



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.19.28

SEPTEMBER 25, 2026

EFFECTIVE DATE

(09-25-2026)

PURPOSE

- (1) This transmits new IRM 5.19.28, Liability Collection, IRC Section 1062 Farmland Deferral

MATERIAL CHANGES

- (1) This new IRM 5.19.28 has been established to provide guidance to SB/SE Campus Compliance employees who process 1062 transfer agreements and acceleration accounts.

EFFECT ON OTHER DOCUMENTS

None

AUDIENCE

This document is intended for use by Small Business/Self-Employed (SB/SE) Campus Compliance employees who process IRC Section 1062 accounts.

Thomas Kramer, Director, Collection Policy Small Business/Self-Employed

5.19.28

IRC Section 1062 Farmland Deferral

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5.19.28.1
(09-25-2026)
**Program Scope and
Objectives**

- (1) Purpose: IRC 1062 is a provision of Public Law 119-21, Working Families Tax Cuts (WFTC), that allows certain taxpayers to elect to defer payment of tax on the gain from the sale or exchange of qualified farmer. The deferred tax is payable in four equal annual installments that are due on the unextended due date of the return for each subsequent tax year following the election. Certain acceleration events may cause unpaid portion of the taxpayer's remaining installments to become due immediately. IRC 1062 provides an exception to acceleration if an eligible transferor and the eligible transferee enter into a transfer agreement under which the eligible transferee becomes liable for the remaining installments in the same manner as if the eligible transferee were the eligible transferor. Annual installments are due on the unextended due date of the return. Failure to pay a required installment may result in the assessment of penalties and interest. This assessment may accelerate the remaining IRC 1062 applicable net tax liability to become due immediately. Payments and credits received on related accounts must be timely and accurately cross-referenced to ensure the IRS collects the tax only once.
- (2) Audience: This IRM section contains instructions for the IRC 1062 program collection functions in Campus Compliance Services Collection Operations (CSCO). Campus personnel include tax examiners, clerks, and associated management staff.
- (3) Policy Owner: Director, Small Business/Self-Employed (SB/SE), Collection Operations, Headquarters Collection, Collection Policy.
- (4) Program Owner: Small Business/Self-Employed (SB/SE), Collection Operations, Headquarters Collection, Collection Policy, Employment Tax Policy.
- (5) Primary Stakeholders: External stakeholders include the Government Accountability Office (GAO), taxpayers, and taxpayer representatives. Internal stakeholders include Examination, Collection, Accounting, the Chief Financial Officer (CFO), Counsel, and CSCO. Brookhaven Campus Collection CSCO performs the following IRC 1062 program actions:
 - a. Routes, assigns, and tracks transfer agreements.
 - b. Processes cases.
 - c. Assesses IRC 1062 liabilities to transferees.
 - d. Processes subsequent transferred liability payments.
 - e. Determines acceleration of delinquent IRC 1062 accounts.
 - f. Processes acceleration cases.
 - g. Inputs account corrections.
 - h. Communicates with taxpayers via phone or correspondence.
- (6) Program Goals: Duplicate IRC 1062 assessments artificially inflate the dollar amount of total IRS balance due accounts. CSCO must timely and accurately cross-reference payment and credit actions on transferred IRC 1062 liabilities to provide quality customer service, maintain public trust in the IRS, and meet GAO and CFO requirements associated with IRS financial statements. CSCO must also accelerate delinquent IRC 1062 accounts to protect the government's interest.

5.19.28.1.1
(09-25-2026)
Background

- (1) IRM 5.19.28, Liability Collection – IRC 1062 Farmland Deferral, provides guidelines for working the IRC 1062 farmland deferral program.

5.19.28.1.2
(09-25-2026)
Authority

- (1) Section 70437, Treatment of Capital Gains from the Sale of Certain Farmland Property, Public Law 119-21, Working Families Tax Cuts (WFTC), provides authority for this section.

5.19.28.1.3
(09-25-2026)
Roles and Responsibilities

- (1) The Director, Collection Policy, is responsible for overseeing program coordination for Collection IRC 1062 transfer agreements and acceleration of delinquent IRC 1062 accounts. The director establishes policies, strategies, objectives, and procedures. The director also addresses evolving program issues, collaborates with stakeholders to ensure IRC 1062 financial reporting requirements meet GAO and CFO standards, and clarifies tax code issues addressed in this IRM.
- (2) The Director, Collection, has administrative responsibility for all campus managerial and Collection IRC 1062 program responsibilities. The director makes sure there is adequate staffing for campus personnel to meet the required GAO and CFO standards regarding the IRC 1062 financial reporting requirements. The director also promotes adherence to IRC 1062 IRM program processes and procedures to ensure the IRS meets customer needs.
- (3) The Director, Campus Operations, has administrative responsibility for campus management and Collection IRC 1062 employees. The director maintains adequate IRC 1062 staffing, promotes adherence to IRC 1062 IRM program processes and procedures and certifies the accuracy and timeliness of IRC 1062 casework each quarter.
- (4) The campus operations manager oversees the Collection IRC 1062 department, team, and employee actions. The campus operations manager ensures employees receive the tools and training needed to perform their duties and ensures casework meets IRC 1062 IRM timeliness requirements. The campus operations manager also takes necessary action to maintain proper staffing levels.
- (5) The campus department manager oversees the Collection IRC 1062 team and employee actions. The campus department manager ensures employees receive the tools and training needed to perform their duties and ensures casework meets IRC 1062 IRM timeliness requirements. The campus department manager reviews local IRC 1062 program inventory and quality review reports to confirm accuracy, initiates and monitors actions to identify and resolve case errors, resolves internal campus IRC 1062 processing issues, and elevates complex IRC 1062 program questions to Collection Policy headquarters analysts.
- (6) The campus team manager supervises employees and program activity within the team. The campus team manager oversees employee actions and assigns inventory. The campus team manager ensures employees receive the tools and training needed to perform their duties and ensures casework meets IRC 1062 IRM timeliness requirements. The campus team manager also oversees preparation of IRC 1062 team quality review and inventory reports, reviews reports for accuracy, recommends actions to identify and resolve errors, resolves routine internal campus IRC 1062 processing issues, and elevates complex IRC 1062 program issues to the campus department manager.
- (7) Campus tax examiners work assigned cases in accordance with IRC 1062 IRM timeliness requirements. Campus tax examiners perform the following actions:
 - a. Cross-reference payments and credits to related duplicate assessments.

- b. Establish account linkages on IDRS.
- c. Adjust existing IRC 1062 accounts.
- d. Respond to taxpayer and representative inquiries on IRC 1062 accounts.
- e. Perform quality reviews.
- f. Prepare inventory and quality review reports.
- g. Coordinate with other IRC 1062 program functions within the organization.

5.19.28.1.4
(09-25-2026)
**Program Management
and Review**

- (1) Program Reports: Local campus reports are submitted through the Batch/Block Tracking System (BBTS) to Work Planning and Control (WP&C) reports. WP&C reports are used to monitor receipts, closures, and rates to determine whether cases are received and closed timely. WP&C reports are available on the Business Objects platform. Accounts Management Services (AMS) reports provide information regarding inventory and inventory age. Integrated Data Retrieval System (IDRS) Case Control Activity (CCA) reports identify cases assigned to an operation, department, team, or employee. These reports are available on Control-D.
- (2) Program Effectiveness: Program effectiveness is monitored and tracked through the IRC 1062 inventory report. The report captures data weekly and rolls the data into monthly and cumulative yearly totals. Program goals and results are maintained on the Collection Program and Campus Reports SharePoint site in the Monthly Monitoring Report (MMR). The MMR captures monthly and cumulative inventory, rate data and periodic snapshots of aged case percentages. Operational and program reviews are conducted to ensure case actions are timely and follow the procedures in this IRM.
 - a. Group managers conduct case reviews and record the reviews in the Embedded Quality Review System (EQRS).
 - b. Headquarters conducts annual program reviews to evaluate program delivery and conformance with administrative and compliance requirements.

5.19.28.1.5
(09-25-2026)
Program Controls

- (1) Campus operations, department, and team managers, along with Employment Tax Policy headquarters analysts, monitor the following inventory controls and employee actions:
 - a. The IRS Master File generates transcripts when specific activity occurs on IRC 1062 transfer agreements or related duplicate tax modules. The transcripts are loaded into Accounts Management Services (AMS) Inventory X under Organization, Function, Program (OFP) 61532 and assigned to tax examiners.
 - b. Taxpayers mail IRC 1062 transfer agreements to Brookhaven Campus Compliance Services Collection Operations (CSCO) for processing.
 - c. Review transcripts of potential accelerated cases loaded into Inventory X under OFP 61530.
 - d. The Brookhaven IRC 1062 team monitors correspondence received through phone messages, email referrals, and eFax and inputs the correspondence into AMS.
 - e. Reviews and monitors identified accelerated cases loaded into the *IRC 1062 Farmland* SharePoint site.
 - f. Secured email, *SBSE Brookhaven 1062, will be utilized to communicate case action requests to the IRC 1062 team.

5.19.28.1.6
(09-25-2026)

Terms and Acronyms

- (1) For a list of commonly used IRC 1062 terminology, refer to Exhibit 5.19.28-1, IRC 1062 Terms.
- (2) For a list of commonly used acronyms in this IRM, refer to Exhibit 5.19.28-2, Acronyms.

5.19.28.1.7
(09-25-2026)

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 Account Management System (AMS), the Employee User Portal (EUP) and the Remittance Transaction Research System (RTR).
- (2) The IRC 1062 program involves both paper and telephone contact with internal and external customers and follows additional guidelines set forth in relevant IRM referenced in this document.

5.19.28.2
(09-25-2026)

IRC Section 1062 Overview

- (1) IRC 1062, enacted by section 70437 of Public Law 119-21, Working Families Tax Cuts (WFTC), applies to the tax on the gain from the sale or exchange of qualified farmland property to a qualified farmer. This provision is effective for sales or exchanges in taxable years beginning after July 4, 2025.

- (2) The following taxpayers are affected by this provision:

- Individuals
- C Corporations
- Trusts
- Estates

Note: Partnerships and S Corporations, as well as certain Trusts and Estates, report the sale or exchange of qualified farmland to their partners or beneficiaries with a K-1.

- (3) The applicable net tax liability shall be paid in four (4) equal annual installments with the first installment paid on the unextended due date for the tax year in which the sale or exchange occurs. The second through fourth installments are due on each succeeding tax year's unextended due date of the return.
- (4) Proration of Deficiency to Installments: If a taxpayer elects to pay the applicable net tax liability in installments and a deficiency is assessed with respect to that liability, the deficiency must be prorated among the installments payable under this section. The portion of the deficiency prorated to an installment for which the payment date has not yet arrived must be collected at the same time as, and as part of, that installment. The portion of the deficiency prorated to an installment for which the payment date has already arrived must be paid upon notice and demand from the Secretary. This rule does not apply if the deficiency is due to negligence, intentional disregard of rules and regulations, or fraud with intent to evade tax.
- (5) Acceleration events may cause the unpaid installments to be due. Acceleration events, based on taxpayer type, are:

Taxpayer type	Acceleration Event
Individuals	If the individual dies, the unpaid portion of all remaining installments are due on the return due date for the taxable year of death.
C corporations, trusts, and estates	If there is a liquidation or sale of substantially all the assets of the taxpayer, a cessation of business by the taxpayer (in the case of a C corporation), or any similar circumstance, then the unpaid portion of all remaining installments shall be due on the date of such event. Exception: Acceleration does not apply to the sale of substantially all the assets of a taxpayer to a buyer if the buyer enters into an agreement with the Secretary agreeing to be liable for the remaining installments due under this subsection in the same manner as if the buyer were the taxpayer. IRM 5.19.28.3 Overview of IRC 1062 Transfer Agreements.
Title 11 for C corporations, trusts, and estates	If there is a liquidation or sale of substantially all the assets of the taxpayer due to Title 11 or similar case, then the unpaid portion of all remaining installments shall be due on the day before the petition is filed.
All taxpayers (IMF or BMF)	If the taxpayer is assessed of an addition to tax for the failure to timely pay an installment payment, the unpaid portion of all remaining installments is due on the date the addition to tax is assessed on the untimely installment payment.

5.19.28.2.1
(09-25-2026)

Payment Options

- (1) Taxpayers liable for the tax on the gain from the sale or exchange of qualified farmland property may pay using one of the following options:
 - a. Full payment with the return filing.
 - b. Installment election. At the taxpayer's election, the portion of the taxpayer's net income tax for the taxable year of the sale or exchange that equals the applicable net tax liability can be paid in four equal annual installments.

Year	Annual Payment Schedule	Maximum Unpaid Percent per Year
1	25%	75%
2	25%	50%
3	25%	25%
4	25%	0%

5.19.28.2.2
(09-25-2026)

Election Requirements

- (1) Taxpayers must make the Section 1062 election by the due date of their income tax return for the taxable year in which the sale or exchange occurs, including extensions of time to file, if any.

Note: Taxpayer must include all required forms to make a valid IRC 1062 election. Refer to IRM 5.19.28.2.3

- (2) Installment Payment Due Dates: If a taxpayer makes an election under IRC 1062, then the taxpayer must pay the first installment by the due date of the return for the taxable year in which the sale or exchange occurs, without regard to extension of time to file. The second through fourth installments are due on each succeeding tax year's due date of the return, without regard to extension of time to file.
- (3) If additional tax is assessed based on failure to make timely payments under IRC 1062, or underpayment of an installment, then the unpaid portion of all remaining installments is due on the date the addition to tax is assessed on the untimely installment payment.

5.19.28.2.3
(09-25-2026)

Reporting Requirements

- (1) The IRC 1062 farmland tax can be reported on the following forms:
 - a. Form 1040, U.S. Individual Income Tax Return.
 - b. Form 1041, U.S. Income Tax Return for Estates and Trusts.
 - c. Form 1120, Series, U.S. Corporation Income Tax Return.
 - d. Form 990-T, Exempt Organization Business Income Tax Return.
- (2) A taxpayer making a valid election must include the following items with the return for the taxable year of the sale or exchange:
 - a. Completed Form 1062,
 - b. Completed Form 1062, Schedule A, and
 - c. A copy of the covenant or other legally enforceable restriction.
- (3) Taxpayers must report 100% of the IRC 1062 farmland tax, which is included in Transaction Code (TC) 150. If the taxpayer elects to pay in four installments,

a TC 766 with Credit Reference Number (CRN) 471 is posted for installments two through four as the deferred amount.

Example: The taxpayer's **net** income tax without regard to IRC 1062 is \$5,000. The IRC 1062 **applicable** net tax liability is \$25,000. TC 150 is \$30,000. Since 25% of the IRC 1062 tax liability is due in year one, $\$25,000 \times 0.25 = \$6,250$. A TC 766 CRN 471 is posted for a maximum of \$18,750. A TC 971 Action Code (AC) 867 is also posted with the original return. The miscellaneous field shows the total amount of the IRC 1062 **applicable** net tax liability reported on the original return and included in TC 150 (\$25,000). TC 971 AC 867 represents the total **applicable** net tax liability under IRC 1062 reported by the taxpayer (\$25,000). The taxpayer's total payment with the return should be \$11,250 (\$6,250 + \$5,000).

- (4) Annual installments for an IRC 1062 election are due on the unextended due date of the return each year. Failure to pay a required installment will result in a failure to pay penalty assessment, which may accelerate the unpaid portion of the taxpayer's remaining IRC 1062 installments causing them to become due immediately.
- (5) Taxpayers are instructed to make two separate payments: one for the IRC 1062 farmland tax, identified as a TC 670 with Designated Payment Code (DPC) 25, and one for the remaining other income tax due.

5.19.28.3
(09-25-2026)
**Overview of IRC 1062
Transfer Agreements**

- (1) Taxpayers may elect under IRC 1062 to pay the farmland tax in four annual installments without interest or penalties.
- (2) C corporations, trusts, and estates, may also elect under IRC 1062 to pay the farmland tax in four annual installments without interest or penalties. However, certain acceleration events may cause a C corporation, a trust, and an estate to become due immediately. An acceleration event includes: a liquidation, sale, exchange, or other disposition of substantially all assets of the electing C corporation, trust, and estate.
- (3) The regulations provide an exception to this rule if the acceleration event is sale of substantially all the assets of the transferor (a C corporation, a trust, or an estate) and a transfer agreement is entered into by the transferor and an eligible transferee under which the eligible transferee is liable for the remaining installments due in the same manner as if the eligible transferee were the transferor.
- (4) The completed Form 1062-T, Transfer Agreement Under Section 1062 (b)(2)(c) must contain the following items:
 - a. The name, address, and taxpayer identification number of the eligible IRC 1062 transferor and the eligible IRC 1062 transferee.
 - b. The amount of the eligible IRC 1062 transferor's remaining unpaid applicable net tax liability.
 - c. The date and a detailed description of the acceleration event that led to the transfer agreement.
 - d. A statement that the document constitutes an agreement by the eligible IRC 1062 transferee to assume the liability of the eligible IRC 1062 transferor for any unpaid installment payments of the eligible IRC 1062 transferor under IRC 1062.
 - e. If the eligible IRC 1062 transferor continues to exist immediately after the acceleration event, an acknowledgment that the eligible IRC 1062 transf-

error, and any subsequent successor to the eligible IRC 1062 transferor, will remain jointly and severally liable, including under Treas. Reg. 1.502-6, if applicable, for any unpaid applicable net tax liability of the eligible IRC 1062 transferor.

Reminder: The original transferor can be verified on command code BMFOLE/IMFOLE.

- (5) Transfer agreements must be filed with the IRS within 30 days of the acceleration event. The regulations specifically provide that IRC 9100 relief is not available if the agreement is not timely filed.

5.19.28.3.1
(09-25-2026)
**Receipt and Tracking of
IRC 1062 Transfer
Agreements**

- (1) Form 1062-T, Transfer Agreement Under IRC 1062 (b)(2)(c), are signed by both the transferor and transferee. Form 1062-T may be received electronically or via paper. The team clerk date stamps the paper forms when received.
- (2) IRC 1062 transfer agreements must be scanned and loaded into Inventory X within five working days of receipt under OFP 61532, establishing an open control.
- (3) In the event that a paper 1062-T agreement arrives in CSCO Brookhaven, the team clerk will log the transfer agreement into the inventory tracker. Paper agreements will be routed to the Inventory Control Coordinator for assignment.
- (4) Once agreements are assigned to TE, the TE will load the case information and scanned agreement into the SharePoint tracker.

5.19.28.4
(09-25-2026)
**IRC 1062 Transfer
Agreement Case
Processing**

- (1) This section provides procedures for reviewing and inputting IRC 1062 transfer agreement case information into the *IRC 1062 Farmland* SharePoint inventory tracker, acknowledging transfer agreements, and assessing transferees.

5.19.28.4.1
(09-25-2026)
**IRC 1062 Inventory
Tracker Information Log**

- (1) The IRC 1062 transfer agreement inventory tracker is located on the *IRC 1062 Farmland* SharePoint site.

Reminder: Only campus compliance employees assigned to the IRC 1062 team have access to the SharePoint site. ,

- (2) Employees must complete the following actions:
 - a. Enter IRC 1062 transfer agreement information into the inventory tracker.
 - b. Review the IRC 1062 transfer agreement for completeness.
 - c. Attach a scanned copy of the Form 1062-T agreement to the IRC 1062 tracker folder.
 - d. Attach the reviewed transfer agreement to the SharePoint case folder.

Reminder: When a transfer agreement does not meet all requirements, notate any missing or incomplete information on SharePoint.

5.19.28.4.2
(09-25-2026)
**Issue Letter 6700,
Acknowledgment of
Receipt of IRC 1062
Transfer Agreement**

- (1) Create and send Letter 6700, Acknowledgment of Receipt of IRC 1062 Transfer Agreement, to both the transferor and transferee to acknowledge receipt of the IRC 1062 transfer agreement. Attach a copy of Letter 6700 to the SharePoint case file.
- (2) In addition to the transferor and transferee, send Letter 6700 to any valid power of attorney (POA) or tax information authorization (TIA) on file. Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, must be on file for the year of assessment, not for the year the installment payment is made or due. Refer to IRM 21.1.3.3, Third-Party (POA/TIA/F706) Authentication.

5.19.28.4.3
(09-25-2026)
**Link Accounts and
Assess IRC 1062
Liability to Transferee**

- (1) This section provides procedures for linking transferor and transferee accounts and assessing IRC 1062 applicable net tax liability to the transferee.
- (2) IRC 1062 election accounts may contain the following transaction codes:

Transaction Code	Definition
TC 971 AC 867	Posts with the original return. The Miscellaneous Field shows the total amount of the IRC 1062 applicable net tax liability indicated on the original return and included in the TC 150 amount. The AC 867 represents the total applicable net tax liability under IRC 1062 reported by the taxpayer.
TC 971 AC 866	Links the transferor and transferee IRC 1062 accounts.
TC 766 CRN 471	A nonrefundable credit posted in the amount of the IRC 1062 deferred portion of tax. The TC 150 is a combination of income tax and 100% of the total IRC 1062 applicable net tax liability. Taxpayers report 100% of the IRC 1062 applicable net tax liability in the TC 150. If the taxpayer elected to pay IRC 1062 liability in four equal annual installments, a TC 766 CRN 471 is posted for the remaining unpaid amount, also known as the deferred amount.

Transaction Code	Definition
TC 767 CRN 471	Reverses the posting of TC 766 CRN 471. The transaction may post to correct original return errors or omissions, or when IRC 1062 DPC 25 payments post. Reminder: IMF and BMF programming systemically generate a TC 767 CRN 471 when a TC 670 DPC 25 posts to the tax account. However, if payments are not designated as IRC 1062 by the taxpayer, the TC 767 CRN 471 must be input manually when a transcript is generated and sent to Inventory X under OFP 61532.
TC 766 CRN 337 RC 160	Used to cross-reference payments made toward IRC 1062 installments to jointly and severally liable accounts.
TC 670 DPC 25	Designated IRC 1062 installment payment.

- (3) The following Return Processing Code (RPC) for BMF and Form Processing Code (FPC) IMF are used to identify IRC 1062 tax returns and initiate specific processing through December 31, 2026:

- a. RPC P – Identifies a BMF return filed with IRC 1062 farmland deferral election and will appear on the account through December 31, 2026.
- b. FPC F – Identifies an IMF return filed with IRC 1062 farmland deferral election and will appear on the account through December 31, 2026.

Reminder: RPC and FPC posts to the Return Transaction File and does not move to Master File. RPC can be identified using Command Code (CC) RTVUE and CC TRDBV.

5.19.28.4.4
(09-25-2026)
Determine Assessment Amount and Link Accounts

- (1) Determine the transferee's IRC 1062 assessment amount using the transfer agreement and Integrated Data Retrieval System (IDRS) data. The transferee assessment amount must equal the current transferor deferral balance. Typically, this amount is equal to or less than the amount shown on the transfer agreement.

- (2) Establish links between the transferor and transferee by inputting TC 971 Action Code (AC) 866 on both modules.
- (3) On the transferor election year module, use Command Code (CC) REQ77/FRM77 to input TC 971 AC 866 as shown in the following table:

FRM77 Field Name	Input
TC>	971
TRANS-DT>	The transaction date is the date listed on the transfer agreement, or the acceleration or triggering event date. If the transfer agreement date is missing, use the postmark date. If the postmark date is missing, use the CSCO received date. If the CSCO received date is missing, use the signature date.
TC971-CD>	TC 971 AC 866 establishes a link between the transferor and transferee who are jointly and severally liable for the IRC 1062 applicable net tax liability.
XREF-TIN>	TIN of the transferee to establish a link between the transferor and transferee.
XREF-TX-PRD>	YYYYMM. Xref tax period must match the tax period of the transferor's year of election.
XREF-MFT>	MFT 82 if the transferee is IMF. MFT 83 if the transferee is BMF.
MISC>	Transferee's IRC 1062 transferred assessment amount. Reminder: Enter the amount in whole numbers only, rounding to the nearest dollar. Do not use commas, decimal points, or cents. Example: \$123,456.78 is entered as 123457.
REMARKS>	NSD 1062 TRANS AGREE. NSD = No Source Document.

- (4) Establish the transferee module by using CC REQ77/FRM77 to input TC 971 AC 866 as shown in the following table:

FRM77 Field Name	Input
REQ77 / FRM77	Input the transferee's TIN to establish an IRC 1062 transferred liability module and create a link to the transferor's module. Reminder: If a module for the transferee does not already exist, create a dummy module to establish the MFT 82 or MFT 83 module. The module must be established with TC 971 AC 866 before any other transactions are input. Otherwise, additional transactions will unpost. Example: MFREQD XX-XXXXXXX 83 YYYYMM NAME; MFREQD XX-XXXXXXX 82 YYYYMM NAME.
MFT>	Use MFT 82 for an IMF transferee. Use MFT 83 for a BMF transferee.
TX-PD>	Tax period of the new transferee module must match the tax period of the transferor's IRC 1062 liability election year.
TC>	Transaction (TC) 971 establishes the new module.
TRANS-DT>	The transaction date is the date listed on the transfer agreement, or the acceleration or triggering event date. If the transfer agreement date is missing, use the postmark date. If the postmark date is missing, use the CSCO received date. If the CSCO received date is missing, use the signature date. The date must match the TC 971 AC 866 date used on the transferor module.

FRM77 Field Name	Input
TC971-CD>	TC 971 AC 866 establishes a link between the transferor and transferee who are jointly and severally liable for the IRC 1062 applicable net tax liability.
XREF-TIN>	TIN of the transferor to establish a link between the transferor and transferee.
XREF-TX-PRD>	YYYYMM. election year of the transferor's IRC 1062 applicable net tax liability.
XREF-MFT>	MFT of transferor.
MISC>	Transferor's original IRC 1062 applicable net tax liability amount, shown by the TC 971 AC 867 amount. Reminder: Enter the amount in whole numbers only, rounding to the nearest dollar. Do not use commas, decimal points, or cents. Example: \$123,456.78 is entered as 123457.
REMARKS>	NSD 1062 TRANS AGREE. NSD = No Source Document.

5.19.28.4.5
(09-25-2026)
Assess Transferee

- (1) On the module established for the transferee, input the assessment of transferred IRC 1062 applicable net tax liability using Command Code (CC) REQ54/ADJ54, with TC 298 and the interest computation date. Use Credit Reference Number (CRN) 471 to defer the liability, which posts as TC 766 CRN 471. Use MFT 82 for IMF and MFT 83 for BMF.

Caution: If inputting the transferee assessment at the same time as inputting TC 971 AC 866 to establish the transferee module, then use a posting delay code of 1 to prevent the assessment from unposting.

- (2) Use the following procedures to assess a transferred IRC 1062 applicable net tax liability:

REQ54 Field Name	Input
EIN> MFT> TX-PD> NM-CTRL>	These fields should auto-populate. If they do not auto-populate, manually enter the appropriate data for each field with information for the module being adjusted.
BLK>	Use block number 05 for MFT 82. Use block number 15 for MFT 83.
INTCMP-DT>	Use the return due date for the month and day, for example 04/15/YYYY. Example: For a 202712 IRC 1062 applicable net tax liability with a transfer agreement received in March 2029, the interest computation date is 04/15/2029. Caution: Use command code INOLES to validate the transferee's entity filing requirements. The transferee may have a different fiscal year (FY) return due dates. Always use the next return due date of the transferee for the interest computation date. Example: For a 202712 IRC 1062 liability with a transfer agreement received in March 2029, if the transferee is an FY filer with month 10 (202710), the interest computation date is 02/15/2030.
CASE-STC-CD>	C
IRS-RCVD-DT>	*, indicating current date.
CTRL-CAT>	IRRQ

REQ54 Field Name	Input
OVERRIDE-CD>	Use Uppercase "I", it allows the interest computation date to be a date in the future.
TC>	Enter TC 298, with a dollar amount. Reminder: If TC 298 with a dollar amount must be reversed for any reason, then use TC 299 and input * for the TCB-DT field when inputting the TC 299 reversal.
AMT>	Input the amount of the applicable net tax liability that was transferred. Reminder: The transferee assessment must equal the amount agreed upon in the transfer agreement. If the transferor's IRC 1062 liability balance has been reduced below the agreed amount, then the assessment must be for the remaining balance of the transferor's IRC 1062 liability.
SRCE-CD>	For MFT 82, use 2. For MFT 83, leave blank.
RSN-CDS>	For an IMF transferee, MFT 82, use two reason codes: 160 and 191 if the XREF TIN is IMF, or 160 and 192 if the XREF TIN is BMF. For a BMF transferee, MFT 83, use only one reason code: 191 if the XREF TIN is IMF, or 192 if the XREF TIN is BMF.
HOLD-CD>	Use hold code 3

REQ54 Field Name	Input
PRT-CD>	If inputting an assessment that is greater than \$10.00 and is within \$10.00 of a previously posted TC 290/294/298/300/304/308 for an amount greater than \$10.00, then input a priority code 1 to prevent the transaction from unposting.
PSTNG-DLAY-CD>	Use posting delay code 1 if the assessment is input at the same time as TC 971 AC 866 when creating the MFT 82 or MFT 83 module. Reminder: If MFT 82 or MFT 83 already exists, then the module is not a dummy module and posting delay code 1 is not required.
XREF-TIN>	Transferor's TIN. Reminder: XREF-TIN displays on the TC 290 transaction on CC BMFOLT.
CD>	Use TC 766 CRN 471. Reminder: This posts as TC 766 CRN 471.
AMT>	If the transfer agreement is accepted and input before the interest computation date, then input the full amount of the assessment as deferred. If the transfer agreement is accepted and input after the interest computation date, then input the balance due of the IRC 1062 liability.
SOURCE-DOC-ATTACHED>	Enter Y. Use Form 8485, Assessment Adjustment Case Record.
REMARKS>	1062 TRANS AGREE

- (3) After completing the transferee assessment, send Letter 6699, Transferee Notice and Demand Under IRC 1062, and attach a copy of Letter 6699 to the SharePoint case file.

- (4) Leave history on IDRS and AMS. Update the SharePoint case status to “Transferee Assessed” and close the case on AMS.

5.19.28.4.6
(09-25-2026)

**Transferor Immediately
Ceases to Exist**

- (1) When the transferor immediately ceases to exist, notify the HQ Employment Tax analysts before taking any action on the transferor’s account. Suspend the case in Inventory X for 14 days to allow HQ time to respond.

Reminder: Use CC: BMFOLE to determine the existence of the transferor.

- (2) Use Command Code (CC) REQ54/ADJ54, to remove the deferred amount. Use Credit Reference Number (CRN) 471 to reduce the deferred liability to zero, which posts as TC 767 CRN 471. Use the following procedures to reduce the IRC 1062 deferral:

REQ54 Field Name	Input
EIN> MFT> TX-PD> NM-CTRL>	These fields should auto-populate. If they do not auto-populate, manually enter the appropriate data for each field with information for the module being adjusted.
BLK>	MFT 02 = 15 MFT 05 = 17
INTCMP-DT>	Use the date of the transfer agreement
CASE-STS-CD>	C
IRS-RCVD-DT>	*, indicating current date
CTRL-CAT>	IRRQ
OVERRIDE-CD>	S, only if the refund statute expiration date (RSED) is in the past.
RFSCDT>	RSED date (MMDDYYYY). Input only on TC 290 adjustments when the RSED date is in the past.
TC>	298
AMT>	.00
SRCE-CD>	Blank
RSN-CDS>	192
HOLD-CD>	4
PRT-CD>	Use priority code 1 if attempting to post to a BMF module where an unreversed TC 766 CRN 337 plus an active 57 hold, TC 570, are present.

REQ54 Field Name	Input
CD>	471
AMT>	Input the amount of the unreversed deferral Caution: If there are multiple unreversed deferral amounts, you will need to input separate deferral reversals for each unreversed deferral amount prior to adjusting the tax liability.
SOURCE-DOC-ATTACHED>	N
REMARKS>	NSD REMOVE DEFERRED AMOUNT DUE TO TRANSFER

- (3) Use Command Code (CC) REQ54/ADJ54, with TC 291 to reduce the transferred tax amount. Use the following procedures to reduce the IRC 1062 applicable net tax liability that was transferred:

REQ54 Field Name	Input
EIN> MFT> TX-PD> NM-CTRL>	These fields should auto-populate. If they do not auto-populate, manually enter the appropriate data for each field with information for the module being adjusted.
BLK>	MFT 02 = 15 MFT 05 = 17
CASE-STS-CD>	C
IRS-RCVD-DT>	*, indicating current date
CTRL-CAT>	IRRQ
OVERRIDE-CD>	S, only if the refund statute expiration date (RSED) is in the past.
RFSCDT>	RSED date (MMDDYYYY). Input only on TC 290 adjustments when the RSED date is in the past.
TC>	291
AMT>	Input the amount of the applicable net tax liability that was transferred as a negative amount.

REQ54 Field Name	Input
SRCE-CD>	Blank
RSN-CDS>	Blank
HOLD-CD>	4
PRT-CD>	Use priority code 1 if attempting to post to a BMF module where an unreversed TC 766 CRN 337 plus an active 57 hold, TC 570, are present.
PSTNG-DLAY-CD>	1, when also adjusting deferral
SOURCE-DOC-ATTACHED>	Y, use Form 8485, Assessment Adjustment Case Record.
REMARKS>	1062 TRANSFEROR CEASES TO EXIST

- (4) Input TC 971 AC 867 to adjust the tax.

FRM77 Field Name	Input
MFT>	Input the transferor's MFT (02 or 05)
TX-PD>	Tax period of the IRC 1062 liability inclusion year.
TC>	971
TRANS-DT>	Return due date of the IRC 1062 liability inclusion year.
TC971-CD>	867
MISC>	Transferor's new IRC 1062 applicable net tax liability amount, that was not included in the transfer agreement. Reminder: Enter the amount in whole numbers only, rounding to the nearest dollar. Do not use commas, decimal points, or cents. Example: \$123,456.78 is entered as 123457.
REMARKS>	NSD 1062 TRANS AGREE NEW 1062 TAX

5.19.28.5
(09-25-2026)

Processing Subsequent Liability Payments

- (1) This section provides procedures for reducing the balance due on joint and several transfer agreement liabilities. This applies if the transferor continues to exist after the acceleration event. If the transferor ceases to exist immediately after the acceleration event, payments will not be cross-referenced because their tax was abated. On modules with a TC 971 AC 866, a transcript is generated and sent to AMS at CSCO Brookhaven when the following items post:

- a. Payments,
- b. Credit offsets or reversals,
- c. TC 29X, or
- d. The module reaches Master File (MF) status 12.

Caution: Payments posted to MFT 82 or MFT 83 hold on the account. No refunds or offsets post systemically.

5.19.28.5.1
(09-25-2026)

Input TC 767 CRN 471

- (1) Input TC 767 Credit Reference Number (CRN) 471 on an account where an IRC 1062 liability payment posts to reduce the TC 766 CRN 471 deferral amount.
- (2) Payments that post as TC 670 Designated Payment Code (DPC) 25 systemically generate TC 767 CRN 471 to reduce the TC 766 CRN 471 deferral amount.
- (3) If TC 767 CRN 471 does not post systemically, or if the payment does not post as TC 670 DPC 25, then manually input TC 767 CRN 471 to reduce the TC 766 CRN 471 deferral amount.

Reminder: A systemic TC 767 CRN 471 does not generate on MFT 82 or MFT 83. The adjustment must be input manually.

- (4) Use Command Code (CC) REQ54/ADJ54 to complete an IRC 1062 TC 76X CRN 471 adjustment as follows:

REQ54 Field Name	Input
1. EIN 2. MFT> 3. TX-PD> 4. NM-CTRL>	These fields should auto-populate. If they do not auto-populate, then manually enter the appropriate data for each field with information for the module being adjusted.
BLK>	MFT 02 = 15 MFT 05 = 17 MFT 30 = 05 MFT 82 = 05 MFT 83 = 15
INTCMP-DT>	The interest computation date is the date of the payment or the due date of the installment, whichever is earlier. Use only when making an adjustment with TC 298.

REQ54 Field Name	Input
CASE-STC-CD>	C
IRS-RCVD-DT>	*, indicating current date.
CTRL-CAT>	IRRQ
RET-PROC-DT>	Use instead of interest computation date only when inputting a TC 290 adjustment to an MFT other than 82 or 83 using return processing date. Otherwise, leave blank.
OVERRIDE-CD>	Use S, only if the refund statute expiration date (RSED) is in the past. Use uppercase I, only if the INTCMP-DT is in the future.
RFSCDT>	RSED date (MMDDYYYY). Input only on TC 290 adjustments when the RSED date is in the past.
TC>	Use TC 298, or 290 if the TC 766/767 adjustment carries the return due date on MFTs other than 82 and 83.
AMT>	.00
SRCE-CD>	Use: IMF 3. Leave BMF blank.
RSN-CDS>	For MFTs other than 82 or 83, use IMF 050 and 190; For BMF use 192. When inputting an adjustment on MFT 82 or 83, use 191 if XREF TIN is IMF; use 192 if XREF TIN is BMF.
HOLD-CD>	Use 4 for MFTs other than 82 or 83. Use 3 for MFT 82 or 83.
PRT-CD>	For MFT 82 or 83, use priority code 1. Also use priority code 1 if attempting to post to a BMF module where an unreversed TC 766 CRN 337 plus an active 57 hold, TC 570, are present.
PSTNG-DLAY-CD>	If inputting TC 971 AC 867 or TC 971 AC 866 at the same time, then use posting delay code 1. Otherwise, posting delay code 1 is not required.
XREF-TIN>	On MFT 82 or 83, a XREF-TIN is required. Use the transferor TIN.

REQ54 Field Name	Input
CD>	Use CRN 471
AMT>	Enter the amount of the payment or overpayment. When inputting TC 767 CRN 471, input the amount with a minus sign. Example: CRN 471 for 1,000.00- generates TC 767 for \$1,000.00. No credit bar generates TC 766. Caution: On BMF modules, the amount of TC 767 cannot exceed the amount of the unreversed TC 766 amount.
SOURCE-DOC-ATTACHED>	Enter: N
REMARKS>	Net 766/767 adjustment

5.19.28.5.2
(09-25-2026)

Cross-Reference Payments

- (1) When payments or credits post to an account with a transfer agreement, TC 971 AC 866, cross-reference the payment or credit to the applicable liability account. Cross-reference payments and credits using TC 290 \$.00 and Credit Reference Number (CRN) 337 with the AMT> field showing the credit amount being cross-referenced.

Reminder: Cross-referenced payments and credits post to Master File as TC 766 CRN 337. Manually input TC 767 CRN 471 to reduce the TC 766 CRN 471 amount.

- (2) Use Command Code (CC) REQ54/ADJ54 to input TC 766 CRN 337 on the IMF module as follows:

REQ54 Field Name	Input
1. EIN 2. MFT> 3. TX-PD> 4. NM-CTRL>	These fields should auto-populate. If they do not auto-populate, then manually enter the appropriate data for each field with information for the module being adjusted.
BLK>	Use 05
CASE-STS-CD>	C
IRS-RCVD-DT>	*, indicating current date.
CTRL-CAT>	COLL

REQ54 Field Name	Input
RET-PROC-DT>	Enter: Payment date (MMDDYYYY).
OVERRIDE-CD>	Use S, only if the refund statute expiration date (RSED) has expired.
RFSCDT>	RSED date (MMDDYYYY), only if the RSED date has expired.
TC>	TC 290
AMT>	.00
SRCE-CD>	1
RSN-CDS>	150
HOLD-CD>	3
PRT-CD>	9
CD>	337
AMT>	Amount of payment. Caution: Input an ending minus sign, or credit bar, if inputting TC 767 CRN 337 to reverse a previously posted TC 766 CRN 337.
CD>	992

REQ54 Field Name	Input
AMT>	XREF TIN input as follows: The 11-digit CRN 992 amount field carries the file source, TIN type, and TIN number in that order, using all 11 digits available in the ABST-AMT field. The first digit is the file source code. Use the existing file source values: 1 for IMF and 2 for BMF. The second digit is the TIN type: 0 for valid SSN account, 1 for invalid SSN account, and 2 for EIN. The next nine digits are the TIN number, which may be an SSN or EIN. IDRS does not allow input of CRN 992 if the file source is other than 1 or 2 or the TIN type is greater than 2. AMT must be input in dollars and cents format with commas and a decimal point: 10X,XXX,XXX.XX for SSN and 22X,XXX,XXX.XX for EIN. Example: XREF TIN is a BMF EIN. The following adjustment is input through ADJ54: TC 290 \$.00, CRN 337 \$3,500.00, and CRN 992 \$221,234,567.89. IMFOL displays Ref 337 AMT \$3,500 BEIN 12-3456789.
SOURCE-DOC-ATTACHED>	N
REMARKS>	XREF 1062 PAYMENT

- (3) Use CC REQ54/ADJ54 to input TC 766 CRN 337 on the BMF module as follows:

REQ54 Field Name	Input
1. EIN 2. MFT> 3. TX-PD> 4. NM-CTRL>	These fields should auto-populate. If they do not auto-populate, then manually enter the appropriate data for each field with information for the module being adjusted.
BLK>	00

REQ54 Field Name	Input
CASE-STC-CD>	C
IRS-RCVD-DT>	*, indicating current date.
CTRL-CAT>	COLL
RET-PROC-DT>	Payment date (MMDDYYYY).
OVERRIDE-CD>	S, only if the RSED date has expired.
RFSCDT>	RSED date (MMDDYYYY), only if the RSED date has expired.
TC>	290
AMT>	.00
SRCE-CD>	Leave blank.
RSN-CDS>	191 if XREF TIN is IMF. 192 if XREF TIN is BMF.
HOLD-CD>	0
PRT-CD>	Use priority code 1 if attempting to post to a module where an unreversed TC 766 CRN 337 plus an active 57 hold, TC 570, are present.
CD>	337
AMT>	Amount of payment. Caution: Input an ending minus sign, or credit bar, if inputting TC 767 CRN 337 to reverse a previously posted TC 766 CRN 337.
SOURCE-DOC-ATTACHED>	N
REMARKS>	XREF 1062 PAYMENT

Caution: If a posted TC 766 CRN 337 must be reversed, then reverse the transaction in whole. Netting is not allowed.

Example: A TC 766 CRN 337 was input in error for \$10,000.00. The payment or credit being cross-referenced was only \$1,000.00. To correct the error, input TC 290 \$.00 and CRN 337 with AMT> \$10,000.00-. The credit bar causes the transaction to post as TC 767 CRN 337. Also input the corrected TC 290 \$.00 and CRN 337 with AMT> \$1,000.00.

- (4) Update the IRC 1062 SharePoint database with the next installment due date.

5.19.28.5.3
(09-25-2026)

**Multiple Transferor
Assessment Cases**

- (1) When a transferee with multiple assessments makes a lump-sum payment, the payment must be split between the transferors for cross-reference.

Example: Transferee has three assessments:

- a. TC 298 for transferor A has a fourth installment amount of \$3,247.00.
- b. TC 298 for transferor B has a fourth installment amount of \$1,558.00.
- c. TC 298 for transferor C has a fourth installment amount of \$184,443.00.
- d. The transferee makes a lump-sum payment of \$189,248.00 for the fourth installment payment of each IRC 1062 liability.
- e. Cross-reference the payment to each transferor in the amount of each installment balance due using TC 766 CRN 337.

- (2) When the lump-sum payment amount exceeds the amount due and the taxpayer does not designate which liability to apply the excess payment to, determine the split of the excess amount by dividing the excess amount by the number of transferors.

Example: Using the same transferors and amounts from paragraph (1), the transferee makes a lump-sum payment of \$200,000.00 for the fourth installment payment of each IRC 1062 liability. The payment is greater than all three installment amounts combined.

- a. $\$200,000.00 - \$189,248.00$, the difference of all three installment amounts, = \$10,752.00.
- b. $\$10,752.00 \div 3 = \$3,584.00$. The excess amount may be divided equally among all transferors.
- c. Transferor A receives \$6,831.00 of the \$200,000.00 payment: \$3,247.00 + \$3,584.00.
- d. Transferor B receives \$5,142.00 of the \$200,000.00 payment: \$1,558.00 + \$3,584.00.
- e. Transferor C receives \$188,027.00 of the \$200,000.00 payment: \$184,443.00 + \$3,584.00.
- f. $\$6,831.00 + \$5,142.00 + \$188,027.00 = \$200,000.00$.

- (3) When the lump-sum payment amount is less than the amount needed to full pay all installments, apply the payment to the installment with the earliest due date first. If multiple installments have the same due date, then apply the excess amount to fully pay the remaining installments, as appropriate.

Example: Using the same transferors and amounts from paragraph (1), the transferee makes a lump-sum payment of \$180,000.00 for the fourth installment payment of each IRC 1062 liability. The payment is less than all three installment amounts combined.

- a. Apply the payment to the installments beginning with the earliest due date first.
- b. \$180,000.00 is greater than transferor A's fourth installment due of \$3,247.00 and has the earliest due date, leaving \$176,753.00 in excess.
- c. Calculate the remaining amount to be split between the remaining transferors: $\$180,000.00 - \$3,247.00 = \$176,753.00$, with two transferors remaining.
- d. The next earliest due date is transferor B's fourth installment.
- e. \$176,753.00 is greater than transferor B's fourth installment due of \$1,558.00, leaving \$175,195.00 in excess.

- f. Apply the entire remaining payment balance to transferor C: \$180,000.00 – \$3,247.00 – \$1,558.00 = \$175,195.00.

Caution: Since transferor C's fourth installment is not fully paid, start the acceleration process for transferor C and the transferee, if the due date has passed.

- (4) When the lump-sum payment amount is less than the amount needed to full pay all installments, pay the installment with the earliest due date first.

Example: Using the same transferors and amounts from paragraph (1), the transferee makes a lump-sum payment of \$180,000.00 for the fourth installment payment, but in this example transferor C has the earliest payment due date.

- a. Apply the payment to the installments beginning with the earliest due date first.
 - b. Since transferor C has the earliest due date and \$180,000.00 is less than transferor C's fourth installment balance of \$189,248.00, the entire payment is applied to the fourth installment, which does not fully paid the installment, start the acceleration process for transferor C and the transferee.
 - c. Because the total amount of the lump sum payment was applied to transferor C's fourth installment, there is no remaining funds to apply toward transferor A and B. Start acceleration process for both transferor A and B and the transferees, if the respective due dates have passed.
- (5) Update the IRC 1062 SharePoint database with the next installment due date and close the case on AMS.

5.19.28.6
(09-25-2026)
**Acceleration
Determination**

- (1) This section provides procedures for determining whether an event requires acceleration of the unpaid portion of the remaining IRC 1062 installments. Reasons for acceleration include:
 - a. IRC 1062 installment payments were not timely, and failure to pay (FTP) is assessed.
 - b. The IRC 1062 liability transfer is invalid or the transfer agreement is missing or incomplete, as referred by Exam.
 - c. Other acceleration events are identified through coordination with Exam counterparts.

5.19.28.6.1
(09-25-2026)
**Possible Acceleration
Situations**

- (1) Headquarters filters the Custodial Detail Database (CDDDB) extract provided by the Chief Financial Officer (CFO) for potential acceleration accounts. Cases are loaded into Inventory X for distribution to tax examiners for review. Work includes:
 - a. Accounts with misapplied payments or credits that can be moved to resolve the case discrepancy.
 - b. Accounts where an adjustment to the net TC 766, TC 767, CRN 471 deferral amount is required to resolve the case discrepancy.
 - c. Accounts that require acceleration due to non-payment or late payment (including payments that have refunded or offset and have not been repaid).
 - d. Acceleration events as listed in IRM 5.19.28.2(5).

- (2) When an IRC Section 1062 transcript is received and the module reflects a balance due consisting of a missed annual installment and a Failure to Pay (FTP) penalty, take the following actions:
- (3) Suspend collection activity. Input TC 470, Closing Code 90, on the IRC Section 1062 module while payment research is completed.
- (4) Research the missing installment payment. Review available payment records to determine whether the taxpayer submitted the installment and whether the payment was applied to another tax period or module.
- (5) If the installment payment is located:
 - Transfer the payment to the appropriate IRC Section 1062 module using the Credit Transfer Tool.
 - Input all required account adjustments.
 - Reverse the applicable FTP penalty.
 - Input TC 472 to reverse TC 470, Closing Code 90, after all required account actions are completed.
 - Allow the IRC Section 1062 deferral election to continue.
- (6) If the installment payment is not located:
 - Initiate IRC Section 1062 acceleration procedures.
 - Issue Letter 6701 to the taxpayer.
 - Do not input TC 472 while awaiting the taxpayer's response. Leave TC 470, Closing Code 90, in place until the account disposition is determined.
- (7) Process the taxpayer's response as follows:
 - Payment received and reasonable cause established: Apply the payment, input the required adjustments, reverse the applicable FTP penalty, and input TC 472. The IRC Section 1062 deferral election remains in effect.
 - No response received: Reverse the IRC Section 1062 deferral, accelerate the remaining deferred tax, and place the total balance due into the normal collection stream. Input TC 472 only after the deferral reversal and acceleration actions are completed.

Reminder: Do not release TC 470, Closing Code 90, until the missing installment has been resolved or the remaining deferred liability has been accelerated and is ready for collection.

5.19.28.6.2
(09-25-2026)
Research Path

- (1) Research the account using the Employee User Portal (EUP) to verify the accuracy of IRC 1062 transactions. Confirm the account has a posted TC 971 AC 867 and the appropriate TC 766 CRN 471 amounts posted.
- (2) Use the following research sources and return information:

Research Item	Action
Tax return reporting	Verify the taxpayer reported the applicable net tax liability and any deferred amount on the required income tax return lines.
Paper return	If the taxpayer filed a paper return, use Integrated Data Retrieval System (IDRS) command codes, such as TRDBV, to research the entries. Request the tax return from files if IDRS research does not provide the needed information.
IRC 1062 reporting instructions	Use the questions and answers on IRS.gov/1062 to review the IRC 1062 tax return reporting instructions provided to taxpayers.
Forms and schedules	Review Form 1062 and Form 1062 Schedule A, as needed.

- (3) Individual Master File (IMF) accounts with an IRC 1062 election will display the first installment, 25%, and the Applicable Net Tax Liability (ANTL), 100%, as shown below.

Return	First Installment	Applicable Net Tax Liability
Form 1040	Line 24b	Schedule 3, line 13z, processing year 2027

- (4) Business Master File (BMF) accounts with an IRC 1062 election will display the first installment, 25%, and the Applicable Net Tax Liability (ANTL), 100%, as shown below.

Return	First Installment	Applicable Net Tax Liability
Form 990-T	Part III, line 5b	Part III, line 6k
Form 1041	Line 25b	Schedule G, line 18c
Form 1120	Line 32	Schedule J, line 22b
Form 1120-C	Line 29	Line 30i

Form 1120-F	Line 4b	Line 5k
Form 1120-L	Line 26b	Line 27i
Form 1120-ND	Line 13b	Line 14f
Form 1120-PC	Line 15b	Line 16g
Form 1120-REIT	Line 24b	Line 25h

- (5) Check the module for freeze codes before accelerating the account.

If the Module Has	Then
-A, Amended Return Freeze	Place the control in B status and accelerate if the case is otherwise ready to accelerate.
-C, Combat Zone Freeze	Do not accelerate. Notate AMS and IDRS.
-L, Open Examination Freeze	Accelerate using priority code 1 on REQ54 to bypass the un-postable condition if the case is otherwise ready to accelerate.
-O, Major Disaster Freeze	Pauses all collection activity, also provides systemic penalty and interest relief. Ensure the deferral amount is accurate by inputting necessary adjustments. If acceleration action is needed and there is an active -O freeze, determine follow-up actions based on FEMA expiration date: • Within 90 days or less, suspend case for follow-up actions. • More than 90 days, close the case with comments stating hold for disaster declaration ##### ending date MM/DD/YYYY.
-R, Refund Freeze, with TC 971 AC 502 or TC 971 AC 506 identity theft indicator	Do not accelerate. Notate AMS and IDRS.
-S, Disaster Freeze	Provides systemic penalty and interest relief. However, it does not provide compliance relief. Proceed with acceleration actions as normal.

If the Module Has	Then
-V, Insolvency	Filing a Chapter 11 petition alone does not trigger acceleration. Acceleration occurs only in Title 11 cases involving the sale of substantially all of the debtor's assets or a liquidation. Filing a Chapter 7 is a trigger of acceleration because it is a liquidation proceeding.
-W, Litigation Freeze	Pause all activities and refer the case to Employment Tax head-quarter analysts.
-Y, Offer-in-Compromise	Tax attributable to a Section 1062 deferred tax election may not be compromised unless an acceleration event has occurred. Form 656 clearly states that the Section 1062 deferred tax must be excluded from the offer unless accelerated.
-Z, Criminal Investigation Freeze	Do not accelerate. Notate AMS and IDRS.

- (6) If review shows acceleration is not necessary because of account errors, correct the account. Corrections are typically necessary when the account has any of the following errors:

Error Type	Example
Incorrect IRC 1062 election transaction	Incorrect TC 971 AC 867 amount
Incorrect credit transaction	Incorrect TC 766 or TC 767 amount
Incorrect credit reference number	Incorrect CRN 471 amount
Misapplied payment	Payment applied to the wrong tax module or tax period

5.19.28.6.3
(09-25-2026)

Analyzing Payments on Account

- (1) Analyze installment payments before initiating acceleration procedures.

If	And	Then
An installment payment, including the current installment due, has not been paid	The account has no erroneous penalty or interest assessed, and the TC 971 AC 867, TC 766 CRN 471, and TC 767 CRN 471 amounts are correct	Proceed with acceleration procedures.
An installment payment was made in part but not in full	The account has no erroneous penalty or interest assessed, and the TC 971 AC 867, TC 766 CRN 471, and TC 767 CRN 471 amounts are correct	Proceed with acceleration procedures.
The account has erroneous penalty or interest assessed, or incorrect TC 971 AC 867, TC 766 CRN 471, or TC 767 CRN 471 amounts	The installment payment is missing or insufficient	Correct the account before initiating acceleration procedures.

Reminder: Apply a seven-calendar-day grace period to payments when analyzing the account.

- (2) If an installment payment was paid in full but late, begin processing the acceleration case.

Reminder: Apply a seven-calendar-day grace period when determining payment timeliness.

- (3) If an installment payment is missing, research the account for possible miscoded or misapplied IRC 1062 payments.

Research Area	Action
Tax periods	Review the previous, subsequent, and current tax periods for possible miscoded or misapplied IRC 1062 payments.
Transaction type	Determine whether the payment posted as TC 670 DPC 25, without a designated payment code (DPC), or as another transaction.

Research Area	Action
Transfer agreement case	For a transfer agreement case, research both the transferee and transferor.
AMS history	Review Accounts Management Services (AMS) to determine whether the IRS received an amended return or correspondence related to IRC 1062.
RTR or EFTPS	Review Remittance Transaction Research (RTR) or the Electronic Federal Tax Payment System (EFTPS) to determine whether the payment should have posted with DPC 25.

- (4) Use the following table to resolve possible misapplied IRC 1062 payments.

If	And	Then
A payment posted to another tax period	The payment is clearly identified as intended for IRC 1062 tax and has not refunded or offset	After making any needed module corrections, credit transfer the payment to the tax period with the IRC 1062 liability as a DPC 25 payment.
The misapplied payment is located on another tax period and has refunded or offset to another liability	The tax period in which the payment was applied to is fully paid	Begin acceleration procedures.

- (5) Use the following table to determine whether a payment is clearly identified as intended for IRC 1062.

If	Then
A DPC 25 payment is on a module that does not have an IRC 1062 liability	Follow the taxpayer's intent and move the payment.
The payment amount matches the installment amount or installment balance due, and RTR or EFTPS research shows it should have been designated for IRC 1062	Follow the taxpayer's intent and move the payment.

If	Then
The payment amount matches the installment amount or installment balance due, is not designated, and will not leave a balance due on the module where it is posted	Move the payment.
The payment is not designated and moving it will leave a balance due on the module where it is posted	Do not move the payment. Correspond with the taxpayer. Move the payment only if the taxpayer approves moving the payment and acknowledges this adjustment will create a balance due on another module.
AMS history shows the payment was intended for the IRC 1062 liability	Move the payment.

- (6) Transfer the misapplied payment using the IAT Credit Transfer tool.

Example: Use TC reversal code 672, 612, 652, or 702, as applicable.

Note: Match the DPC to the original payment or credit. If the original payment or credit on IDRS does not have a DPC, leave the field blank.

- (7) Credit transfers to MFT 82 or 83 only allow the following transactions.

Side	Allowed Transactions
Credit side	TC 670, TC 680, TC 690, TC 700, and TC 822
Credit side secondary transaction	TC 360
Debit side	TC 671, TC 672, TC 681, TC 682, TC 691, TC 692, TC 702, and TC 820
Debit side secondary transaction	TC 280

Caution: Ensure to add “25” to the DPC field on both the credit and debit sides of the transfer to prevent the transfer from unposting.

- (8) IDRS systemically posts TC 767 CRN 471 when a TC 670 DPC 25 payment posts on an IRC 1062 module. IDRS uses the payment date as the TC 767 CRN 471 date.
- (9) Use the following rules to determine whether a manual adjustment is needed for TC 767 CRN 471.

If	Then
A systemic TC 767 CRN 471 does not generate on MFT 82 or MFT 83	Input the adjustment manually.
There is no assessed interest on the module	Use the earlier of the payment date or installment due date for TC 767 CRN 471. If either date is in the past, then use the installment due date.
There is assessed interest on the module	Use the installment due date for TC 767 CRN 471.
The DPC 25 payment date is after the installment due date	Reverse the systemically posted TC 767 CRN 471 with the payment date. Input a new TC 767 CRN 471 with the installment due date.

Example: An installment of \$500 is due April 15, 2029. The IRS receives a TC 670 DPC 25 payment of \$500 on April 25, 2029. IDRS systemically posts TC 767 CRN 471 dated April 25, 2029. The date is incorrect.

Adjustment	Input
Reverse the posted TC 767 CRN 471	TC 298 .00, interest computation date April 25, 2029, TC 766 CRN 471, \$500, with HC 4
Input the correct TC 767 CRN 471	TC 298 .00, interest computation date April 15, 2029, TC 767 CRN 471, \$500

5.19.28.7
(09-25-2026)

Processing Acceleration Cases

- (1) This section provides procedures for accelerating the unpaid portion of the remaining IRC 1062 installments. These procedures include:
 - a. Determining the reason for acceleration.
 - b. Sending the appropriate letter based on the reason for acceleration.
 - c. Monitoring for a timely response to correspondence.
 - d. Determining whether reasonable cause exists for failure to timely pay an installment.
 - e. Inputting transactions to reverse the IRC 1062 deferral.

Reminder: Before accelerating a case, ensure TC 971 AC 867 and TC 766 CRN 471 amounts are correct. If accelerating a transfer agreement case, accelerate both the transferor and the transferee at the same time, except in rare cases.
- (2) Accelerate cases based on failure to timely pay an installment using Letter 6701, Notice of Intent to Accelerate. This is the most common type of accel-

eration. Letter 6701 gives the taxpayer an opportunity to make the payment and request relief from the failure to pay penalty before the account is accelerated.

5.19.28.7.1
(09-25-2026)

Issue Letter 6701, Notice of Intent to Accelerate

- (1) Create and send the PDF version of Letter 6701, Notice of Intent to Accelerate, as the first notice for missing or late installment payments. In addition to the normal header information, Letter 6701 must include:

- a. Number of installment payments paid late or missed.
- b. Due date of each installment payment paid late or missed.
- c. Date each installment was paid.
- d. Amount of each installment paid.
- e. Amount required to bring the installment current.
- f. Calculated interest on IRC 1062 installment amounts due.

Note: If the installment was paid in full, use the full installment amount. If the installment was partially paid, use the partial amount. If the installment was paid in full but late, the amount required to bring the installment current is \$0.00. Use command code COMPA to calculate interest from the installment due date to the date of Letter 6701. Interest on late but fully paid installments will typically be calculated and posted on the module.

Note: If multiple payments or credits were applied to pay an installment, do not list each credit. Use the installment due date if paid timely. Use the last payment or credit date if not paid timely. List the total amount paid, whether full or partial.

Example: The taxpayer has an IRC 1062 applicable net tax liability, installment amounts of \$100,000 each, and a return due date of April 15, 2027. The taxpayer made the first and second installments and paid only part of the third installment. List the first installment due date of April 15, 2027, or the date the installment was fully paid if paid after the due date, and \$100,000 as the amount paid. List the second installment due date of April 15, 2028, or the date the installment was fully paid if paid after the due date, and \$100,000 as the amount paid. List the third installment due date of April 15, 2029, or the partial payment date if paid after the due date, and the partial amount paid.

- (2) If Letter 6701 is returned as undeliverable, research IDRS for a different address.
- (3) If no other address is found, proceed with acceleration.

5.19.28.7.2
(09-25-2026)

Monitor Letter 6701

- (1) Letter 6701 allows the taxpayer 30 days to respond with the installment payment plus interest and show reasonable cause for failure to timely pay the required installment.
- (2) Attach a copy of Letter 6701 to the case file in SharePoint.
- (3) Establish an open control on the module to monitor the case 45 days after the letter issuance date.
- (4) Leave the IDRS history item "L6701" and add a history entry on AMS.

- (5) Monitor the weekly age listing and incoming correspondence for responses to outgoing letters.
- (6) Review correspondence to determine whether reasonable cause exists.

5.19.28.7.3
(09-25-2026)
Determine Reasonable Cause

- (1) This subsection does not replace existing IRM guidance on reasonable cause. Employees must be familiar with the reasonable cause criteria in IRM 20.1.1.3, Criteria for Relief from Penalties.
- (2) Under Policy Statement 3-2, any reason for delinquency in making deposits or payments that establishes the taxpayer exercised ordinary business care and prudence but was nevertheless unable to comply within the prescribed time will be accepted as reasonable cause.
- (3) Policy Statement 3-2 provides that the following examples of sound causes will be accepted as reasonable cause for failure to comply with a payment requirement:
 - a. Death or serious illness of the taxpayer or death or serious illness in the taxpayer's immediate family.
 - b. Unavoidable absence of the taxpayer.
 - c. Destruction by fire or other casualty of the taxpayer's place of business or business records.
 - d. Inability to determine the amount of deposit or tax due for reasons beyond the taxpayer's control.
 - e. Inability to comply because the taxpayer was materially impaired by civil disturbances.
 - f. Any reason for delinquency in making deposits or payments that establishes the taxpayer exercised ordinary business care and prudence but was nevertheless unable to comply within the prescribed time.
- (4) Apply this general guideline to the period before and including the payment due date. Reasonable cause does not exist if, after the facts and circumstances that explain the taxpayer's noncompliant behavior cease to exist, and the taxpayer fails to comply with the tax obligation within a reasonable period. See IRM 20.1.1.3.2, Reasonable Cause.
- (5) When possible, use the Reasonable Cause Assistant (RCA) program to determine whether a penalty can be removed. See IRM 20.1.1.3.6, Reasonable Cause Assistant (RCA), for additional information.

5.19.28.7.4
(09-25-2026)
Accelerate the Account

- (1) After monitoring for 45 days for Letter 6701 cases, research all accounts again for a potential payment that may have been recently sent to the IRS.
- (2) If a payment is found that matches the request in Letter 6701 and is available for credit transfer, move the payment to the IRC 1062 election year.
- (3) If there is no reply to Letter 6701 or no reasonable cause request, accelerate the account.

Note: Taxpayers must show reasonable cause for a late or missing installment payment. Even if the taxpayer makes the payment requested by Letter 6701, the taxpayer must show reasonable cause or be accelerated. Always review AMS history to determine whether reasonable cause has been requested or granted, or whether another area received correspondence from the taxpayer.

- (4) To accelerate a module, input TC 298 .00 and CRN 471 to reverse the entire remaining deferral amount. This transaction will post on IDRS as TC 767 CRN 471.
- (5) The remaining deferral amount will equal the maximum deferral amount for the last installment due, or less if the taxpayer remitted more than what was due. The interest computation date will be the projected 23C date for the posting transaction. See Document 6209, IRS Processing Codes and Information, Section 16, Julian Date, Cycle and Notice Calendars.
- (6) Use hold code 0 with this transaction so the notice includes the failure to pay penalty and interest for the late installment amounts, along with the full remainder of the deferred IRC 1062 tax.

Note: If multiple installments were late or unpaid and were not previously processed with TC 767 CRN 471, input the deferral reversal for each installment payment before reversing the entire remaining deferral amount. Also input TC 767 CRN 471 for any installment payment with a due date before the 23C date for the transaction to reverse the entire remaining deferral amount. Use the following table for the examples in this subsection.

- (7) Use the following installment amounts table for the examples in this subsection.

Installment Number	Installment Due Date	Installment Amount	Maximum Deferred Amount for Installment Due Date
First	April 15, 2027	\$100,000	\$300,000
Second	April 15, 2028	\$100,000	\$200,000
Third	April 15, 2029	\$100,000	\$100,000
Fourth	April 15, 2030	\$100,000	\$0

- (8) Use the following examples to determine the appropriate input action.

Example	Description of Adjustment Date	Input Action
Example 1: The 202612 IRC 1062 tax was \$10,000. The deferred amount is \$5,000, which is the maximum deferral amount for the third installment due date. The second and third installments of \$2,500 each were missed. In this example, both missing installment payments were processed with TC 767 CRN 471. The module needs only the entire remaining deferral amount accelerated.	The adjustment is input on May 13, 2027. Under the Document 6209 2027 IDRS input table, transactions input on May 13, 2027, will have a 23C date of June 7, 2027.	Input TC 298 .00 with an interest computation date of June 7, 2027, and CRN 471 for \$5,000-. Use hold code 0. This adjustment will put the module into balance due for the remaining IRC 1062 liability plus failure to pay penalty and interest. The module will fall into the normal collection stream.

Example	Description of Adjustment Date	Input Action
Example 2: The 202612 IRC 1062 tax was \$10,000. The deferred amount is \$7,500, which is the maximum deferral amount for the second installment due date. The third and fourth installments of \$2,500 each were missed. In this example, the missing third and fourth installment payments were not processed with TC 767 CRN 471. The module needs adjustments for the third installment, fourth installment, and remaining deferral amount.	The adjustments are input on May 13, 2027. Under the Document 6209 2027 IDRS input table, transactions input on May 13, 2027, will have a 23C date of June 7, 2027.	Input TC 298 .00 with an interest computation date of April 15, 2029, and CRN 471 for \$2,500-. This will reduce the deferral amount to \$5,000, which is the maximum deferral amount for this installment due date. Input TC 298 .00 with an interest computation date of April 15, 2030, and CRN 471 for \$2,500-. This will reduce the deferral amount to \$2,500, which is the maximum deferral amount for this installment due date. Input TC 298 .00 with an interest computation date of June 1, 2026, and CRN 471 for \$2,500-. This will reduce the deferral amount to \$0, making the entire IRC 1062 liability, failure to pay penalty, and interest due immediately. The module will fall into the normal collection stream.

Example	Description of Adjustment Date	Input Action
Example 3: The 202612 IRC 1062 tax was \$10,000. The deferred amount is \$7,500, which is the maximum deferral amount for the second installment due date. The third and fourth installments of \$2,500 each were missed. In this example, the missing third and fourth installment payments were not processed with TC 767 CRN 471.	The adjustments are input on April 13, 2027. Under the Document 6209 2027 IDRS input table, transactions input on April 13, 2027, will have a 23C date of May 3, 2027. The due date for installment two, April 15, 2027, is before the 23C date for the transaction needed to reverse the entire deferral amount, May 3, 2027.	Input TC 298 .00 with an interest computation date of April 15, 2027, and CRN 471 for \$2,500-. This will reduce the deferral amount to \$7,500, which is the maximum deferral amount for this installment due date. Input TC 298 .00 with an interest computation date of April 15, 2028, and CRN 471 for \$2,500-. This will reduce the deferral amount to \$5,000, which is the maximum deferral amount for this installment due date. Input TC 298 .00 with an interest computation date of April 15, 2029, and CRN 471 for \$2,500-. This will reduce the deferral amount to \$2,500, which is the maximum deferral amount for this installment due date. Input TC 298 .00 with an interest computation date of May 3, 2027, and CRN 471 for \$2,500-. This will reduce the deferral amount to \$0, making the entire IRC 1062 liability, failure to pay penalty, and interest due immediately. The module will fall into the normal collection stream.

Note: When inputting transactions with a future interest computation date, input “I” in the Override-CD field on the ADJ54 input screen.

(9) TC 767 CRN 471 adjustments will unpost if:

- a. On a BMF module, the TC 767 CRN 471 exceeds any one unreversed TC 766 CRN 471 amount.
- b. On an IMF module, the total TC 76X CRN 471 net deferral amount plus the adjustment TC 767 CRN 471 amount is greater than the TC 971 AC 867 amount.

Example: The total deferred amount is \$603,775. The BMF module has the following TC 76X transactions posted:

- TC 766 CRN 471 dated April 15, 2028, for \$498,269-
- TC 766 CRN 471 dated April 15, 2028, for \$53,004-
- TC 766R CRN 471 dated April 15, 2028, for \$69,668-
- TC 767 CRN 471 dated April 15, 2029, for \$69,668
- TC 766 CRN 471 dated April 15, 2028, for \$52,502-

Note: To reverse the entire deferred amount of \$603,775, input three adjustments because three unreversed TC 766 CRN 471 transactions are posted on the module and equal the entire deferred amount.

- (10) Leave the IDRS history item "1062 Accel" and add a history entry on AMS.
- (11) Update the SharePoint case status to "Acceleration Pending".
- (12) Monitor the module for the deferral adjustments to post and reduce the deferral amount to \$0.
- (13) When the deferral amount is \$0, update the SharePoint case status to "Deferral Reversed".
- (14) Ensure the "Unpaid 1062" amount is updated on SharePoint.

5.19.28.8
(09-25-2026)
Correspondence

- (1) This section provides procedures for correspondence regarding transfer agreements and acceleration cases.
- (2) Retrieve correspondence received by email, voicemail, and e-Fax. Email the correspondence to the appropriate employee. Use Form 4442, Inquiry Referral, when appropriate.
- (3) Report time and volume for correspondence about transfer agreements and acceleration cases under OFP 810-61531.
- (4) Use the following resources when corresponding with taxpayers:
 - a. IRM 21.1.3.2.3, Required Taxpayer Authentication.
 - b. IRM 21.1.3.2.4, Additional Taxpayer Authentication.
 - c. IRM 21.1.3.3, Third Party (POA/TIA/F706) Authentication.

5.19.28.8.1
(09-25-2026)
Document Upload Tool (DUT)

- (1) The Document Upload Tool (DUT) is an application on IRS.gov that allows taxpayers to digitally upload requested or required documentation and transmit it to the IRS during or shortly after an interaction, such as a phone conversation or correspondence.
- (2) Provide taxpayers or their representatives with a unique, one-time-use access code and the corresponding link to www.irs.gov/sendmyreply to upload the required documents.

- (3) Tax examiners must complete a BEARS request before they access DUT. To generate the unique access code, tax examiners must sign in to DUT using the Documentation Upload Tool.
- (4) Use of DUT is voluntary for taxpayers but strongly recommended.
- (5) The DUT website reminds the taxpayer or power of attorney (POA) of the following requirements when using DUT:
 - a. The unique access code is valid for 70 days and for one use by the taxpayer.
 - b. The taxpayer may upload only scans, photos, or digital copies in JPG, PNG, or PDF format.
 - c. Each file may not exceed 15 MB.
 - d. The taxpayer may upload up to 40 files.
 - e. Each file has a 120-page limit.
 - f. The taxpayer must name each file before uploading it.
 - g. File names may not contain special characters.
 - h. The taxpayer or POA must upload all required documents before selecting the submit button.
 - i. The taxpayer or POA must contact the caseworker to request a new unique access code if they need to upload additional documents after selecting the submit button.

Note: For a detailed description of DUT capabilities and features, refer to the Document Upload Tool (DUT) Information Page for SB/SE Collection.

5.19.28.9
(09-25-2026)
Account Corrections

- (1) During review of an IRC 1062 liability account, it may be necessary to make corrections or adjustments to the account.
- (2) Use the following procedures for TC 76X adjustments:
 - Input an adjustment to the account if the net deferral, (total TC 76X amount) is incorrect. For example, the deferral amount may not be equal to or less than the maximum deferral amount for the most recent installment due date. Use the IRC 1062 Tool to help determine when an adjustment to TC 76X amounts are necessary.
 - Input a TC 766 CRN 471 if the net amount is less than the IRC 1062 balance.
 - Input a TC 767 CRN 471 if the net amount is greater than the IRC 1062 balance.

Note: Input of a TC 766 CRN 471 and a TC 767 CRN 471 is the same, except for the following:

- Input the TC 766 CRN 471 amount as a positive amount with no credit bar.
- Input the TC 767 CRN 471 amount as a negative amount with a credit bar.

Example: 100,000.00- will post as a TC 766 CRN 471 credit.

- TC 767 CRN 471 amount is input with a negative (- = credit bar).

Caution: 100,000.00- will post as a TC 767 CRN 471 debit.

Caution: If there are multiple unreversed TC 766 CRN 471 transactions on BMF accounts, a TC 767 CRN 471 cannot be greater than any one unreversed TC 766 CRN 471. It may be necessary to input multiple TC 767 CRN 471 transactions.

- Use TC 298 .00, the interest computation date, and the cross-reference TIN to adjust all TC 76X amounts on MFT 82 and MFT 83.
- Use TC 298 .00 and the interest computation date to adjust any TC 76X that does not carry the RDD.
- Use TC 290 .00 to adjust a TC 76X that carries the RDD on all MFTs other than MFT 82 and MFT 83.

Caution: If reversing a TC 766 with no CRN or an incorrect CRN 000, use CRN 767 instead of CRN 471 on the REQ54 input screen.

- (3) If the TC 971 AC 867 amount is in question, validate the amount using EUP. Review AMS history to determine whether there is a valid reason for the TC 971 AC 867 amount. The need to adjust the TC 971 AC 867 amount is rare.
- (4) If TC 971 AC 866 was input incorrectly or in error, reverse the transaction with TC 972 AC 866.

Note: When inputting TC 972 AC 866 to correct an incorrect TC 971 AC 866 and also inputting a corrected TC 971 AC 866, post delay the new TC 971 AC 866 by one cycle to prevent unposting.

- (5) If an IRC 1062 payment posted to a non-election tax period, input a credit transfer to move the payment to the election year.
 - a. Use bypass indicator 1 when attempting to post DPC 25 to a settled module, IDRS Master File status 12.
 - b. Credit transfers to MFT 82 and MFT 83 must meet the following requirements:

Transaction Side	Allowed Transactions
Credit side	TC 670, TC 680, TC 690, TC 700, TC 822, and secondary TC 360
Debit side	TC 671, TC 672, TC 681, TC 682, TC 691, TC 692, TC 702, TC 820, and secondary TC 280

Caution: If using the IAT Credit Transfer Tool to complete the transfer of a DPC 25 payment, manually add "25" to the "Reverse DPC" field on the debit side of the transfer. The DPC 25 must be input on both the credit and debit sides of the transfer to prevent unposting.

- (6) If the TC 298 assessment on MFT 82 or MFT 83 needs to be reversed, input the reversal with TC 299.
- (7) When an account has an unposted transaction, ensure the unpostable is resolved and the account is correct after the unpostable closes. Access the IAT UPTIN Histories Tool to advise the unpostable unit what actions to take or to

conduct additional research on the unpostable transaction. Match the DLNs from IDRS to the DLNs on the tool to ensure you are updating the correct unpostable transaction. Monitor the account to ensure the unpostable transaction is resolved.

- (8) For a list of common unpostable codes related to IRC 1062 modules, refer to Exhibit 5.19.28-4, Common IRC 1062 Related Unpostables.

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Exhibit 5.19.28-1 (09-25-2026)
IRC 1062 Terms

The following table defines commonly used IRC 1062 terms.

Term	Definition
Acceleration	Certain conditions may require the full deferred amount to become due before the end of the four-year installment period.
Acceleration event date	The date of the acceleration event shown in Part III on Form 1062-T, Transfer Agreement.
Deferred amount	The deferred amount is 75% of the IRC 1062 applicable net tax liability in the year of election. The percentage deferred is reduced each year. The deferred amount may also be referred to as a false credit.
Year of election	The year of election is the year for which the IRC 1062 election is made.
Transfer agreement	IRC 1062 liability can be transferred in whole to another person, trust, or corporation with Form 1062-T, Transfer Agreement. The transferor and transferee are only jointly and severally liable for the transferred liability if the transferor continues to exist after the triggering event.
Transferee	The transferee is the entity gaining the IRC 1062 liability on the transfer agreement.
Transferor	The transferor is the entity transferring the IRC 1062 liability.

Exhibit 5.19.28-2 (09-25-2026)**Acronyms**

The following table defines commonly used acronyms in this IRM section.

Acronym	Definition
AC	Action Code
ADJ	Adjustment
AMS	Account Management System
AMT	Amount
BMF	Business Master File
CC	Command Code
CCC	Computer Condition Code
CRN	Credit Reference Number
DPC	Designated Payment Code
EFTPS	Electronic Federal Tax Payment System
FTP	Failure to Pay
GII	Generalized IDRS Interface
HQ	Headquarters
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
IRRQ	Internal Request
MFT	Master File Tax
POA	Power of Attorney
PRC	Penalty Reason Code
RC	Reason Code
RPC	Return Processing Code
RTR	Remittance Transaction Research system
SB/SE	Small Business/Self-Employed
SERP	Servicewide Electronic Research Program
TC	Transaction Code
TE	Tax Examiner
TIN	Taxpayer Identification Number

Exhibit 5.19.28-2 (Cont. 1) (09-25-2026)**Acronyms**

Acronym	Definition
UPC	Unpostable Code

Exhibit 5.19.28-3 (09-25-2026)
OFP Program and Function Codes

OFP reporting for the IRC 1062 program is as follows:

OFP Code	Definition
810-61530	IRC 1062 possible acceleration accounts
810-61531	Acceleration cases; sending letters for acceleration of an account with missing or incomplete transfer agreement information; missing, late, or insufficient payments; determining reasonable cause; and reversing the deferral amount
810-61532	Transfer agreement correspondence and transcripts

Exhibit 5.19.28-4 (09-25-2026)**Common IRC 1062 Related Unpostables**

BMF unpostable codes are listed in Document 6209, Section 8B. The following table lists common IRC 1062 unpostable codes.

Unpostable Code and Reason Code	Description
155 0	The module contains restricted interest. To allow the adjustment to post, include TC 340 for \$0.00 with the regular adjustment and input the current date in the DB-INT-TO-DT field. TC 340 for \$0.00 must be included with every adjustment.
168 0	TC 766 CRN 337 on MFT 30 was input incorrectly.
189 2	No posted unreversed TC 971 AC 867 exists, or the total TC 76X CRN 471 amounts plus the amount of the input CRN 471 is greater than the total IRC 1062 amount posted on the unreversed TC 971 AC 867 miscellaneous field.
198 2	A credit is attempting to post to a settled module that will put the module into a credit balance. Correcting the deferral amount will typically allow the credit to post.
305 2	A credit is attempting to post to a settled module that will put the module into a credit balance. Correcting the deferral amount will typically allow the credit to post.
309 1	On MFT 82 and MFT 83, the input transaction attempts to establish a tax module. TC 971 AC 866 must post and create the module before any other transactions can post.
313 1	On MFT 82 and MFT 83, the transaction needs a cross-reference TIN or may have an incorrect reason code. This unpostable may also occur when DPC 25 is not on both the credit and debit sides of a DPC 25 credit transfer.
316 1	The TC 767 adjustment amount is greater than any unreversed TC 766 amount, or the deferral amount is greater than the TC 971 AC 867 amount.
328 7	If the module has an unreversed TC 766 CRN 337 with an active 57 hold, TC 570, use priority code 1 to prevent the adjustment from unposting.
333 2	Z freeze, Criminal Investigation.
350 4	The current 23C date is greater than the assessment statute expiration date, as extended.

Exhibit 5.19.28-5 (09-25-2026)
IRC Section 1062 Letters and Notices

This table contains IRC Section 1062 letters and notices

Letter/Notice	Title	Description
6699	Transferee Annual Reminder Notice	This is an annual payment reminder notice that is issued to transferees who have entered into a transfer agreement under IRC section 1062.
6700	Acknowledgment of Receipt of IRC Section 1062 Transfer Agreement	This letter acknowledges the IRS's receipt of a transfer agreement submitted by a taxpayer under Internal Revenue Code (IRC) Section 1062.
6701	Notice of Intent to Accelerate your IRC Section 1062 Payment Agreement	This is a letter for IMF/BMF taxpayers to inform them of the IRS' intent to accelerate the unpaid portion of all remaining IRC Section 1062 installments.
CP317	IMF IRC Section 1062 Notice And Demand	This is a notice and demand for taxpayers who elect to defer the payment of the applicable net tax on the gain on the sale or exchange of qualified farmland in four equal annual installments under IRC section 1062.
CP146 SP CP846	(BMF) IRC Section 1062 Notice And Demand	This is a notice and demand for taxpayers who elect to defer the payment of the net tax on the gain on the sale or exchange of qualified farmland in four equal annual installments under IRC section 1062.
CP317SP	(Spanish) IRC Section 1062 Notice And Demand	This is a notice and demand for taxpayers who elect to defer the payment of the net tax on the gain on the sale or exchange of qualified farmland in four equal annual installments under IRC section 1062.

Exhibit 5.19.28-5 (Cont. 1) (09-25-2026)**IRC Section 1062 Letters and Notices**

Letter/Notice	Title	Description
CP319	(IMF) IRC Section 1062 Annual Reminder Notice of Transfer Agreement Installment Plan	This is an annual reminder notice for taxpayers who elect to defer the payment of the net tax on the gain on the sale or exchange of qualified farmland in four equal annual installments under IRC section 1062.
CP149 SP CP849	(BMF) IRC Section 1062 Annual Reminder Notice of Transfer Agreement Installment Plan	This is an annual reminder notice for taxpayers who elect to defer the payment of the net tax on the gain on the sale or exchange of qualified farmland in four equal annual installments under IRC section 1062.
CP319SP	(Spanish) IRC Section 1062 Annual Reminder Notice of Transfer Agreement Installment Plan	This is an annual reminder notice for taxpayers who elect to defer the payment of the net tax on the gain on the sale or exchange of qualified farmland in four equal annual installments under IRC section 1062.

