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From:

Sent: Thursday, August 18, 2011 5:12:24 PM

To:

Cc:

Subject: Record of Assessment

You requested our views on your advice regarding the CSED in the above-referenced reparations erroneous refund case. Technical Services asked whether was the correct CSED for the \$ _____ erroneously refunded to the taxpayer. We advised that under the facts _____ could not be the CSED. The issue remained whether there is a CSED at all, i.e., whether there was a valid assessment of the \$ _____ refunded to the taxpayer in _____. The pertinent facts can be summarized as follows: In _____, the taxpayer filed an amended _____ return seeking a \$ _____ refund based on a claim for slavery reparations. In 2004, the Service examined the taxpayer's _____ returns and issued a notice of deficiency in the amount of \$ _____. The taxpayer did not file a petition with the Tax Court. The taxpayer's transcript shows a TC 300 with \$ _____ in August 2004. In the same cycle, there is TC 767 credit reversal for \$ _____ as of _____ (corresponding with the _____ credit that resulted in the erroneous refund).

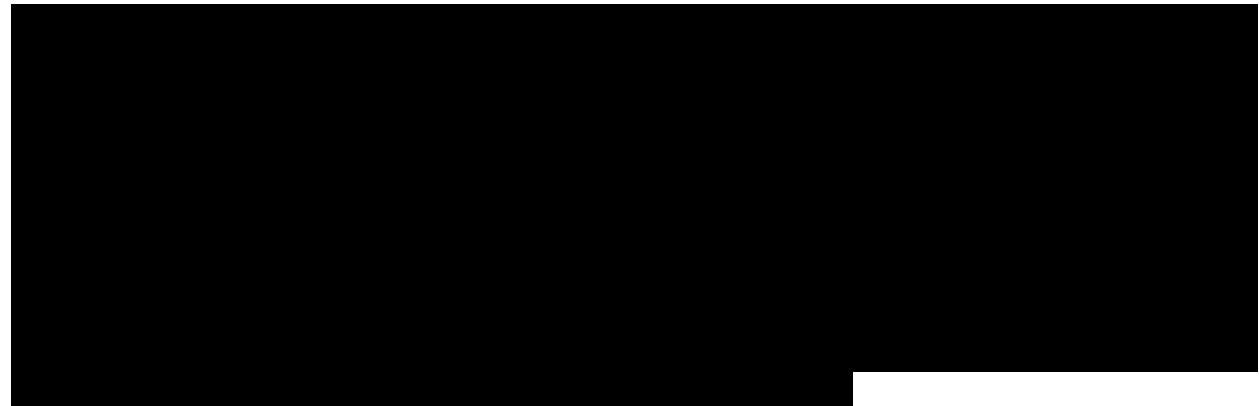
If there were no valid assessment of the erroneously refunded \$ _____, there would be no CSED as there would be no assessment to collect. You concluded that there was no assessment of the \$ _____, finding that the TC 300 with \$ _____ and the TC 767 with \$ _____ is "an indication that the Service did not make the assessment of additional tax in the amount of \$ _____ after the taxpayer defaulted her Notice of Deficiency." In discussing the case with you previously, we suggested that the opposite conclusion might be reached in light of the transaction codes—although there is a \$ _____ corresponding with the TC 300 assessment code, the TC 300 along with the reversal of \$ _____ in the same cycle is sufficient to demonstrate an assessment.

Clarifying our earlier comments, it is not a matter of whether an argument can be constructed that the two transaction codes amount to an assessment, but rather whether, given those transaction codes, an amount (\$ _____) was included in the summary record of assessment. Section 6203 provides that assessments "shall be made by recording the liability of the taxpayer in the office of the Secretary in accordance with rules or regulations prescribed by the Secretary." The Treasury Regulations further provide, in relevant part:

The assessment shall be made by an assessment officer signing the summary record of assessment. The summary record, through supporting records, shall provide identification of the taxpayer, the character of the liability assessed, the taxable period, if applicable, and the amount of the assessment. ... The date of the assessment is the date the summary record is signed by an assessment officer.

Assessments are made on assessment certificates/summary records of assessments Form 23C/RRACS Report 006 which aggregate all assessments for a particular assessment date as current assessments (generally TC 150s) or deficiency assessments (adjustments). Information on the assessments against particular taxpayers is found in supporting documentation. If the \$ credit reversal is reflected in the summary record of assessment/assessment certificate, there was an assessment. If, on the other hand, the summary record of assessment/assessment certificate pulls in only the TC 300 with its corresponding \$, nothing was assessed.

We contacted personnel in one of the service centers and also the Office of the Deputy Chief Financial Officer to determine what information gets rolled up into the summary record of assessment/assessment certificate. We have been advised that the assessment certificate would include in the deficiency assessment total the \$ credit reversal. The Form 5344 is used to input information, including the TC 300 assessment code showing \$ and the TC 767 credit reversal transaction code showing \$ into the Master File. In your case, the two transaction codes were in the same cycle, sharing the same DLN . The Master File would transmit the \$ to RRACS for posting to its database. RRACS in turn would include that dollar amount in the aggregate deficiency assessment on the summary record of assessment report for that assessment date.



If you have questions or comments, please contact me.