Non-ATFR cases, input a history item on AMS for each TC 241 RN 697 indicating the tax period, date and amount that was applied to trust fund tax and/or interest. Input the history item on ATFR for ATFR cases.

(6)   The following combined new calculation examples illustrate the guidelines which should be followed when cross referencing payments/credits/debits which are posted to the BMF trust fund module(s).

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| MFT | Tax Period | BMF Trust Fund Liability | Taxpayer A | Taxpayer B | Taxpayer C |
|---|---|---|---|---|---|
| 01 | 199603 | TF = $6,000 NTF = $2,000 | $6,000 | $6,000 | 0 |
| 01 | 199606 | TF = $4,000 NTF = $1,500 | $4,000 | $4,000 | 0 |
| 01 | 199609 | TF = $5,000 NTF = $1,000 | $5,000 | 0 | $5,000 |
| 01 | 199612 | TF = $5,000 NTF = $1,000 | $5,000 | 0 | $5,000 |
| **Taxpayer A, B and C** | **Totals** | TF = $20,000 NTF = $5,500 | $20,000 | $10,000 | $10,000 |

- Taxpayer A, Taxpayer B, and Taxpayer C are responsible for different quarters of the TFRP.
- Taxpayer A is assessed $20,000 for 199603, 199606, 199609, and 199612.
- Taxpayer B is assessed $10,000 for 199603 and 199606.
- Taxpayer C is assessed $10,000 for 199609 and 199612.

***Example:*** **No. 1 (Non-Trust has been paid)**

Payment for $6,000 posted to the BMF tax period 199603.

- Input TC 241 RN 697 for $6,000 to Taxpayer A.
- Input TC 241 RN 697 for $6,000 to Taxpayer B.
- Do not cross-reference payment to Taxpayer C.

***Example:*** **No. 2 (Non-Trust has not been paid)**

Payment for $4,000 posted to the BMF tax period 199606.

- Input TC 241 RN 697 for $2,500 to Taxpayer A.
- Input TC 241 RN 697 for $2,500 to Taxpayer B.
- Do not cross-reference payment to Taxpayer C.

***Example:*** **No. 3 (A payment of $500 has previously been applied to Non-Trust)**

Payment for $3,000 posted to the BMF tax period 199609.

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- Input TC 241 RN 697 for $2,500 to Taxpayer A.
- Input TC 241 RN 697 for $2,500 to Taxpayer C.
- Do not cross-reference to Taxpayer B.

**Example:  No. 4 (Non-Trust fund has not been paid)**

Payment for $500 (DPC 02) posted to the BMF tax period 199612.

- Input TC 241 RN 697 for $500 dated 1/1/01 to Taxpayer A.
- Input TC 241 RN 697 for $500 dated 1/1/01 to Taxpayer C.
- Do not cross-reference payment to Taxpayer B.

*Note:* Remember to update MMAs and input history on AMS to indicate the tax period where the TC 241/697 originated.

| | |
|---|---|
| 5.19.14.3.7<br>(08-03-2018)<br>**Computing and Cross-Referencing Interest** | (1)  Underpayment interest is generally computed from the date of the TFRP assessment to the date of the payment if full paid; otherwise, it is the 23c date. See IRM 20.2.5.3, Interest on Penalties and Additions to Tax. Interest continues on the remaining balance until full paid. When calculating interest, the following grace period(s) must be considered: |

| If ... | And ... | Then ... |
|---|---|---|
| the amount shown on the notice is less than $100,000 | payment is received within 21 calendar days, | additional interest is not computed from the notice date on the amount paid. |
| the amount shown on the notice equals or exceeds $100,000 | payment is received within 10 business days, | additional interest is not computed from the notice date on the amount paid. |
| a TC 971 AC 069/ 169/269 is posted to the account. See IRM 20.2.5.4 (4), Interest on Under-payments | payment is received within 30 calendar days, | additional interest is not computed from the notice date on the amount paid. |

IRM 20.2.5.4(4) , Notice and Demand Debit Interest, for applicable Notice Status Codes.

*Caution:*  Systemically generated TC 971 AC 069, AC 169, and AC 269 notices are entitled to the benefit of a grace period. Systemic notices are identified on IDRS with a unique Document Locator Number (DLN), i.e. NN277-999-99999-Y. Beginning 2015, IDRS correctly calculates the interest for systemic TC 971 AC 069. However, the TC 971 AC 169 and AC 269 notices require manual interest calculation.

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(2)   Input TC 340 $.00 to restrict any calculated, yet unassessed interest on an account where the calculated interest is attributable to the IRS computer not recognizing a payment that is received within the grace period and full pays the account . If the erroneous interest has already been assessed, abate it with a TC 341. See IRM 20.2.1, Introduction, Standards and Guidelines for more information.

*Caution:* When calculating underpayment interest, CC INTST cannot be used when:

- There are pending payments on the account where interest is being calculated
- Making corrections to posted transactions on the account
- There are multiple assessments on the account
- There are multiple same date payments that are being split between RRPs for trust and interest
- Applying multiple payments with different dates or, the date of payments received within the grace period of a notice date has not updated on CC INTSTD

See IRM 20.2.5, Interest on Underpayments, and IRM 20.2.5.6 , Restricted Interest for more information.

(3)   IRC 7508, Time for Performing Certain Acts Postponed by Reason of Service in Combat Zone or Contingency Operation, prescribes a period of time to be **disregarded** when computing interest for individuals who serve in a Combat Zone (CZ). The period of time disregarded because of service in a CZ starts when an individual enters the CZ and ends 180 days after release from the CZ. See IRM 20.2.7.9, IRC 7508, Combat Zone. A CZ account is identified by the following:

a.   The COMBAT-ZONE field with an indicator of 1 or 2 on the account entity (CC ENMOD/IMFOLE). A ″1″ indicates the taxpayer is currently serving in a combat zone, and a ″2″ means the taxpayer is no longer serving in a combat zone.
b.   TC 500 with any of these closing codes (cc) (Closing Codes 52/53, 54/55, 56/57) on the entity (CC ENMOD).
c.   If applicable, the literal COMBAT ZONE would show on the transcript (CC TXMODA); or
d.   A Master File (MF) Freeze Code -C on the transcript (CC TXMODA and CC IMFOLT).

(4)   The transaction date of the TC 500 with a Closing Code of 52, 54, or 56 identifies the date the taxpayer enters a CZ, and the transaction date of the TC 500 with a Closing Code of 53, 55, or 57 identifies the date the taxpayer exits a CZ. The Master File and IDRS programs can correctly compute and suspend interest (and penalties) on combat zone (CZ) accounts if there is one CZ period, or in the case of multiple CZ periods, if the second CZ entry date is more than 6 months from the previous CZ exit date. For example:

- Multiple CZ periods with more than 6 months between tours: TC 500 04-29-2010 cc 52, TC 500 12-10-2010 cc 53
- TC 500 10-08-2011 cc 56, TC 500 06-08-2012 cc 5

*Note:* Where there are multiple in and out CZ periods and the previous CZ exit date is within 6 months of the next CZ entry date, Master File and IDRS

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cannot correctly compute interest. Therefore, interest must be manually computed and restricted. For information on the use of TC 34X, refer to IRM 20.2.5.6 , Restricted Interest. In this instance, where the in/out CZ tours are within 6 months, the CZ period is considered as one continuous period starting from the first CZ entry date up through the last CZ exit date.

(5)  Payments that are applied towards trust fund interest on the originating account must be cross-referenced to trust fund interest on the related responsible party(s) accounts.

**Reminder:**  Designated interest payments, TC 680, will be cross-referenced after the trust fund tax amount is paid.

(6)  If an IMF RRP is paying interest on fees and the BMF is full paid, do not apply that interest to the BMF. Apply interest to the other RRP accounts only if the account is not full paid. Do not overpay the account(s) and cause a credit balance. If a credit balance is created, see IRM 5.19.14.3.8, Resolving TFRP Overpayment Cases, to resolve the credit.

(7)  On combined assessments, payments made by the IMF are not applied towards interest until the trust fund tax for all quarters is full paid.

(8)  On single period assessments, when interest payments post on the IMF account, use the posted TC 196 amount to begin applying the payment to the BMF account. Using CC INTST, CC COMPA or DMI, compute interest to the payment date on the other RRP accounts to determine the amount to be cross-referenced.

**Note:**  When applying multiple payments, the TC 196 amount cannot be used to determine the interest amount.

(9)  On single period assessments, when interest payments post on the BMF account, compute interest to the date of the BMF payment or credit. Do not overpay the account and cause a credit balance. If a credit balance is created, see IRM 5.19.14.3.8, Resolving TFRP Overpayment Cases.

**Note:**  When re-allocating BMF payments for penalties and interest due to the posting of a TC 706 with an earlier date and later cycle, do not consider the cycle of the TC 706 to determine what penalties and/or interest are then assessed (posted). Simply place it in date order for payment application purposes, and then continue with normal procedures for the subsequent payments, taking into consideration the posting cycles of those payments for application to assessed penalties then assessed interest.

(10)  On combined assessments where BMF payments have full paid the trust fund tax and are beginning to pay interest, compute interest for the quarter that is full paid using that quarter's trust fund tax assessment amount from UNLCE. Use CC COMPA or DMI to compute the interest from the assessment date of the TC 240 for each related responsible party to the payment date.

**Reminder:**  When BMF payments have full paid the trust fund tax and are paying interest on combined assessments, a review of the trust fund balance for all quarters may appear that only the trust fund tax is being paid when, in actuality, interest is also being paid.

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*Example:* The trust fund tax amount assessed is $1,000 for 199806 and $1,000 for 199809 for a total TC 240 amount of $2,000. Payments totaling $1,400 have been applied from the business 199806 account. $1,000 is applied to the trust fund portion for tax period 199806 and $400 is applied to the interest. The MFT 55 tax module balance is $600, however, the amount still owing for the 199809 trust fund tax is $1,000. The MMA, TC 971 AC 097 for tax period 199806 is updated to $.00, and a history item is recorded on CC UNLCE that the TC 241 697 for $1,000 is trust fund tax and the TC 241 697 for $400 is interest applied to tax period 199806. The MMA, TC 971 AC 097 for tax period 199809 is $1,000.

(11)   On combined assessments where IMF payments have full paid the trust fund tax and are beginning to pay interest, use CC COMPA or DMI to compute the interest from the assessment date of the TC 240 to the payment date. Compute interest on the trust fund assessment amount from UNLCE for each quarter separately.

(12)   Compute interest for each assessment separately when assessments are posted on the same period for more than one corporation. Use IDRS CC COMPA or DMI to compute interest and post to IDRS using TC 340 if it is necessary to restrict interest. Caution should be used when manually computing or restricting interest. Do not unnecessarily restrict accounts; ensure that TC's 340/341 are used appropriately. Master File programming can accurately compute interest in some situations. Some examples include:

- Accounts where the IMF is making all the payments
- Accounts where the 1st corporation pays trust fund then 2nd corporation pays trust fund, then the 1st corporation pays interest and then 2nd corporation pays interest
- Combined assessments that are paid in tax period order

(13)   Verify that IDRS is computing interest correctly using DMI or CC COMPA. Generally, but not limited to, the only time that you will restrict the interest on an account will be after all accurate cross-references have taken place to fully pay the account, but the account is in a credit balance for $1.00 or more or a debit balance of $5.00 or more due to systemic calculation of interest. Input a TC 340 for $0.00 to correct the account balance. Use CC REQ54 to input TC 340. See IRM 20.2.1.5.2, Manual Calculation of Interest.

- Always use blocking series 52
- Enter the date that interest is computed to in the DB-INT-TO-DT field. See IRM 20.2.1.5.2, Manual Calculation of Interest
- TC 340 AMT $$$$
- Hold code 3
- Attach interest computation and copy of the letter as a source document
:

*Note:* Always send a letter and a copy of the interest computation report to the taxpayer each time interest is manually computed or restricted. Users of CC COMPA may only send CC COMPAD prints to taxpayers as an explanation of the manual interest computation. Use Letter 3447, Cover Letter for Manual Interest Computations with COMPAD or Letter 3535, Interest Computation Cover Letter, as a cover letter when providing an interest computation report to taxpayers as required by IRC 6631, Explanation of Interest Computation.

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Letter 3447 must be used as a cover letter for CC COMPAD printouts. For more information on manually computing interest, refer to IRM 20.2.1.5.2, Manual Calculation of Interest.

(14) When interest is cross-referenced on Non ATFR cases, input a history entry to AMS. Include the following information:

- Method of interest computation, i.e., CC IMFOLT (if case is Status 12), CC INTST, CC COMPA or DMI
- Tax period interest is being applied to
- Payment date
- Last 4 digits of RRP and/or Business receiving the interest cross-reference credit
- Reason for interest restriction, if applicable

**5.19.14.3.8**
**(09-14-2020)**
**Resolving TFRP**
**Overpayment Cases**

(1) When the amount collected exceeds the TFRP assessment including accruals, the taxpayer whose payment created the excess may receive a refund of the overpayment.

(2) When a payment or credit posts to account or the cross-referencing of payment results in a credit balance, verify all payment and/or credits are accurate.

- Reverse any incorrect TC 241 RN 697/699 with a TC 240 RN 697/699, and any incorrect TC 538 with a TC 539.
- Submit appropriate transactions to ensure all payments and/or credits are cross-referenced and up to date.

(3) Determine if the credit amount can be offset to another balance due tax module, refunded to the taxpayer, or moved to the Excess Collection file.

*Note:* Exceptions listed below for TC 520s in IRM 5.19.14.3.8(6) & (7), for OICs in IRM 5.19.14.3.8(8), and TC 130s in IRM 5.19.14.3.8(9).

   a. Perform research and appropriate actions to resolve credits on MFT 55 accounts.
   b. Perform research and appropriate actions to resolve credits on BMF accounts with freeze codes A-, -R, U-, V-, -V, -W, or -Y **if there is another balance due on a tax module with a related TFRP assessment**. If an open IDRS control exists, contact that area to determine if their issue prevents the immediate offset or refund of the credit. If so, document ATFR history for ATFR cases or AMS for non-ATFR cases.

*Caution:* Do not attempt to resolve BMF credit balances containing a freeze code other than those listed above.

(4) Research IDRS for other outstanding liabilities including NMF on that TIN.

   a. Use IDRS CC ADD 24 to transfer credit to the outstanding liability with the earliest CSED.
   b. If the credit is transferred to a trust fund liability (MFT 55), or a business account with corresponding TFRP assessment(s) on an MFT 55 account(s), do not wait for the credit transfer to post. Perform all cross-reference actions immediately.
   c. Notify the taxpayer whenever a payment is transferred.

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*Note:* IMF credit transfers using DRT24/DRT48 that place the module into

                                                                             #

**Credit Reversal Adjustment Notice** to the taxpayer. See IRM 21.5.8.4.3, IMF Notices of Credit Posting/Reversal Adjustment.

| If ... | Then ... |
| --- | --- |
| The transferred credit **does not overpay** the trust fund tax and/or trust fund interest | Cross-reference the credit to the underlying business and all RRP accounts and update the MMA. See Example No. 1 below. |
| The transferred credit **overpays** the trust fund tax and/or trust fund interest | Cross-reference the credit up to the amount owed, to the underlying business and all RRP accounts and update the MMA. Follow the procedures in IRM 5.19.14.3.8, Resolving TFRP Overpayment Cases, above and transfer the remaining credit. See Example No. 2 and 3 below: |

*Example:* **No. 1** Officer A received a refund offset payment, TC 706 dated 4-15-2014. The offset payment full paid the remaining module balance and resulted in a $200 overpayment from a previously posted TC 670 payment dated 6-15-2015. The $200 overpayment was transferred to another MFT 55 account with a trust fund balance of $3,000.00 and was cross-referenced to the corporation and all related officers.

*Example:* **No. 2** An earlier dated TC 706 refund offset caused an overpayment of $3,000 on tax period 201412 for Officer A. Research of IDRS identified a balance due amount of $800 on 201503, $4,300 on 201506 and $15,000 on 201509 tax modules. After calculating the additional interest owed, $950 is transferred to tax period 201503 and the applicable amounts are cross-referenced to all related accounts. The remaining $2,050 is transferred to 201506 and is cross-referenced to all related accounts.

*Example:* **No. 3** BMF credit of $700.00 was created by the posting of an Installment Agreement payment dated 11-14-2015 on previously full paid 201509 tax module (U- freeze code). Another balance due exists on the 201512 tax module with related TFRP assessments. Transfer the $700.00 credit from 201509 to 201512 and cross-reference to all related accounts.

(5)   If there is no additional liability and the credit can be refunded (potential exceptions listed in paragraphs below), monitor the account until the TC 241 posts and release TC 570 with TC 571. Continue to monitor the account and if a systemic refund does not generate within 14 days, initiate a manual refund. If more than one payment with the same date is cross-referenced to a single module, TC 570 will not be released systemically. Initiate a manual refund after the cross-referenced transactions have posted. See IRM 21.4.4 Manual Refunds, for instructions on completing a manual refund.

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- Verify that the Refund Statute Expiration Date (RSED) has not expired per IRM 21.4.4.4.1 Refund Statute Expiration Date.
- If the **RSED has expired** and all liabilities are satisfied, transfer the credit(s) to the appropriate Excess Collection file following the procedures in the table below:

| 1) Use Form 8758, Excess Collection's File Addition. Follow IRM 3.17.220.2.2.1, Preparation of Form 8758. |
| --- |
| 2) Attach the IDRS prints to the Form 8758, Excess Collection File Addition. |
| 3) Input a history item to AMS for Non-ATFR cases, and ATFR for cases in ATFR to indicate the actions taken. (Credit to XSF via Form 8758). |

*Reminder:* In order for Accounting to transfer a credit from a module with an expired CSED, and not cause an unpostable, there must be an unreversed TC 608 in the module. If there is no unreversed TC 608, it will be necessary to transfer the credit(s) to a satisfied module with a TC 570 or create a dummy module.

- If the **RSED has expired** and the overpayment is due to an abatement of assessment, see IRM 5.19.14.4.3 (9)(1) Processing TFRP Adjustments and follow procedures in the table below:

| 1) If the entire claim for refund is non-refundable, input a TC 290 for zero with Blocking Series 98/99 and send a Letter 105C, Claim Disallowed. |
| --- |
| 2) If the taxpayer is entitled to a partial refund, input a TC 290 for zero with Blocking Series 98/99 and send a Letter 106C, Claim Partially Disallowed. |
| 3) Any non-refundable payments remaining on the account must be cross-referenced to the Business and any other RRP's. |

(6)   If the overpayment involves a case identified as a bankruptcy (freeze code -V, -W, and TC 520 with closing code 60 - 67, 81 - 89), review the Automated Insolvency System (AIS) to obtain the Case Number and Court Key. Forward this information, along with the TIN, tax period and TC 520 closing code to your Campus TFRP Bankruptcy Coordinator. The coordinator will submit a listing to TFRP HQ Collection Policy on a weekly basis, who will coordinate with Insolvency Specialists for case resolution. Control the case on IDRS with a 120-day follow-up date. Centralized Insolvency Operation (CIO) will contact the employee control if there is any update to the Proof of Claim, and if the credit can be moved to another balance due module or refunded. If all MFT 55 TFRP liabilities are fully satisfied research MFT 30 for balance due. If credit is moved to another balance due module or refunded, close the case. If not, continue to monitor the case and review AIS history for current closing activity. If there is no resolution after 120 days, elevate the case to your Campus TFRP Bankruptcy Coordinator for follow-up with Headquarters. Follow up every 120 days until the credit balance is resolved or until AIS history indicates current

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closing activity. If action is in process, document AMS with the AIS history information and close the case. Always input a history Item on AMS that the case was elevated to HQ and notate any instructions and/or information provided.

*Note:* If the Automated Insolvency System (AIS) history shows case actions in process that will resolve the issue, copy that documentation into ATFR (or AMS if NATF) without elevating the case. For example, If AIS contains a current history (within 1 month of current date) that states that CIO or Field Insolvency:

- •     will be refunding all of the existing credit, TFRP can copy that documentation into ATFR (or AMS if NATF) and close the case.
- •     is in the process of moving all of the existing credit to a non-TFRP balance due, TFRP can copy that documentation into ATFR (or AMS if NATF) and close the case.
- •     is in the process of updating the Proof of Claim, TFRP can copy that documentation into ATFR (or AMS if NATF), but keep IDRS control open for appropriate follow-up in 120 days.

(7)   If the overpayment involves a case with a freeze code -W and a TC 520 with closing code 76 or 77, provide the TIN, MFT, tax period, freeze code and TC 520 closing code to your Campus TFRP Bankruptcy Coordinator, who will submit the information to Headquarters. TFRP analysts will coordinate with Collection Due Process (CDP) analysts for resolution. Control the case and monitor. Contact Headquarters every 120 days until the case is resolved.

(8)   If the overpayment involves a case with a freeze code -V or -W that is other than TC 520 with closing code 60 - 67, 76, 77, 81 - 89, control the case and monitor it every 120 days until the TC 520 is reversed. Once the TC 520 is reversed, resolve any remaining credit balance as instructed in IRM 5.19.14.3.8 (1) through (3), Resolving TFRP Overpayment Cases, above.

(9)   If the overpayment involves a case identified as an accepted OIC (TC 780), resolve the credit balance as instructed in IRM 5.19.14.3.8 (1) through (4), Resolving TFRP Overpayment Cases, above. After exhausting all resources to resolve the credit, if a credit balance remains, inform the appropriate MOIC Liaison located on the SERP Who/Where tab *http://serp.enterprise.irs.gov/ databases/who-where.dr/oic-backend.html* of the credit and close your case. Use the first two digits of the DLN to determine the appropriate office and email, via secure messaging, Brookhaven or Memphis MOIC. See IRM 5.19.7, Campus Collection Programs, for information about OIC.

(10)   MFT 55 accounts with a V- freeze present on CC TXMOD must be researched for a posted TC 130 with the corporate EIN that matches the Form 2749, Request for Trust Fund Recovery Penalty Assessment(s). If present, release with a TC 131 after the TC 240 has posted whenever the only reason for input is for TFRP (refer to CP 44 in IRM 5.19.10.3.12, Generation of CP 44 and CP 188. . If the TFRP is assessed only against the secondary SSN, the TC 130 should remain on the joint entity.

**5.19.14.3.9**
**(08-03-2018)**
**Non-Master File (NMF)**
**TFRP Accounts**

(1)   There are several different types of TFRP accounts that are assessed on Non-Master File (NMF):

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- An Individual account has reached the maximum amount of transactions that master file can accommodate. These accounts are master file overflow accounts.
- A corporation is considered a Related Responsible Party (RRP) for a TFRP assessment.
- Accounts which require a reversal of erroneous abatements when the statute for assessment (ASED) has expired.

(2) NMF accounts will not have a TC 971 AC 093/097 . NMF accounts are identified as NMF on CC UNLCE and/or AMS history. ATFR cases including an NMF tax module will generally generate to Status Code 113.

(3) NMF transcripts generate when a transaction or payment posts to a NMF account. These transcripts generate in the CSC NMF Unit and are forwarded to CCO TFRP in Brookhaven and Ogden to be worked.

(4) When a payment or credit posts to the NMF TFRP account, cross-reference the amount to all related TFRP modules and the underlying BMF module(s), including Status 53, Status 72, and Status 71. Follow the procedures in IRM 5.19.14.3.5, Payment/Credit Cross-Referencing - Single Assessments, and IRM 5.19.14.3.6, Payment/Credit Cross-Referencing - Combination Assessments.

(5) Payments and credits cannot be cross-referenced to the NMF accounts. Once the TFRP is full paid, any remaining penalty on the NMF account is abated. Complete Form 1331-B, Notice of Adjustment, and forward to CSC NMF Accounting to request abatement of the remaining TFRP. A separate Form 1331-B is not necessary to abate penalty or interest assessments; however, it must be notated on the Form 1331-B to abate any penalty and interest, including accruals.

(6) Determine if a TC 130 Entity freeze (V- freeze) is on the Master File account for the RRP that is on NMF. Reverse the TC 130 when the account is full paid or the CSED has expired.

| 5.19.14.3.10 (09-24-2021) **Processing PMTEXPCSED Transcripts** | (1) A Payment Expired CSED (PMTEXPCSED) transcript will generate when a payment is applied to a module after the CSED has expired. |

(2) If a taxpayer makes a payment on an account barred by statute, send a 672C Letter informing them that the payment is not required and ask if they wish to apply the payment to that account, have it applied to another outstanding liability (if applicable), or have it refunded to them. Inform the taxpayer that if they do not respond within 30 days, the payment(s) will be applied to another tax liability. If there is no other tax liability, the payment(s) will be refunded.

*Note:* If the RSED of the credit(s) has expired and all liabilities are satisfied, refer to IRM 5.19.14.3.8 (5)Resolving TFRP Overpayment Cases for instructions on transferring the credit(s) to Excess Collections.

*Note:* Refer to IRM 5.19.10.5.2.1 (9) for special conditions and information where a letter is not required. For additional information on determining levy type, see IRM 3.17.277.5.3.

(3) The following table provides procedures for processing refund responses and no responses.

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| If... | And... | Then... |
|---|---|---|
| The taxpayer responds | Taxpayer requests that the payment be applied to the module with the expired CSED | Input TC 672/670 using CC ADD24. Input DPC 14 on the new TC 670. |
| | Taxpayer requests that the payment be applied to another liability<br><br>Taxpayer requests a refund | Transfer the credit using CC ADD24 and appropriate DPC code.<br>• Prepare Form 5792, Request for IDRS Generated Refund (IGR). Compute credit interest with CC COMPA if the credit is more than 45 days old. See IRM 20.2.1.6.2, Command Code COMPA.<br>• Follow IRM 21.4.4, Manual Refunds.<br>• Input TC 290 for ″.00″ to associate the Letter 672C and the taxpay-er's response in files. |

| If... | And... | Then... |
|---|---|---|
| The taxpayer does not respond | There is another outstanding liability | Transfer the credit to another balance due starting with the shortest CSED using CC ADD24 and appropriate DPC code. See IRM 5.19.10.5.2.2, Processing Overpayments From a Module Time-Barred From Collection, for further application. |
| | There is no other outstanding liability | • Prepare Form 5792, Request for IDRS Generated Refund (IGR). Compute credit interest with CC COMPA if the credit is more than 45 days old. See IRM 20.2.1.6.2 Command Code COMPA.<br>• Follow IRM 21.4.4, Manual Refunds.<br>• Input TC 290 for ″.00″ to associate the Letter 672C in files. |

5.19.14.3.11
(09-23-2021)
**Multiple TC 240
Assessments**

(1) If more than one TFRP assessment (TC 240 ref 618) is posted to the TFRP account for the same business entity, and the dollar amounts are the same, review the DLN for a determination if the additional assessment(s) is a "true duplicate." A duplicate assessment may be indicated by the Document Code of the DLN of the TC 240. The Document Code is the 4th & 5th digits in the DLN. A Document Code 51 indicates the assessment was a quick or prompt assessment. A manually submitted TFRP assessment will contain a Document Code 54. If the assessment(s) is determined to be a "true duplicate," abate the assessment with the most current date. If review of the DLN(s) indicates the duplicate assessments(s) resulted from incorrect ATFR processing, see IRM 5.19.14.3.3(4), Payment Application.

(2) When RRPs have multiple business assessments with the same assessment date, apply payments to the corporation assessed first by the RRP that made

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the payment. Cross- reference payment(s) to all RRPs to correspond with the assessment of the same corporation regardless of the order in which they appear on the tax module. See IRM 5.19.14.3.5(7), Payment/Credit Cross-Referencing - Single Assessment. Update the MMA accordingly. See the various examples in the table below:

| Officer and Scenario | Resolution |
|---|---|
| **Officer A** has 3 TFRP assessments with the same assessment date. | The TC 240 for XYZ Corporation appears as the first assessment. TC 240 for ABC Corporation appears as the second assessment and TC 240 for 123 Corporation appears as the third assessment. |
| **Officer B** has 3 TFRP assessments with the same assessment date. | The TC 240 for ABC Corporation appears as the first assessment. The TC 240 for 123 Corporation appears as the second assessment and TC 240 for XYZ Corporation appears as the third assessment. |
| **Officer C** has 3 TFRP assessments with the same assessment date. | The TC 240 for 123 Corporation appears as the first assessment. The TC 240 for XYZ Corporation appears as the second assessment and TC 240 for ABC Corporation appears as the third assessment. |
| Officer A submits a payment that is credited to XYZ Corporation. | Cross-reference the payment to Officers B and C and update the TC 971 / 097 for the EIN related to XYZ Corporation. Cross-reference the payment (TC 538) to XYZ Corporation. When all trust fund penalties have been paid, then apply payments towards fees then interest. |
| Officer C submits a subsequent payment that is credited to 123 Corporation. | Cross-reference the payment to Officers B and C and update the TC 971 / 097 for the EIN related to 123 Corporation. Cross-reference the payment (TC 538) to 123 Corporation. When all trust fund penalties have been paid, then apply payments towards fees then interest. |

(3)   When RRPs have multiple business assessments with different assessment dates, apply the payment, credit or debit beginning with the earliest TFRP as-

sessment date. Cross-reference payment(s) to all RRPs to correspond with the assessment of the same corporation regardless of the order in which they appear on the tax module. See IRM 5.19.14.3.5(7), Payment/Credit Cross-Referencing - Single Assessment Update the MMA accordingly.

*Note:* When the CSED expires on one of the assessments, there will be a TC 534 writing off the remaining assessment balance, plus any fees, penalties and interest associated with that assessment. For questions or assistance, see SERP Who/Where, CSED Referrals - Campus, Kansas City Collection (CSCO).

(4) When multiple MFTs with different (BMF) assessment dates are assessed on one RRP or as a combined assessment, apply payments to the MFT with the earliest BMF assessment date. If BMF assessment dates are the same, apply from MFT number, lowest to highest.

5.19.14.3.12
(08-03-2018)
**TFRP/OIC**

(1) When an Offer in Compromise (OIC) is accepted, a TC 780 is placed on the tax periods included in the offer. When the terms of the OIC are properly completed, a TC 788 is placed on the tax periods, and the OIC account is treated as full paid, see IRM 5.19.7.2.22, Closing an OIC.

(2) When an OIC is accepted (TC 780) continue to cross-reference the payment or credit to that account until the TC 971 AC 032 is pending. Ensure that the TC 971 AC 097 for the corporation that filed the OIC is updated with the unpaid trust fund amount, or the TC 971 AC 093 for the RRP that filed the OIC is updated with the unpaid trust fund amount.

(3) In the following chart, Taxpayers A and B have TFRP assessments for $10,000 individually from unpaid trust fund taxes from XXYY Corporation for the same tax periods. Taxpayer B has an accepted offer for $2000 and the Service will seek to collect the remaining balance including accruals from Taxpayer A and/or Corporation XXYY. Taxpayer B is now considered full paid.

| Transaction | Corporation XXYY | Taxpayer A | Taxpayer B |
|---|---|---|---|
| TFRP Assess-ment | $10,000 | $10,000 | $10,000 |
| OIC Accepted with payment and cross- ref-erenced to taxpayer B & the corporation | ($2,000) | ($2,000) | ($2,000) |
| Write off | None | None | $8,000 |
| Balance | $8,000 | $8,000 | –0– |

(4) The following chart illustrates an example of a corporation with an accepted offer. The payment of $6000 received with the offer paid the non trust fund portion of $4000. $2000 is then applied towards the trust fund portion and

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cross-referenced to the trust fund assessment for Taxpayer A and Taxpayer B. The RRP's are responsible for the balance of the TFRP assessment not paid by the OIC.

Taxpayers A and B have TFRP assessments for $10,000 individually from unpaid trust fund taxes from Corporation XXYY for the same tax periods. The accepted offer for Corporation XXYY eliminates the Corporation's remaining balance. Taxpayers A and B still have a TFRP balance due of $8,000.

| Transaction | Corporation XXYY | Taxpayer A | Taxpayer B |
|---|---|---|---|
| TFRP Assessment and corporation balance | $14,000 | $10,000 | $10,000 |
| OIC accepted with payment and cross- referenced to taxpayers A & B after the non trust has been paid. | ($6,000) | ($2,000) | ($2,000) |
| Write off | ($8,000) | None | None |
| Balance | -0- | ($8,000) | ($8,000) |

*Note:* If there is a pending TC 971 AC 032 on either the corporation or the RRP account, the Offer has been satisfied and a TC 604 will post. Any payments applied to those accounts at this time will cause an unpostable condition.

**5.19.14.3.13**
**(11-27-2019)**
**Trust Fund Recovery Penalty (TFRP) & Restitution Based Assessments (RBA)**

(1) When working any TFRP case, you must check the BMF tax module to see if there is an associated RBA assessment. Indicators of this would include:

• Pending or posted TC 971 AC 18X.
• Pending or posted TC 766 credit with RN 337, which is the transaction code for cross- referencing RBA payments.

(2) If any of the conditions above are present, you must take the following actions:

• If there is a pending or posted TC 766/337, check the BMF account AMS history for documentation of payment application. The procedures for TFRP and RBA are similar, in that payments must be posted to reflect the originating payment application. For example; tax to tax, interest to interest, etc. See IRM 5.19.14.3.5(2), Payment/Credit Cross-Referencing - Single Assessment.

*Note:* Unlike TFRP, RBA payments that are split between the assessment, penalties and interest are cross-referenced as one TC 766/337.

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- If documentation is present, apply the payments/credits as outlined in **Example No. 1** below.

*Example:*  **No. 1**

| MFT 55 200709 | MFT 01 200709 |
|---|---|
| TC 240 11/25/2013 $142,862.50<br><br>TC 971/097 linked to MFT 01 MMA $142,862.50 | TC 150 03/03/2008 $ 242,862.50<br><br>TC 971/184 linked to MFT 31 MMA $242,862.50<br>TC 971/093 linked to MFT 55 MMA $142,862.50<br><br>TC 650 01/24/2012 $100,000.00<br>TC 766/337 06/15/2012 $142,862.50<br>TC 766/337 07/30/2012 $502.93 |

- The posted TC 971/184 and TC 766/337s are indicators that there is a RBA assessment.
- **AMS documentation present:** TC 766/337 dated 06/15/2012 $142,862.50 from (SSN) 31/200709 for tax. TC 766/337 dated 07/30/ 2012 $502.93 from (SSN) 31/200709 for interest.
- The non-trust fund portion of the tax is full paid with the TC 650 dated 01/24/2012 for $100,000.00. Since the TC 766/337 dated 06/15/2012 for $142,862.50 is paying the trust fund portion of the tax, it is cross-referenced to the MFT 55 account as a TC 241/697. The TC 766/337 for $502.93 is cross-referenced to the MFT 55 account as a TC 241/697 for interest. The amounts cross-referenced are limited to amounts owed.

  *Note:*  Unlike TFRP, RBA TC 971/18X MMAs do not get reduced.

- If there is no documentation on AMS, contact the appropriate RBA Liaison located on "SERP Who/Where" for payment application information.
- If there is no pending or posted TC 766/337, work the case following normal IRM procedures. See **Example No. 2** below.

*Example:*  **No. 2**

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| MFT 55 200709 | MFT 01 200709 |
|---|---|
| TC 240 11/25/2013 $37,619.20 | TC 150 11/19/2007 $155,070.30 |
| TC 971/097 linked to MFT 01 MMA $37,619.20 | TC 971/184 linked to MFT 31 MMA $37,619.20 |
| TC 670 01/24/2012 $28,346.20 TC 670 01/30/2012 $9,273.00 | TC 971/093 linked to MFT 55 MMA $37,619.20 |
| | TC 650 07/05/2007 $36,279.49 TC 650 08/31/2007 $45,524.86 TC 650 10/30/2007 $35,646.75 |

- The TC 670 payments on the MFT 55 account full pay the trust fund portion of the tax. Cross-reference a TC 538 dated 01/24/2012 for $28,346.20 and a TC 538 dated 01/30/2012 for $9,273.00 to the MFT 01 account.
- Document AMS history for the BMF account with all cross reference information, including; Transcation code(s), Payment date(s), Payment amount(s), Originating TIN, MFT and tax period, Cross referenced TIN, MFT and tax period, and Application of payment(s) (i.e.Tax, Penalty, Interest).

> *Example:* TC 538 dated 01/24/2012 $28,346.20 and TC 538 dated 01/30/2012 $9,273.00 from (SSN) 55/200709 for tax.

*Note:* If RBA indicator (TC 971 AC 18X) is posted and the CSED is expired and / or the account balance is written-off, determine: if a Related Responsible Party (RRP) payment dated after the CSED or TC 604 would have been cross-referenced to the business if the collection statute was still active, and what portion of the liability it would have been applied to (i.e. tax, interest). Document AMS including same documentation information as listed above. RBA will use this documentation to determine if that credit is available as a possible cross-reference to the RBA account.

**5.19.14.3.14**
**(11-27-2019)**
**Special Conditions**

(1)  When a bankruptcy freeze (-V or –W) appears on the MFT 55 module, process the case. See IRM 5.19.14.3.8(4), Resolving TFRP Overpayment Cases, for cases involving overpayment.

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| If ... | And ... | Then ... |
|---|---|---|
| CSED is expired (TC 608) | blank | 1. Use DMI for old calculation accounts (all payments posted prior to 12/31/2002) and compute the FTP penalty and interest to 12/31/2002 to determine if there are any BMF payments to be applied to the related responsible officers' accounts. Cross-reference any missing payments received prior to the CSED.<br><br>***Note:*** If TC 608 amount is larger than the trust fund amount, it is not necessary to compute the FTP penalty or interest.<br><br>2. Reverse any incorrect TC 538s on the account.<br>3. Add up all payments made by the responsible parties, and then update the memo money amount (TC 971 AC 093) to reflect new unpaid trust fund balance.<br>4. If part of a combined assessment, input the new unpaid trust fund balance for the related quarter (TC 971 AC 093).<br>5. Update TC 971 AC 097 to reflect the new unpaid trust fund balance. |
| TC 604 is Present | **Bankruptcy (TC 971 AC 031) and OIC (TC 971 AC 032)** and the balance due was previously reduced to zero on IMF | Do not cross-reference any missing payments received prior to the TC 604 date. Update TC 971 AC 093 & 097 to reflect the unpaid trust fund amount. |

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| If ... | And ... | Then ... |
|---|---|---|
| TC 604 is Present | OIC write off and a balance remains on the IMF side | 1. The RRP is still liable for the balance on the IMF side unless the officer files an OIC on his individual account.<br><br>*Note:* The exception to this may be if the Field included the IMF assessment in the OIC (generally prior to 09/01/2005). If so a Form 3870, Request for Adjustment, may be generated by the field.<br><br>2. Continue to cross-reference payments to other Related Responsible Parties.<br>. |
| TC 788 is present | OIC full paid tax period | 1. The RRP is still liable for the balance on the IMF side unless the officer files an OIC on his individual account.<br><br>*Note:* The exception to this may be if the IMF assessment was included in the OIC prior to 09/01/2005. (If so a Form 3870, Request for Adjustment, may be generated by the field).<br><br>2. Continue to cross-reference payments to other Related Responsible Parties. |

5.19.14.3.14.1
(07-25-2016)
**Account Transfers**

(1)  An Account Transfer is a means of transferring an account between Master File accounts or between Master File and Non-Master File. An Account Transfer is required when an assessment has posted incorrectly to Master File and the ASED has expired.

(2)  When transferring an entire tax module, penalty and interest accruals must be restricted. Penalties and interest must be restricted on any BMF account transfer. Use TC 270, 160, or 180 when restricting penalties and TC 340 when restricting interest.

(3)  Resolve the following Freeze Codes before completing the Account Transfer; -Z, –V, –W, –L, E-, -E and –Y. If transferring only a portion of the tax module, the freeze codes do not need to be resolved prior to the transfer.

(4)  TC 538 and TC 241 / 69X must be reversed prior to the account transfer. Cross-reference any reversed credits to the valid account once the account

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transfer is complete. All pending transactions must post to IDRS before sending the case to Accounting. An exception is installment agreement payments.

(5) Prepare Form 12810, Account Transfer Request Checklist, and forward to the Accounting Function. A separate form is required for each tax period transferred.

(6) Input a 12 week STAUP to the account being transferred.

(7) For Non-ATFR cases, input a history item to AMS for the action taken. Document ATFR history for cases in ATFR.

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**5.19.14.4**
**(08-03-2018)**
**TFRP Inquiries and Adjustments**

(1) The PDT and CAU system identifies taxpayers who may pose a threat to the safety of IRS employees whose official duties require personal contact with taxpayers. Once a taxpayer is identified as potentially dangerous, a PDT indicator represented by symbol *PDT* is displayed on IDRS and *CAU* will be displayed to inform IRS employees to exercise caution when talking to a taxpayer. The Office of Employee Protection (OEP) is responsible for administration and maintenance of the PDT database. See IRM 25.4.1, **Potentially Dangerous Taxpayer** and IRM 25.4.2, **"Caution Upon Contact" Taxpayer**, for appropriate action.

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**5.19.14.4.1**
**(08-03-2018)**
**Processing TFRP Correspondence and Form 4442 Inquiry Referrals**

(1) When the TFRP is assessed, IDRS issues a first notice. The CP 15B, Civil Penalty Notice, informs the taxpayer of the tax periods (up to 25) included in the TFRP assessment. Three weeks later, IDRS issues Notice 504, Final Balance Due Notice. Six weeks after the issuance of Notice 504, the account is assigned to Status 22 (ACS) or Status 26 (RO). The CP 15B provides the taxpayer guidelines on requesting suspension of collection as provided by IRC 6672(c), Trust Fund Recovery Penalty. The taxpayer may respond to these notices in writing or by telephone. The Form 4442, Inquiry Referral, is used when a taxpayers inquiry cannot be resolved during initial contact with the IRS. The initial contact may be received in person, or by telephone. Control Forms 4442 as taxpayer correspondence.

(2) Written requests received in CCO must be controlled within 14 days from the IRS received date or 3 business days from the operation receive date. When a final response cannot be initiated within 30 days, an interim response will be initiated by the 30th calendar day from the IRS received date. Sites using Accounts Management System (AMS) for controlling and monitoring inventory follow AMS guidelines for case control and acknowledgment of taxpayer correspondence. If correspondence is received from a previous area after the 30 days expires and no interim letter was issued, you must send an interim letter within five business days of receipt in your area. Subsequent interims may be required if you are unable to respond as promised, see IRM 21.3.3.4.2.2, Interim Responses. Follow all other IDRS control procedures in IRM 21.3.3.4.2.2, Interim Responses.

(3) If correspondence is received stating the taxpayer does not understand or is questioning the TFRP assessment, send Letter 2282C, Penalty Abatement Trust Fund Recovery Disallowed, and explain the determination for assessment.

(4) If the correspondence states the taxpayer is not liable for the TFRP; or the taxpayer is requesting an abatement of the TFRP, research IDRS to verify that

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the withheld tax of one employee for each quarter of liability has been paid. If payment has been received, forward the correspondence to the CEASO office where the claimant resides. Send Letter 2282C, Penalty Abatement Trust Fund Recovery Disallowed, to the taxpayer advising him/her of the referral to CEASO. If payment for the withheld tax of one employee for one quarter of liability has not been paid, send Letter 2282C with Form 843, Claim for Refund and Request for Abatement, to the taxpayer.

(5)  If the taxpayer requests a refund of taxes paid, send Letter 2282C, Penalty Abatement Trust Fund Recovery Disallowed, with Form 843, Claim for Refund and Request for Abatement, to the taxpayer.

(6)  If the taxpayer states payments have not been applied or have been applied incorrectly, research IDRS and apply or correct any missing and/or misapplied payments. If payments are applied or corrected, send Letter 2282C, Penalty Abatement Trust Fund Recovery Disallowed, to inform the taxpayer.

(7)  Correspondence received that includes a request to make payments, states he/she is currently on an installment agreement, states he/she is in bankruptcy, incarcerated, deceased, or is entitled to military deferment, forward the inquiry to Balance Due Accounts. Notate "TFRP issue resolved "on the correspondence prior to routing.

(8)  Identity theft occurs when business or individual taxpayer identifying information is created, used, or attempted to be used, without authority, to obtain tax benefits. If the taxpayer claims Identity Theft, forward the correspondence to the CEASO office where the claimant resides. Send Letter 2282C, Penalty Abatement Trust Fund Recovery Disallowed, to the taxpayer advising him/her of the referral to CEASO. Refer to IRM 25.23, Identity Protection and Victim Assistance, for servicewide guidance and information.

   •     If a referral requesting an TFRP adjustment or abatement is from Identity Protection, contact Area Office (AO) CPM to request a Form 3870 , Request for Adjustment. If unable to contact by phone, it may be necessary to send a Form 2209, Courtesy Investigation. The case will be referred on ICS to the CEASO Manager where the corporation account is located. Control on IDRS and monitor for 15 days. If unresolved, prepare Form 5942, Advisory Reviewers Report, and forward to CEASO Manager. Input a history item to AMS or ATFR (if applicable) when the Form 2209 or Form 5942 is sent. If unresolved in 5 business days, elevate to local management.

(9)  Correspondence received for all other issues are routed to the appropriate functional area. Use the Campus Mail Routing Guide in SERP *http://serp. enterprise.irs.gov/databases/local-sites-other.dr/local/mrg/mrg-all-campus.html* for the determination where to route.

(10)  If Form 2848, Power of Attorney (POA) and Declaration of Representative, or Form 8821, Tax Information Authorization (TIA), is attached to the notice or correspondence, use CC CFINK to research the Centralized Authorization File (CAF) to verify if the POA is authorized for the period(s) in question. If the account is not on CAF the Form 2848 must contain the following:

   •     Taxpayer's full name, address, and TIN
   •     Representative's full name and address
   •     Type of tax

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- • Tax year(s) or period(s)
- • Signature of/for taxpayer and date of signature
- • Representative must sign declaration

(11) A POA or TIA must contain the essential elements listed in IRM 21.3.7, Processing Third Party Authorizations onto the Centralized Authorization File (CAF), to be valid. Those essential elements include:

- • Clear intent
- • Clear identification of the taxpayer, e.g., name, address, TIN (2 out of 3 are sufficient)
- • Clear identification of the third party
- • Specific tax matter(s) – type of tax and period(s)
- • Taxpayer's signature and date
- • For a POA, the representative's signature and date

| If ... | Then ... |
|---|---|
| POA **does not** contain all the items listed above | Return original to the taxpayer with the explanation that the form is incomplete. Use Letter 2282C, Penalty Abatement Trust Fund Recovery Disallowed, when responding to other issue(s). Return using Letter 861C, Power of Attorney (Form 2848) Incomplete for Processing, if not responding to other issues. |
| POA contains all the items listed above. | Fax the original to the Consolidated CAF site for your Campus. Notate ″original faxed to CAF″ and the date on the form and retain with the case file. |

(12) Specific use Powers of Attorney (e.g., civil penalties and Forms 843) are entered onto the CAF. This eliminates the need for the taxpayer to resubmit authorization requests each time a third party corresponds on a specific issue. When a valid authorization is received in an office which does not process authorizations to the CAF, FAX the authorization to one of the centralized CAF campuses for processing.

(13) If a valid POA or TIA is received, send responses to correspondence to the taxpayer and to the authorized representative. Replies from a valid POA are treated as if the taxpayer(s) was responding.

(14) If an unauthorized third party requests information concerning the penalty assessment, send Letter 135C, Power of Attorney Needed to Furnish Information. Do not send or discuss tax information with an unauthorized third party. Correspond directly with the taxpayer.

*Note:* When more than one person is liable for the TFRP, a liable person may be entitled to certain limited information concerning the other liable persons under IRC 6103(e)(9), Protecting and Disclosing Confidential Tax Returns

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and Return Information. See IRM 5.1.22.4, Disclosure of Trust Fund Recovery Penalty Payment Information.

(15) If during a taxpayer contact or correspondence, it appears a taxpayer may be experiencing a hardship or otherwise meets TAS case criteria, determine if you are able to resolve and close the TAS issue on the same day as the taxpayer contact. If so, do not refer the inquiry to TAS. If you cannot resolve in the same day, complete a Form 911, Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order), refer the taxpayer to TAS, and document the referral on AMS.

**Note:** The definition of same day is within 24 hours. There will be times you can completely resolve the issue within 24 hours. There will also be times that although you cannot completely resolve the issue within 24 hours, if you have taken steps within 24 hours to resolve the taxpayers issue, these cases also meet the definition of same day. Do not refer these cases to TAS unless the taxpayer asks to be transferred to TAS. Refer to the Same-Day Resolution subsection in IRM 13.1.7, Taxpayer Advocate Service Case Processing, for additional assistance.

(16) Document case actions in AMS.

**5.19.14.4.2**
**(08-03-2018)**
**TFRP Claims**
**Procedures**

(1) Refund Claims are written requests for TFRP adjustment(s) submitted by the taxpayer which must be approved by CEASO. A Form 843 , Claim for Refund and Request for Abatement, can be submitted for any payment made by the individual by submitting the claim within two years of the date of the payment.

(2) A taxpayer may also submit an Informal Claim for Refund/Abatement. A taxpayer who is not asking for a refund does not need to use Form 843 to receive consideration of the claim. See IRM 5.19.14.4.1, Processing TFRP Correspondence and Form 4442 Inquiry Referrals.

**Example:** A taxpayer writes a letter and asks that the TF assessment be abated because he was not responsible for the payroll of the company. In his letter to IRS, he does not request a refund for any monies paid.

(3) If a taxpayer submits a Form 843, Claim for Refund and Request for Abatement, claim stating they are not liable for the Trust Fund assessment, after verifying the taxpayer meets the requirements below, send the claim to the CEASO office where the claimant resides. See SERP for the correct CEASO office to send the claim, based on the claimant's zip code.

(4) To obtain a suspension of collection while a refund claim is pending under IRC 6672 (c), Trust Fund Recovery Penalty, the taxpayer must take the following actions within 30 days after the date of notice and demand:

   a. Pay the withheld tax of one employee for one quarter of liability
   b. Submit Form 843, Claim for Refund and Request for Abatement, for the amount paid
   c. Submit a bond complying with IRC 6672(c)(3), Trust Fund Recovery Penalty

(5) A Form 843, Claim for Refund and Request for Abatement, must be filed for each quarter (separate assessments).

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(6)   A payment must be made for each quarter (separate assessments).

(7)   Only one Form 843, Claim for Refund and Request for Abatement, and one payment are required on combined assessments.

(8)   Forms 843 will be perfected where they are received.

(9)   Upon receipt of Form(s) 843, research IDRS for the payment(s) described above. If the payment is posted to IDRS:

1.   Validate case actions and verify that all payments have been cross-referenced correctly and the MMA is updated.
2.   Input TC 470 using CC REQ77 on each quarter.
3.   Input IDRS History, "843 to CEASO" using CC ACTON on each quarter.
4.   Route the Form(s) 843 to CEASO using Form 3210, Document Transmittal. List each quarter and the payment made, separately on the Form 3210, Request for Adjustment.
5.   Send Letter 2282C, Penalty Abatement Trust Fund Recovery Disallowed, to the taxpayer advising him/her of the referral to CEASO.

If the claim is allowed, CEASO will prepare Form 3870 , Request for Adjustment, and forward to CCO.

(10)   When researching IDRS, if the payment is not present:

1.   Send Letter 2282C, Penalty Abatement Trust Fund Recovery Disallowed, to the taxpayer stating that payment of the trust fund liability of one employee for one quarter must be made (if multiple quarters are involved, a Form 843, Claim for Refund and Request for Abatement, and payment must be filed for each).
2.   Return all documents sent in support of the refund claim, back to the taxpayer.
3.   Input a history item "843 rejected" using CC ACTON on each quarter.

| | |
|---|---|
| 5.19.14.4.3<br>(09-23-2021)<br>**Processing TFRP<br>Adjustments** | (1)   Form 3870, Request for Adjustment, relating to TFRP assessments are worked in the Ogden and Brookhaven CCO Campuses. Brookhaven generally works Forms 3870 for accounts where the business entity state is AL, AR, CT, DC, DE, FL, GA, KY, LA, MA, MD, ME, MS, NC, NH, NJ, NY, OH, PA, RI, SC, TN, VA, VT, or WV. Ogden generally works all other TFRP Forms 3870. However, the Campus is not prohibited from working cases outside the general state mapping perimeters. |

(2)   TFRP related Form(s) 3870 must be processed within 30 days of the campus received date.

(3)   CCO will receive Form 3870, Request for Adjustment, for abatement of the TFRP liability for any of the following circumstances:

a.   Field Collection decides that all or a portion of the liability is not owed.
b.   Appeals decides that all or a portion of the liability is not owed or should be conceded.
c.   A Federal Court judgment is reached in favor of the taxpayer and the Government decides not to appeal. However, assessments of other responsible persons should not be abated based on this judgment.
d.   When TAS submits an Operations Assistance Request and attaches Form 3870, Request for Adjustment.

(4)   Only CEASO is authorized to request abatements/adjustments on cases outlined in (3) (b) and (c) above.

(5)   When Form 3870, Request for Adjustment, requests abatement for the following conditions, apply the applicable payment(s). Do not abate the TFRP assessment:

  a.   Withheld taxes were collected from the underlying trust fund by payment or credit offset (i.e., corporation full paid). Cross-reference to RRP accounts with TC 241 RN 697.
  b.   Full payment of the TFRP liability was submitted by one or more RRP. Cross- reference to other RRP accounts with TC 241 RN 699 and to the corporation with TC 538.
  c.   A TFRP assessment becomes full paid with a satisfied Offer in Compromise (TC 788) on the related BMF account. Cross-reference to RRP accounts with TC 241 RN 697.

(6)   Forms 3870 received from CEASO requesting full or partial adjustment and/or abatement of TFRP liabilities:

  •     Must include the specific reason for the abatement/adjustment.
  •     Must include managerial approval. If no managerial approval indicated, return to the originator via Form 3210, Document Transmittal.
  •     Must include the new TFRP money amounts for partial adjustments.
  •     Should include instructions for the reversal of applicable payments i.e., TC 241 RN 699/697, on other responsible person(s) accounts and TC 538 on the business account.

(7)   If Form 3870, Request for Abatement, is unprocessable i.e., unclear or incomplete, contact CEASO or the originator for additional information. If unable to contact, reject Form 3870 and return it to the originator via Form 3210, Document Transmittal. Include a thorough explanation of the reason for the reject.

(8)   If Form 3870, Request for Adjustment, is received based on litigation or bankruptcy and no TC 521 or TC 604 has posted, contact CEASO to verify that the litigation or bankruptcy has been completed. If not, reject the Form 3870 back to the originator via Form 3210, Document Transmittal. Include a thorough explanation of the reason for the reject.

(9)   When a responsible person(s) is determined to be not liable and Form 3870, Request for Adjustment, is received requesting full abatement of the TFRP:

  a.   Abate individual tax periods requested. Verify that the Refund Statute Expiration Date (RSED) has not expired per IRM 25.6.1 Statute of Limitations Processes and Procedures.

      *Note:* Payments dated within two years of the filing of a Form 843 are available for refund

      If the **RSED has expired** , abate only the portion of the unpaid assessment, and paid assessment that can be refunded. See IRM 25.6.1.10.1.1(6) Abatement Authority.
  b.   Abate the lien fee (TC 360), if it has been assessed, even if it has not been requested on Form 3870.

    c.    Reverse any payments/credits cross-referenced from other RRP accounts and the corporation, and any payments/credits cross-referenced from this account to other RRP accounts and the corporation.

    d.    Reduce TC 971 AC 097 to $.00 and input TC 971 AC 096 one cycle later to reverse each tax period that is fully abated.

    e.    Reduce TC 971 AC 093 to $.00 and input TC 971 AC 094 one cycle later for each quarter that is fully abated on the TFRP module.

    f.    Use CC UNLCEC to change the TFRP amount to $.00 on the RRP.

    g.    Update CC UNLCE history comment field to reflect TP XXX-XX-XXXX not liable.

    h.    If it is an ATFR case, forward the case information to the ATFR Coordinator for review and possible update to the RRP responsibility.

    i.    Control the case in monitor (M) status on IDRS and monitor the account until all transactions post.

(10)    When a responsible person(s) is determined to be partially liable and Form 3870, Request for Adjustment, is received requesting partial abatement of the TFRP:

    a.    Adjust individual tax periods as requested and perform necessary actions to ensure accurate and up-to-date payment application. See IRM 5.19.14.3.5, Payment/Credit Cross-Referencing - Single Assessment.

    b.    Input TC 971 AC 097 to reflect the reduced MMA.

    c.    Input TC 971 AC 093 to reflect the reduced MMA.

    d.    Use CC UNLCEC to change the TFRP amount to the reduced amount on the RRP account.

    e.    Update CC UNLCE history comment field to reflect TP XXX-XX-XXXX not fully liable.

(11)    If the BMF tax liability has been reduced (TC 291) on the associated BMF account, perform necessary actions to ensure accurate and up-to-date payment application. See IRM 5.19.14.3.2 , Trust Fund Calculation, and IRM 5.19.14.4.3, Processing TFRP Adjustments.

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| If ... | And ... | Then ... |
|---|---|---|
| TC 291/301 is present or if a TC 290 tax adjustment reduces the assessed TFRP amount<br><br>*Note:* If the TFRP is a combined assessment, review all of the BMF tax periods included in the assessment for a TC 291/301 posted. | TC 291/301/290 was not included in the TFRP assessment and there is no pending, posted or unreversed TC 780 or TC 520 present on the BMF or associated IMF tax modules. | Review the BMF tax module for one of the following to determine if the TC 150 was prepared under IRC 6020(b):<br>• TC 150 with literal 6020(b) to the right or;<br>• TC 599-08 or;<br>• TC 599-38 or;<br>• TC 599-63<br>If the preliminary review indicates the TC 150 was prepared under IRC 6020(b), review AMS, ICS and ATFR-AO histories for any indicators of fraud. Indicators of fraud could include, but are not limited to:<br>• ICS history indicates a field visit verified the business had employees and TC 291 decreases tax to $.00;<br>• ATFR-AO or IDRS history indicates a previously filed claim has been denied.<br>If there are no indicators of fraud use a print of the MFT 01 tax module as the source document and following the procedures in IRM 21.5, Account Resolution, adjust the account to reflect the correct TFRP amount. Add a history item to AMS that fraud indicator(s) was/was not found.<br><br>*Note:* An adjustment to the TFRP is not limited by the dollar amount of the tax decrease of a return processed under IRC 6020(b).<br><br>Forward any case having fraud potential using the procedures in IRM 5.19.14.4.3(11), Processing TFRP Adjustments, If and Then box 4. |

| If ... | And ... | Then ... |
|---|---|---|
| TC 291 with "55" in the 9th & 10th digits in the DLN is present<br><br>***Note:*** If the TFRP is a combined assessment, review all of the BMF tax periods included in the assessment for a TC 291 posted after the TC 240/ 618 date | A previously posted TC 290 with "55" in the 9th & 10th digits in the DLN is present, and TC 150 **was not** prepared under IRC 6020(b); the TC 291 amount was not included in the TFRP assessment, and there is no pending, posted or un-reversed TC 780 or TC 520 present on the BMF or associated IMF tax modules. | Review the tax module to validate that the tax decrease is a reduction of a CAWR assessment (TC 290 with "55" in the 9th & 10th digits in the DLN).<br>If so, review IDRS, AMS, ICS, ATFR-AO and ATFR-CC histories for any indicators of fraud. Indicators of fraud could include, but are not limited to:<br>• ICS history indicates a field visit verified the business had employees and TC 291 decreases tax to $.00;<br>• ATFR-AO or IDRS history indicates a previously filed claim has been denied.<br>If there are no indicators of fraud and the related tax decrease is supported by the review, use a print of the MFT 01 tax module as the source document to adjust the TFRP following the procedures in IRM 21.5, Account Resolution.<br><br>***Note:*** An adjustment to the TFRP is not limited by the dollar amount of the tax decrease for a CAWR assessment.<br><br>Add a history item to AMS that fraud indicator(s) was/was not found. Forward any case having fraud potential using the procedures in IRM 5.19.14.4.3(11), Processing TFRP Adjustments, If and Then box 4. |

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| If ... | And ... | Then ... | |
|---|---|---|---|
| TC 291/301 or a TC 290 tax adjustment that reduces the assessed TFRP amount is present after the TC 240/618 date<br><br>*Note:* If the TFRP is a combined assessment, review all of the BMF tax periods included in the assessment for a TC 291 posted. | TC 150 **was not** prepared under IRC 6020b and TC 291/301/ 290 was not included in the TFRP assessment and the tax decrease is<br><br>BMF quarter and the aggregate decrease is<br><br>there is no pending, posted or un-reversed TC 780 or TC 520 present on the BMF or associated IMF tax modules.<br><br>*Note:*  The aggregate amount is the total of all tax decreases in the tax year for the BMF entity in which a TFRP assessment was not adjusted.<br><br>If the tax decrease is<br><br>the BMF quarter or the aggregate decrease is<br><br>IRM 5.19.14.4.3(11), Processing TFRP Adjustments, If and Then box 4. | .Retrieve the document(s) from the Correspondence Imaging System (CIS), Command Code BRTVU, or Command Code TRDBV. If none of these options are available, use a print of the MFT 01 tax module as the source document. Review the returns, IDRS, AMS, ICS, ATFR-AO and ATFR-CC histories for any indicators of fraud. Indicators of fraud could include, but are not limited to:<br>•     ICS history indicates a field visit verified the business had employees and TC 291 decreases tax to $.00;<br>•     ATFR-AO or IDRS history indicates a previously filed claim has been denied.<br>If there are no indicators of fraud and the related tax decrease is supported by the review, use the source document and following the procedures in IRM 21.5, Account Resolution, adjust the account to reflect the correct TFRP amount. Add a history item to AMS that fraud indicator(s) was/was not found. Forward any case having fraud potential using the procedures in IRM 5.19.14.4.3(11), Processing TFRP Adjustments, If and Then box 4. | #<br><br>#<br><br><br><br><br><br><br>#<br><br><br>#<br>#|

| If ... | And ... | Then ... |
|---|---|---|
| TC 291, 300 or 301 or a TC 290 tax adjustment that reduces the assessed TFRP amount is present | TC 300 was not included in the TFRP assessment, and the period for assessment has not expired, or the TC 291/301/290 tax decrease is more than quarter or the aggregate pending, posted or un-reversed TC 780 or TC 520 present on the BMF or associated IMF tax modules. | Cross-reference all applicable payments. Retrieve the document(s) from the Correspondence Imaging System (CIS), Command Code BRTVU, or Command Code TRDBV. If none of these options are available, use a print of the MFT 01 tax module as the source document. Prepare Form 2209, Courtesy Investigation, to request a recomputation of the TFRP Form 3870., Request for Adjustment. Forward Form 2209 and a copy of the requested documents to the revenue officer (if case is still assigned) or CEASO Manager where the corporation account is located. The case will be referred on ICS to the revenue officer (if case is still assigned) or CEASO Manager where the corporation account is located. Control on IDRS and monitor for 45 days. If unresolved, prepare Form 5942, Advisory Reviewers Report, and forward to CEASO Manager stating "Form 2209, Courtesy Investigation, with a copy of the 291 document was sent on MM/DD/YYYY requesting a Form 3870. Request for Adjustment. No response was received within the 45 day suspense period. Please respond with the Form 3870 within 15 days from the receipt of this second request." Input a history item to AMS or ATFR (if applicable) when the Form 2209 or Form 5942 is sent. If the TC 300/301 was not included in the TFRP assessment and the period for assessment has expired, review AMS, ICS and ATFR-AO histories for any indicators of fraud. Indicators of fraud could include, but are not limited to:<br>• ICS history indicates a field visit verified the business had employees and TC 291 decreases tax to $.00;<br>• ATFR-AO or IDRS history indicates a previously filed claim has been denied.<br>Add a history item to AMS that fraud indicator(s) was/was not found. If indicators of fraud are identified forward the case to CEASO as indicated above. |

*Note:* For HIRE Act case, see IRM 5.19.14.3.2 , Trust Fund Calculation.

(12)   Reason Code (RC) 065 and Penalty Reason Code (PRC) 013 are generally used when adjusting TFRP (MFT 55) amounts. However, the PRC may be different when adjusting TFRP amounts resulting from an Appeals decision. Refer to Document 6209 for applicable Appeals PRC.

(13)   When multiple TC 240 assessments appear on the module, input the assessment date of the TC 240 being adjusted as the "Return Processable Date" on CC ADJ54.

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(14) If refund is related to a Department of Justice directed reversal, CEASO prepares a Form 3870, Request for Adjustment, and/or a Memorandum of Authority directing CCO to adjust the account. If a Memorandum of Authority is not included, the Form 3870 must be notated with the justification for adjustment to the account. Prepare and issue a manual refund of any overpayment when requested. Return Forms 3870 to CEASO that do not include either the notated justification or Memorandum of Authority.

(15) Document AMS with the reason for adjusting the account, i.e., Form 3870, Request for Adjustment; BMF tax decrease etc. and the original amount of the TFRP assessment for that period.

(16) Complete the adjustment action and maintain Form 3870, Request for Adjustment, as a source document in the employee adjustment folder.

**5.19.14.5**
**(08-03-2018)**
**Daily Transcript Review**

(1) **Daily Transcript Review:**

1. Generate the ATFR Transcript Activity Report from the prior business day for the TFRP unit(s) to be reviewed.
2. Follow local procedures to prepare report and run GII tool.
3. Copy and paste the potential errors from the GII report to the Daily Review spreadsheet. Mark the "Errors Identified" columns for specific error types.
4. Perform a review and validation of errors identified and record the amount of time spent on the review.

*Note:* This quick visual review is to be performed without calculators. Do not math verify, validate interest, or check for histories.

5. After validating errors, reviewer will forward the spreadsheet to the Manager, who will return the case(s) to the originator(s) for immediate correction.
6. A daily log of the weekly and cumulative results is to be maintained and reviewed by the Department Manager, who will send a digitally signed copy to HQ on a weekly basis by the Thursday of the following week.
7. The Campus Analyst will perform a monthly review of error types and trends. Report findings to the Department Manager on a monthly basis and send cumulative findings to HQ on a quarterly basis with an analysis of the errors, root cause, and planned actions to prevent reoccurrence.

(2) **Weekly Systemic Closure Review:**

1. Generate the ATFR Transcript Activity Report of systemic closures from the prior week.
2. Follow local procedures to prepare report and run GII.
3. Perform a review and validation of any errors identified and record the amount of time spent on the review.
4. If a systemic error is identified reviewer will elevate to Headquarters for analysis and appropriate action via the GII Systemic Review report.

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5.19.14.6
(08-03-2018)
**Manager Inventory Reports**

(1) Manager reports are used to monitor employee inventories. TFRP Transcript inventory that is not controlled through ATFR is controlled on AMS and monitored by the Assigned Batch Status Report and the ORCAS Controlled Inventory Report. Weekly review of these reports is mandatory and should be performed by the Department Manager. It may be delegated no lower than the Team Leader level. Documentation of these reviews must be maintained for a period of 6 months.

*Note:* ATFR reports are available to both the Manager and the Acting Manager of each team. Each Manager and Acting Manager can view information for his or her team only. Refer to the ATFR User Guide for information about accessing the various reports. ATFR User Guide can be found at *http://core.publish.no.irs.gov/docs/pdf/d12735--2016-05-00.pdf*.

5.19.14.6.1
(01-13-2016)
**Team Level Inventory Reports**

(1) The following Manager Reports were developed to monitor and manage Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), and TFRP transcript inventories. When TFRP Assessment or Transcript inventory is assigned or completed by any individual in a team, review of these reports is mandatory and should be performed by the Department Manager. It may be delegated no lower than the Team Leader level. The report must contain the date it was run. Electronic documentation of these reviews must be maintained for a period of 6 months. Review and retention of any report is not necessary if there were no cases worked or assigned during the review period.

| Report Title and Description | Purpose | Frequency of Review |
|---|---|---|
| **CC 2749 Inventory Report** Displays all open Form 2749 cases with Status, Assigned date and User assigned to. | This report is reviewed to ensure assessments are processed within the 2-day processing requirement, and weekly to ensure assessment cases are closed timely. | Daily/Weekly |
| **ASED Report** Provides a listing of cases in your organization that have a statute expiration date within 90 days. | This report is reviewed to ensure assessments are processed to allow the TC 240 to post before the statute expiration date. | Weekly following the ATFR Monitor Run |

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| Report Title and Description | Purpose | Frequency of Review |
|---|---|---|
| **Open Inventory Report** Displays the current inventory for each employee in your organization. The report displays only those cases that have a CSC (Case Status Code) requiring action. | This report is reviewed to monitor all inventories within your work group. | Weekly |
| **Transcript Case Cycle Report** Displays the inventory in your organization, for any given cycle of work. The report displays only those cases that have a CSC (Case Status Code) requiring action. | This report is reviewed to ensure transcript cases are worked within the required 43 day time frame. | Weekly on Cycle completion date. *Note:* If the cycle inventory is not completed on a Cycle completion date, an additional report must be pulled when cycle is completed. |

5.19.14.6.2
(08-03-2018)
**System Level Reports**

(1)   The following ATFR System Inventory and Transcript Reports were developed to monitor and manage Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), and TFRP transcript inventories that are in the ATFR system, not yet assigned to individual employees. System reports are available only to those with a System Manager profile. A System Manager can view information for all teams as well as the System Inventory. Review of these reports is mandatory and should be performed by the Department Manager. It may be delegated no lower than the Team Leader level. **The ASED Report may not be delegated below the Department Manager level.** Electronic documentation of these reviews must be maintained for a period of 6 months.

| Report Title and Description | Purpose | Frequency of Review |
|---|---|---|
| **ASED Report** Provides a listing of all cases that will reach the assessment statute expiration date within 90 days. | This report is reviewed to ensure assessments are processed to allow the TC 240 to post before the statute expiration date. | Weekly following the ATFR Monitor Run **may be delegated no lower than Department Manager level.** |

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| Report Title and Description | Purpose | Frequency of Review |
|---|---|---|
| **UNLCE Emails; Log & Error** Provides a daily listing of cases that require manual input of UNLCE. | These emails are reviewed to ensure manual UNLCE input is done within the required 5 day time frame. | Daily |
| **CC 2749 Inventory Report** Displays all open Form 2749 cases with Status, Assigned Date, and User assigned to. | This report is reviewed daily to ensure assessments are processed within the 2-day processing requirement, and weekly to ensure assessment cases are closed timely. | Daily/Weekly |

| Report Title and Description | Purpose | Frequency of Review |
|---|---|---|
| **Transcript Case Cycle Report** Provides a listing of all transcript cases received during a specific time period. | This report is used to view the volume of incoming transcript case receipts by status and/or to ensure transcript cases are worked within the required 43 day time frame. | Weekly on Cycle completion date. Note: If cycle inventory is not completed on completion date, an additional report must be pulled when cycle is completed. |

5.19.14.7
(01-13-2016)
**Employee Inventory Reports**

(1)  The following Individual Inventory Reports were developed to monitor and manage individual Form 2749, Request for Trust Fund Recovery Penalty Assessment(s), and ATFR transcript case inventories.

| Report Title and Description | Purpose |
|---|---|
| CC 2749 Activity | This report provides a list of submitted Form 2749 cases and current status of the case within a specific date range. |
| CC 2749 Inventory report | This report displays your current Form 2749 inventory. The report provides information for every active case in the inventory. |
| Transcript Activity Report | This report provides the total number of actions found for transcript cases when requested for a specified date range. The report displays only those cases that were closed during that period. |

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| Report Title and Description | Purpose |
|---|---|
| Open Inventory Report | This report displays your current transcript inventory with a Case Status Code requiring action. |