IRS

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Part 4. Examining Process

Chapter 4. AIMS Procedures and Processing Instructions

Section 9. Delinquent and Substitute for Return Processing

4.4.9 Delinquent and Substitute for Return Processing

Manual Transmittal

October 07, 2022

Purpose

(1) This transmits revised IRM 4.4.9, AIMS Procedures and Processing Instructions, Delinquent and Substitute for Return Processing.

Material Changes

(1) 4.4.9.1 Title was change to Program Scope and Objectives. Information was added to clarify the IRM Purpose, Audience, AIMS Policy, Owner, and AIMS Program Owner.

(2) Editorial changes have been made throughout this IRM. IRM references were reviewed and updated as necessary.

(3) 4.4.9.2.1(3) Updated IRM 4.4.21.2 to IRM 4.4.21.

(4) 4.4.9.2.3.2 Updated verbiage.

(5) 4.4.9.3 Will be made obsolete. The information can be found in IRM 4.20.1.3.2, Process Payment Received.

(6) 4.4.9.4 Re-numbered to IRM 4.4.9.3 and all subsections moving forward have been re-numbered due to this change.

(7) 4.4.9.4.2(2) Updated 4.4.23.3.2.1 to 4.4.23.8.5.

(8) 4.4.9.5.2(1) Updated link to CCP EFax numbers.

(9) 4.4.9.5.8(1) Updated Fax to EFax in first and second bullet.

(10) 4.4.9.5.8(2) Changed Fax to EFax and updated link to CCP EFax numbers.

(11) 4.4.9.5.11(2) Updated IRM 3.30.123.7.1.3 to IRM 3.30.123.7.1.4.

(12) 4.4.9.5.13(1) Added Exhibit 4.23.12-1, Delinquent Return Campus Mailing Addresses reference and updated table.

150 Present on Master File (MF)
- 4.4.9.2.3.2.1 Dummy Present on MF
- 4.4.9.2.3.3 TC 595
  - 4.4.9.2.3.3.1 Automatic TC 595
  - 4.4.9.2.3.3.2 Reversing TC 595
- 4.4.9.2.3.4 Credits on the Module
- 4.4.9.3 Establishing AIMS/ERCS Controls
  - 4.4.9.3.1 Form 5345, Examination Request
    - 4.4.9.3.1.1 Form 5345-B, Examination Request Non-ERCS Users
    - 4.4.9.3.1.2 Form 5345-D, Examination Request ERCS (Examination

(13) 4.4.9.5.13.1(4)(a) Updated IRM 3.12.38.21 to IRM 3.12.38.

(14) 4.4.9.5.14.2(1) Updated IRM 4.4.12.4.47 to IRM 4.4.12.5.46 and IRM 4.4.12.4.72 to IRM 4.4.12.5.69.

(15) 4.4.9.5.16(1) Added IRM reference 4.4.12.5.22, Item 13: Disposal Code.

(16) 4.4.9.6(1) Updated the IRM reference from IRM 4.4.9.6.3 to IRM 4.4.9.5.3

(17) 4.4.9.6.2.1(3)(c) Changed Fax to EFax and updated link CCP EFax numbers.

(18) 4.4.9.6.3(1) Updated the IRM reference from IRM 4.4.9.5.3.1 to IRM 4.4.9.4.3.1 and IRM 4.4.9.6.3.2 to IRM 4.4.9.5.3.2.

(19) 4.4.9.6.3.1.3(1)(a) Removed IRM 4.4.12.4.19.6.1 reference.

(20) 4.4.9.6.3.2.1(1) Updated the IRM reference from IRM 4.4.9.4.14.1 to IRM 4.4.9.5.14.1 .

(21) 4.4.9.6.3.2.1(2) Updated the IRM reference from IRM 4.4.9.7.6 to IRM 4.4.9.6.6.

(22) 4.4.9.6.3.2.2 Updated the IRM reference from IRM 4.4.9.7.3 to IRM 4.4.9.6.3.

(23) 4.4.9.7.1(1) Changed Fax to EFax and updated link to CCP EFax numbers.

(24) 4.4.9.7.3 Updated the IRM reference from IRM 4.4.9.5.11.1 to IRM 4.4.9.4.11.1.

(25) 4.4.9.7.3.3.1(3) Updated the IRM reference from 4.4.1 to IRM 4.4.12.5.5.2.

(26) 4.4.9.7.3.3.4(2) Updated the IRM reference from IRM 4.4.9.7.3.1 to IRM 4.4.9.6.3.1.

(27) 4.4.9.7.4 Updated the IRM reference from IRM 4.4.9.5.11.1 to IRM 4.4.9.4.11.1.

(28) 4.4.9.7.4.2(3) Updated the IRM reference from IRM 4.4.9.7.4.3.4 to IRM 4.4.9.6.4.3.4.

(29) 4.4.9.7.4.3(1) Updated the IRM reference from IRM 4.4.9.7.4.1 to IRM 4.4.9.6.4.1.

(30) 4.4.9.7.4.3.2(3) Updated the IRM reference from IRM 4.4.9.5 to IRM 4.4.9.4.

(31) 4.4.9.7.5.1.1(2) Updated Link with the new Knowledge Base Management site.

(32) 4.4.9.7.5.2.1(1) Updated Link with the new Knowledge Base Management site.

(33) 4.4.9.7.5.1.2(2) Updated the IRM reference from IRM 4.4.9.7.5.1 to IRM 4.4.9.6.5.1.

(34) 4.4.9.7.3.3.4(2) Updated the IRM reference from IRM 4.4.9.6.3.1 to IRM 4.4.9.7.3.1

Effect on Other Documents

This material supersedes IRM 4.4.9 dated August 23, 2012.

Audience

Large Business and International (LB&I), Small Business/Self-Employed (SB/SE), and Wage and Investment (W&I).

Effective Date

Return Control System) Users
- 4.4.9.3.2 AIMS Control When TP Does Not Have a Taxpayer Identification Number (TIN)
- 4.4.9.4 Delinquent Return Secured - No TC 150 Posted
  - 4.4.9.4.1 Name
    - 4.4.9.4.1.1 Incorrect Name
  - 4.4.9.4.2 Address
  - 4.4.9.4.3 SSN/EIN
  - 4.4.9.4.4 Forms and Schedules
  - 4.4.9.4.5 Signature
  - 4.4.9.4.6 Prior Year Return
  - 4.4.9.4.7 Date Received
  - 4.4.9.4.8 Research MF/Establishing Case on AIMS/ERCS
    - 4.4.9.4.8.1 Filing Requirement
  - 4.4.9.4.9 Copy the Return

(10-07-2022)

Related Resources

AIMS website at https://portal.ds.irsnet.gov/sites/vl091/lists/aims/landingview.aspx

RGS website at http://mysbse.web.irs.gov/exam/rgs/default.aspx

Electronic Publishing website at http://publish.no.irs.gov

Document 6209, IRS Processing Codes and Information http://publish.no.irs.gov/cat12.cgi?request=CAT1&catnum=61462

Document 6036, Examination Division Reporting Codes Booklet http://publish.no.irs.gov/cat12.cgi?request=CAT1&catnum=44826

Lori Roberts
Director, Technology Solutions
Small Business/Self-Employed

4.4.9.1 (10-07-2022)

Program Scope and Objectives

(1) Purpose: This section provides general processing instructions for Delinquent and Substitute for Return (SFR) Processing.
(2) Audience: The audience for this IRM section is Large Business and International (LB&I), Small Business /Self-Employed (SB/SE), and Wage and Investment (W&I).
(3) AIMS Policy Owner: The Director, SB/SE Technology Solutions, who is under the Director, Operations Support.
(4) AIMS Program Owner: Exam Systems and Projects, Customer Service.

4.4.9.2 (10-07-2022)

Research

(1) Prior to forwarding a secured delinquent return for the posting of the Transaction Code (TC) 150, or requesting an SFR, the examiner must conduct research to determine if a return has been filed. Use Form 6882, IDRS/Master File Information Request, or perform online research using command codes TXMODA, IMFOL/BMFOL/INOLE, and TRDBV.
(2) The examiner should also research for the filing of a return under an invalid Social Security Number (SSN). The invalid SSN is defined with an asterisk ("*") at the end of the SSN (NNN-NN-NNNN*).
(3) For Individual Master File (IMF) accounts, both the primary and secondary SSNs must be researched for prior filing and pending activity.
(4) The examiner should also research both primary and secondary invalid SSNs.

4.4.9.2.1 (10-07-2022)

Taxpayer (TP) Filed Return Before Contact From the Field

(1) There may be instances where the TP filed a delinquent return with the Campus after the SFR TC 150 has posted and before the case was assigned or opened by the group.

- 4.4.9.4.10 Original Return
- 4.4.9.4.11 Form 13133, Expedite Processing Cycle
  - 4.4.9.4.11.1 Penalties
- 4.4.9.4.12 Statute Issues
  - 4.4.9.4.12.1 RSED
  - 4.4.9.4.12.2 ASED
- 4.4.9.4.13 Sending the Returns to Submission Processing
  - 4.4.9.4.13.1 Monitoring for the Posting of the TC 150
- 4.4.9.4.14 Group Procedures After Delinquent Return TC 150 Has Posted
  - 4.4.9.4.14.1 No Change to Original Return
  - 4.4.9.4.14.2 Changes to Original Return

(2) If the return was processed by the Campus, then TC 97X will be posted. This reflects the receipt of the return and generates an "-A" freeze on the account.
Note: If the "-A" is on the account, it cannot be closed as a non-examined closure. The "-A" freeze has to be resolved.

(3) A TC 290 might also be posted to the account, which indicates the Campus has posted the return information and additional tax has been assessed. If the TP has **not** been contacted regarding an audit and the return has no audit potential, the case can be closed as a non-examined closure following the guidelines in IRM 4.4.2.1, Non-Examined Closures and Deleting Audit Information Management System (AIMS) Records. Use Disposal Code (DC) 32.

(4) If the TP has been contacted regarding the audit, then follow the procedures outlined in *IRM 4.4.9.5.3.2.1*.

4.4.9.2.2 (10-07-2022)

Closing Controls if TP has Filed as the Spouse on a Joint Return

(1) If the examiner discovers that the non-filer TP filed as the spouse on a joint return, the disposition of the case depends on the type of controls on the account.

- If the examiner has controls for the primary SSN on the filed return or will establish controls on the primary SSN, transfer the time applied on the Examination Returns Control System (ERCS) on the non-filer case to the primary SSN's case. Complete Form 10904, Request for Record Deletion from AIMS/ERCS, (DC 38) and forward the form to your Area AIMS/ERCS unit following local procedures.
- If the examiner does not have controls for the primary SSN on the filed return nor plans on establishing controls, complete Form 10904 (DC 38) and forward the form, along with the documentation (See the “Attachments” section of the Form 10904) needed to support the DC, to the Area AIMS/ERCS unit following local procedures. Do not modify the time on the case.

4.4.9.2.3 (10-07-2022)

Integrated Data Retrieval System (IDRS) Transcripts

(1) Review IDRS transcripts to determine if any of the following are present:

4.4.9.2.3.1 (05-08-2012)

Criminal Investigation (CI) Freeze

(1) If a CI freeze ("–Z") is present on the account, coordinate with CI to determine if Examination can work the case.

(2) If CI approves, use Push Code (PC) 049 (joint investigation) on the requisition. This will cause the TC 424 to bypass the CI unpostable. A TC 150 does not need to be on the module to use PC 049. If there is no TC 150, the account will remain a skeletal record for 26 months and then age off of AIMS.

- 4.4.9.4.15 Forward Case to Centralized Case Processing (CCP) or Technical Services if Unagreed.
- 4.4.9.4.16 Centralized Case Processing Closing Procedures (CCP)

- 4.4.9.5 SFR
  - 4.4.9.5.1 Statutes
    - 4.4.9.5.1.1 Refund Allowed
    - 4.4.9.5.1.2 Refund Barred
  - 4.4.9.5.2 Generating an SFR
    - 4.4.9.5.2.1 Research
    - 4.4.9.5.2.2 Generating the SFR Using Form 5345, Examination Request (All Versions)
  - 4.4.9.5.3 SFR Posted - Prepare Case for Closing
    - 4.4.9.5.3.1 No Return

4.4.9.2.3.2 (10-07-2022)

Transaction Code (TC) 150 Present on Master File (MF)

(1) If a SFR TC 150 is posted, do not send the delinquent return to the Campus or request an SFR.

(2) See *IRM 4.4.9.6* for instructions on processing the delinquent return after the SFR TC 150 has posted.

4.4.9.2.3.2.1 (05-08-2012)

Dummy Present on MF

(1) A TC 150 posting with no tax liability followed by a TC 240 posting for $500 (W–4 penalty) indicates the Campus has posted a dummy return. Any adjustments must be made as subsequent adjustments (e.g., TC 300).

4.4.9.2.3.3 (05-08-2012)

TC 595

(1) If research shows the TP is in Tax Delinquent Investigation (TDI) status (MF Status 02 shown in the Master File History Section of a TXMOD), prepare Form 3177, Notice of Action for Entry on Master File, and EFax to Centralize Case Processing (CCP) for the input of TC 595 with Closing Code (CC) 57 to close the Collection control. If the collection case is not closed, Examination and Collection may be working the case concurrently. *Extreme care should be taken when using this TC since it will prevent the issuance of TDI notices to the TP*.

4.4.9.2.3.3.1 (05-08-2012)

Automatic TC 595

(1) For all tax years in TDI Status 03, inputting a TC 424 with a PC of 020, 021, 036 or 037 will automatically generate a TC 595.

(2) See Document 6036, Examination Division Reporting Codes Booklet, or Document 6209, IRS Processing Codes and Information, for PC definitions.

4.4.9.2.3.3.2 (02-08-1999)

Reversing TC 595

(1) The TC 595 must be reversed by Examination if a determination is made to not pursue the examination. The posting of a TC 150 (not an SFR) also satisfies the TC 595 and a reversal is not necessary.

4.4.9.2.3.4 (05-08-2012)

Credits on the Module

(1) SFR - For both Business Master File (BMF) and IMF, the computer generated SFR will automatically freeze the prepayment credits.

- BMF - The posting of the SFR TC 150 will generate a TC 570, if there are credits on the module when the SFR posts.

Filed by TP
- 4.4.9.5.3.1.1 Prepare Case for Closing
- 4.4.9.5.3.1.2 Forward Case to CCP or Technical Services
- 4.4.9.5.3.1.3 CCP Closing Procedures
- 4.4.9.5.3.2 SFR Posted - TP Filed Return at Campus
- 4.4.9.5.3.2.1 Return Processed
- 4.4.9.5.3.2.2 Return Not Processed
- 4.4.9.6 Delinquent Return Received After SFR TC 150 Posted at MF
- 4.4.9.6.1 TC 971 Action Code (AC) 282
- 4.4.9.6.2 Statute Concerns
- 4.4.9.6.2.1 Establish

- IMF - The posting of the SFR TC 150 will generate a TC 570, if there are credits on the module or credits post to the module after the SFR posts.

(2) Secured Returns (No TC 150 Posted) - If payments are posted to the module and you want to prevent the credits from refunding when the TC 150 posts, enter the following codes on Form 13133, Expedite Processing Cycle:

- BMF - Enter an "X" in the box to the left of the CCC "X" .
- IMF - Enter an "X" in the box to the left of the CCC "3" .

4.4.9.3 (05-08-2012)

Establishing AIMS/ERCS Controls

(1) Before AIMS/ERCS controls can be established, research must be conducted to ensure no return has posted to the TP's account. See *IRM 4.4.9.2*.

(2) Most non-filer accounts are created at the Campus. For non-filer cases that are created in the field, establish the non-filer account on AIMS/ERCS as soon as it is known that an examination will take place or when examination time is first applied. For secured delinquent returns, establish AIMS/ERCS control as soon as a return is secured or time is first applied, whichever is earlier.

4.4.9.3.1 (05-08-2012)

Form 5345, Examination Request

(1) Non-ERCS users complete Form 5345-B, Examination Request for Non-ERCS Users.

(2) ERCS users complete Form 5345-D, Examination Request-ERCS (Examination Returns Control System) Users.

4.4.9.3.1.1 (05-08-2012)

Form 5345-B, Examination Request Non-ERCS Users

(1) Form 5345-B completion:

When completing Form 5345-B to establish a non-filer directly on AIMS, include the following entries:	
Use **1**	Denotes: No Return, Form 5546, Examination Return Charge-Out-Sheet and Labels requested
Use **3**	Denotes: No Return, No Form 5546, and No Labels Requested

(2) Required Push Codes (PC):

A PC must be used when establishing AIMS controls if no TC 150 is posted at MF. The PC holds the TC 424 at MF until a TC 150 posts.	
Use **020**	for secured delinquent returns
Use **021**	if no return is secured and an SFR is not desired at the present time

ASED at MF
- 4.4.9.6.2.2 Establish ASED on AIMS/ERCS
- 4.4.9.6.2.3 Expired RSED
- 4.4.9.6.2.4 Activity Code

A PC must be used when establishing AIMS controls if no TC 150 is posted at MF. The PC holds the TC 424 at MF until a TC 150 posts.	
Use **036**	to cause a computer generated SFR to post to Master File. If a CI freeze is present at Master File, the transaction will unpost **Note:** If input before close of business Thursday, the SFR TC 150 will post on Saturday (if the TC 424 does not unpost).
Use **037**	for potential Criminal Investigation Division (CID) Referral/Non-filer
Use **049**	for cases where there is a CI **-Z** freeze and **CI has approved establishing the SFR**

- 4.4.9.6.3 Delinquent Return Secured By Examination After SFR TC 150 Posted - Accepted as Filed Procedures
  - 4.4.9.6.3.1 Prepare Examination Report and Form 5344, Examination Closing Record
  - 4.4.9.6.3.2 Forward to Centralized Case Processing (CCP)
  - 4.4.9.6.3.3 Centralized Case Processing (CCP) - Closing Procedures
    - 4.4.9.6.3.3.1 Transcript

(3) Required Source Codes (SC):

SC	
Use 24	for non-filers not related to any other return. **Note: This source code should rarely be used**.
Use 25	for the primary return of non-filers built in Memphis
Use a related non-filer source code for returns related to returns already open. Source Codes can be found in Document 6036, Examination Division Reporting System Booklet, or https://portal.ds.irsnet.gov/sites/vl091/lists/ercs/codesandprocedures.aspx	

(4) Reason for Request:

Reason for Request must be entered and consistent with the PC used:	
PC 020	Write: **DELINQUENT RETURN SECURED BY EXAMINATION**
PC 021	Write: **NONFILER**
PC 036	Write: **EXAM/SFR**
PC 037	Write: **POTENTIAL CI / NONFILER**
PC 049	Write: **JOINT INVESTIGATION: CI APPROVED**

4.4.9.3.1.2 (05-08-2012)

Form 5345-D, Examination Request ERCS (Examination Return Control System) Users

(1) Form 5345-D completion:

When completing a Form 5345-D to establish a non-filer via ERCS, Include the following:	
Do you want the original return?	**N** for no, since there is no return to request.
Do you want Labels?	**Y** for yes or **N** for no.

(2) Required Push Codes (PC):

- 4.4.9.6.3.3.2 TC 150
- 4.4.9.6.3.3.3 Payments and Credits
- 4.4.9.6.3.3.4 Closing Case

- 4.4.9.6.4 Delinquent Return Secured by Examination After TC 150 SFR Posted, With Audit Potential - Process Partial Assessment Procedures
  - 4.4.9.6.4.1 Prepare Examination Report and Form 5344, Examination Closing Record
  - 4.4.9.6.4.2 EFax to Centralized Case Processing (CCP)
  - 4.4.9.6.4.3 Centralized Case Processing (CCP) Procedures
    - 4.4.9.6.4.3.1 Transcript

Provide the appropriate PC for each tax period listed. A PC must be used when establishing AIMS controls if there is no TC 150 posted at MF. The PC holds the TC 424 at MF until a TC 150 posts	
Use 020	for secured delinquent returns
Use 021	if no return is secured and an SFR is not desired at the present time
Use 036	to cause a computer generated SFR to post to MF. If a CI freeze is present at MF, the transaction will unpost **Note:** If input before close of business Thursday, the SFR TC 150 will post on Saturday (if the TC 424 does not unpost).
Use 037	for potential CID Referral/Non-filer.
Use 049	for cases where there is a CI **-Z** freeze and **CI has approved establishing the SFR**

(3) Required Source Codes (SC):

SC:	
Use 24	for non-filers not related to any other return. **Note:** This source code should rarely be used.
Use 25	for the primary return of non-filers built in Memphis.
Use a related non-filer source code for returns related to returns already open.	

(4) Reason for Request:

Reason for Request must be entered and consistent with the PC used. See IRM 4.4.9.4.1.1(1)(c), for additional resources related to Source Codes	
PC 020	Write: **DELINQUENT RETURN SECURED BY EXAMINATION**
PC 021	Write: **NONFILER**
PC 036	Write: **EXAM/SFR**.
PC 037	Write: **POTENTIAL CI / NONFILER**
PC 049	Write: **JOINT INVESTIGATION: CI APPROVED**

4.4.9.3.2 (10-07-2022)

AIMS Control When TP Does Not Have a Taxpayer Identification Number (TIN)

(1) For returns where the TP does not have a TIN, the group should request the TP submit Form SS-4, Application for Employer I.D. Number, for an Employer Identification Number (EIN) to the IRS, or Form SS-5, Application for a Social Security Number Card (Original, Replacement or Correction), for an SSN to the Social Security Administration (SSA). Request the TP furnish the IRS with the SSN assigned by SSA as soon as possible. If the TP is not eligible for an SSN but is eligible for an IRS Individual Taxpayer Identification Number (ITIN), the TP should submit Form W-7, Application for IRS Individual Taxpayer Identification Number (ITIN), with the IRS.

- 4.4.9.6.4.3(2) TC 150
- 4.4.9.6.4.3.3 Payments and Credits
- 4.4.9.6.4.3(3) Make Assessment

(2) In the interim, the group should request a "dummy" TIN (via Command Code AMTIN7) from the local AIMS/ERCS unit. Establish Non-Master File (NMF) AIMS control using Form 5354, Examination Request Non-Master File. See IRM 4.4.23.8.5, Non-Masterfile (NMF) Processing, for additional information. The NMF control is to provide AIMS/ERCS controls until a TIN is secured. After the TIN is secured, close the NMF control with DC 28.

(3) If the TP will not request their own EIN, contact the Campus entity control section to obtain the assignment of a permanent EIN.

(4) A computer generated SFR cannot be done on a temporary or invalid TIN.

Note: IRS ITINs are considered valid TINs.

- 4.4.9.6.5 Delinquent Return Secured by Examination After SFR TC 150 , With Audit Potential - Final Closing Package (Partial Assessment Processed)
  - 4.4.9.6.5.1 No Additional Adjustments Required/Prepare RAR (Revenue Agent Report) and Form 5344, Examination Closing Record
    - 4.4.9.6.5.1.1 Forward to Centralized Case Processing (CCP)
    - 4.4.9.6.5.1.2 Centralized Case

(5) The case cannot be forwarded to Centralized Case Processing (CCP) for closing unless a permanent TIN has been secured.

4.4.9.4 (05-08-2012)

Delinquent Return Secured - No TC 150 Posted

(1) Upon receipt of a delinquent return, ensure the following items are completed:

4.4.9.4.1 (10-07-2022)

Name

(1) The TP's name must be typed or printed legibly, with no strikethroughs. The name used with a recently acquired EIN must match the TP's Form SS-4.

4.4.9.4.1.1 (02-01-2006)

Incorrect Name

(1) If the name is not correct, prepare or secure a corrected return and solicit the TP’s signature on the corrected delinquent return. Mark an "X" across the face of the incorrect return. Write the word "Invalidated" , sign, and date below the notations. Keep the invalidated return in the case file.

4.4.9.4.2 (10-07-2022)

Address

(1) Verify with the TP the address shown on the return is the TP's current address. If not, cross out the address on the return and enter the TP's current address. Compare the address on the return with the address on ENMOD or INOLES. The posting of the return will update the address on MF, but will delay the posting of the TC 150 by one cycle. If the address is different and you do not want a one cycle delay, prepare a Form 2363, Master File Entity Change, reflecting the address change and EFax it to CCP. EFax numbers for CCP can be found in the contact listing posted to the Knowledge Base at: https://portal.ds.irsnet.gov/sites/vl051/Lists/ExamCentralizedCaseProcessingCCP/DispItemFor

4.4.9.4.3 (10-07-2022)

SSN/EIN

Processing Procedures (CCP)

(1) Verify the TIN shown on the return is correct by researching MF. If the TP does not have a TIN, see *IRM 4.4.9.3.2*.

4.4.9.4.4 (05-08-2012)

Forms and Schedules

- 4.4.9.6.5.2 Additional Adjustments Required/Prepare RAR and Form 5344, Examination Closing Record

(1) Verify all required forms and schedules are present and the computations are correct.

4.4.9.4.5 (02-08-1999)

Signature

(1) Verify the presence of the TP's original signature and the date the return was signed.

4.4.9.4.6 (05-08-2012)

Prior Year Return

- 4.4.9.6.5.2.1 Forward to Centralized Case Processing (CCP) or Technical Services if Unagreed

(1) To call attention to a prior year return, enter the tax period in "YYYYMM" format in bold numbers above the tax period printed on the form. If the appropriate tax year form was not used, Submission Processing will accept a current year form.

4.4.9.4.7 (02-08-1999)

Date Received

- 4.4.9.6.5.2.2 Centralized Case Processing Procedures (CCP)

(1) Date stamp the delinquent return when it is received. If a date stamp is not available, annotate on the return in the upper left side margin, "Received" , the date received, and the examiner's name and title.

4.4.9.4.8 (10-07-2022)

Research MF/Establishing Case on AIMS/ERCS

(1) BMF - Check ENMOD or INOLES.

- Does the entity already exist? If it does **not**, complete a Form 2363 and EFax to CCP. To create a tax module, enter an "X" in box to the right of the Trans Code 000 and enter the earliest tax year that is being worked.
- EFax the request to CCP.
  Note: If input successfully, the tax module will establish the Monday after the 2nd weekend from the input date.
- **Do not send** the return to Submission Processing until the tax module is created.
- ERCS controls can be requested even though a tax module does not exist.
- AIMS controls cannot be requested until the tax module is created.

(2) IMF - Check ENMOD, INOLES, or IMFOL and TRDBV.
Note: Also search for invalid SSNs. See *IRM 4.4.9.2 (2)* for explanation of invalid SSNs.

- An account does not have to exist for an IMF return to post.
- The posting of an IMF TC 150 will create the module.

- ERCS controls can be requested even though an account does not exist.
- AIMS controls cannot be requested until the account is created either by the posting of the return, or submission of Form 2363
- To create an account using Form 2363, enter an **X** in the box to the right of the Trans Code 000 and enter the earliest tax year that is being worked. EFax the form to CCP:https://portal.ds.irsnet.gov/sites/vl051/Lists/ExamCentralizedCaseProcessingCCP/Disp
  Note: If input successfully, the account will establish the Monday after the 2nd weekend from the input date.

  If an account is being created, **do not send** the return to Submission Processing until the account is created.

4.4.9.4.8.1 (05-08-2012)

Filing Requirement

(1) BMF: Displayed as "Filing Requirements" on ENMOD and INOLES.

- For income tax returns, check to see if there is a filing requirement for an income tax return. If there is a filing requirement, ensure it is consistent with the secured return.
  Example: If the filing requirement is for a Form 1065, U.S. Return of Partnership Income, or Form 1120S, U.S. Income Tax Return for an S Corporation, and a Form 1120, U.S. Corporation Income Tax Return, is secured, a Form 2363 must be completed (check Item 016, Change misc. codes), enter the appropriate filing requirement code and EFax to CCP. See Document 6209, IRS Processing Codes and Information, for a list of filing requirement codes.
- If no filing requirement is present, it is not necessary to create one unless you are attempting to post a Form 1120S. Entity must show an 1120S election was filed or the TC 150 will unpost (Unpostable Code (UPC) 310 with Reason Code (RC) 4). For all other returns, the posting of the return will create the filing requirement.
- For non-income tax returns, a filing requirement is not necessary. The posting of the return will create a filing requirement.
  Note: This does not apply to Form 990, Return of Organization Exempt From Income Tax.

(2) IMF: Displayed as MAIL-FR>XX on ENMOD; Displayed as MFR XX on INOLES.

- A filing requirement is not necessary. The posting of the return will create a filing requirement.

4.4.9.4.9 (05-08-2012)

Copy the Return

(1) Make a copy of the delinquent return to maintain in the case file. On the copy, write in red on the top margin "COPY OF RETURN" . The original return will be filed under the TC 150 Document Locator Number (DLN). The examination should be conducted using

"Electronic Print Procedures" . The original return will remain filed under the TC 150 DLN and will be identified as the controlling DLN even after the examination case is closed.

4.4.9.4.10 (05-08-2012)

Original Return

(1) Write in red on top margin of the original return, "DELINQUENT RETURN SECURED BY EXAMINATION" . The original return WILL NOT be returned to the group but will be filed under the TC 150 DLN and will be identified as the controlling DLN even after the examination case is closed.

4.4.9.4.11 (10-07-2022)

Form 13133, Expedite Processing Cycle

(1) Attach a completed Form 13133, Expedite Processing Cycle, to the front of **EACH** return, paying special attention to the following:

- Check box for "DELINQUENT RETURN." It is essential that a separate Form 13133 be prepared for each tax period. If there are multiple tax periods for the same TP, indicate on the first Form 13133, BLOCK TOGETHER—Related tax periods/do not separate.
- Contact name - This can be the examiner's information or the group secretary.

(2) Per IRM 3.30.123.7.1.4, Processing Forms on an **Expedite** Cycle, any return with a Form 13133 attached is given a 6 day expedite cycle.

4.4.9.4.11.1 (10-07-2022)

Penalties

(1) If penalties are to be assessed, make **NO** notations in the penalty area of the Form 13133. Failure To Pay (FTP), Failure To Deposit (FTD), Failure To File (FTF), and Estimated Tax Penalty (ESP), are all automatically computer generated and assessed if applicable.
Note: Certain penalties such as the Fraudulent Failure To File (FFTF) penalty, cannot be assessed during the initial processing of the return. This penalty must be put on an RAR.. , The Form 5344, Examination Closing Record, must be prepared and assessed as a partial or during the final closing of the examination. See IRM 25.1.7.7.1, Assessment Procedure for the Fraudulent Failure to File (FFTF) Penalty. If an "R" is entered on the Form 13133, the previously assessed FTF will not need to be abated before assessing the FFTF. Also see IRM 20.1.2.3.7.5, Fraudulent Failure to File - IRC 6651(f).

(2) If penalties are **NOT** to be assessed during the initial processing of the TC 150, notate this on the Form 13133 by putting an "X" in the box to the left of the applicable Computer Condition Codes/Return Processing Code.

IMF CCC	Definition
M	Do NOT assess Failure to Pay Penalty
P	Do NOT assess Estimated Tax Penalty
R	Do NOT assess Failure to File Penalty

BMF CCC	Definition
D	Do Not assess Failure to Pay Penalty
J	Do Not Assess Failure to Deposit Penalty (Forms 720, 940, 941, 943, 945, and 1042)
R	Do Not assess Failure to File Penalty
8	Do Not assess Estimated Tax Penalty

4.4.9.4.12 (05-08-2012)

Statute Issues

(1) Secured delinquent returns may have Refund Statute Expiration Date (RSED) and Assessment Statute Expiration Date (ASED) issues.

4.4.9.4.12.1 (05-08-2012)

RSED

(1) If the IRS received date is later than the RSED but the postmark is on or prior to the RSED, **DO NOT** enter a computer condition code (CCC) on Form 13133. By NOT entering a CCC, the Campus will forward the delinquent return to the statute unit. The statute unit will code the return to allow a refund to be released if it is a refund return. The refund will not be released if this process is not followed.

4.4.9.4.12.2 (05-08-2012)

ASED

(1) If the normal ASED would have expired or is within 3 months of expiring had the return been timely filed, a code must be entered on Form 13133. This is necessary for the return to bypass the statute unit. Since Examination has verified the ASED, it is not necessary to send the return to the statute unit. On the Form 13133 place an "X" in the box to the left of the:

a. 2. "K" for IMF
b. 3. "W" for BMF

4.4.9.4.13 (10-07-2022)

Sending the Returns to Submission Processing

(1) After all the steps above are completed, the delinquent return, Form 13133 and Form 3210, Document Transmittal, must be mailed to Submission Processing at the appropriate Campus using the table below (See IRM 4.23.12-1, Delinquent Return Campus Mailing Addresses):

Delinquent Return Campus Mailing Addresses

IF Return is Filed in:	THEN Mail to:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, or Wyoming	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, or Wisconsin	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0005

4.4.9.4.13.1 (10-07-2022)

Monitoring for the Posting of the TC 150

(1) The group will monitor for the posting of the TC 150. The ERCS Overage Requisitions Report may be helpful in monitoring for the posting.
(2) When the TC 150 posts, AIMS and ERCS will become full records.
(3) If AIMS and ERCS do not become full records within 6 weeks, the steps outlined below must be followed.
(4) Review CC TXMOD

a. 5. If pending (PN) TC 150, wait 1-2 weeks for TC 150 to post.
b. 6. If rejected (RJ) TC 150, the return may not post for some time. For BMF, refer to IRM 3.12.38, Error Resolution - BMF General Instructions, if the ERS-STS-CD is present. For IMF, refer to IRM 3.12.37, Error Resolution - IMF General Instructions.

(7) Research CC UPTIN to see if TC 150 unposted.

a. 8. UPC and reason code identifies the reason why the transaction went unpostable. Refer to Document 6209, Section 8.
b. 9. Status Code (SC) identifies the status of the unpostable.

Status Code:	Definition:
A	Opened/Assigned
B	Special Closure
C	Suspense

c. 10. Contact the local AIMS/ERCS analyst who will in turn contact the person working the unpostable to offer assistance in resolving the unpostable.

(11) Research prior and subsequent tax periods to see if return posted to the wrong tax period. If so, contact CCP and request that reprocessing procedures be initiated.

(12) If after 8 weeks there is no record of a posted TC 150, pending TC 150, rejected TC 150 or unposted TC 150, resubmit the return to submission processing. Notate on the copy of the return "Original return was lost, process as original" .

4.4.9.4.14 (05-08-2012)

Group Procedures After Delinquent Return TC 150 Has Posted

(1) Follow normal examination procedures paying special attention to the following:

- Use the amounts from the delinquent return as the starting figures on the examination report.
- Notate in red at the top of the return copy "Copy of Return" and include in case file.
- In Report Generation Software (RGS), click the radio button identifying the return as an "Electronic Print" to ensure proper blocking series on the Form 5344.

4.4.9.4.14.1 (10-07-2022)

No Change to Original Return

(1) If no changes are warranted, close case as a no-change case and include the following entries on the Form 5344:

- Item 13: DC - 01.
- Item 37: Delinquent Return, Delinquent Return - This entry should reflect a "T" for the first return secured, an "R" for the subsequent returns secured. See IRM 4.4.12.5.46, Item 37: Delinquent Return, for additional information.
- Item 414: Delinquent Return Amount - This entry should reflect the refund or balance due shown on the return. See IRM 4.4.12.5.69, Item 414: Delinquent Return Amount, for additional information.

(2) Prepare a "no change" examination report.

4.4.9.4.14.2 (10-07-2022)

Changes to Original Return

(1) If changes are warranted, follow normal closing procedures for changed cases but include the following entries on the Form 5344:

- Item 12, TC 160 - The delinquency penalty must be addressed on late filed returns. Enter the applicable delinquency penalty or a zero if the delinquency penalty will not be asserted.
- Item 13, DC - Use the applicable DC of the examination: agreed, unagreed, etc.
- Item 37, Delinquent Return - This entry should reflect a "T" for the first return secured, an "R" for the subsequent returns secured. See IRM 4.4.12.5.46, Item 37: Delinquent Return, for additional information.

- Item 414, Delinquent Return Amount - This entry should reflect the refund or balance due shown on the return. See IRM 4.4.12.5.69, Item 414: Delinquent Return Amount, for additional information.

4.4.9.4.15 (05-08-2012)

Forward Case to Centralized Case Processing (CCP) or Technical Services if Unagreed.

(1) For agreed cases: send case to CCP with a Form 3198, Special Handling Notice for Examination Case Processing, with the following notated in the comments section: "Secured Delinquent Return, Accepted as Filed - DC 01" or "Secured Delinquent Return, additional adjustments" .

(2) For unagreed cases: follow normal unagreed procedures and forward case to technical services.

4.4.9.4.16 (10-07-2022)

Centralized Case Processing Closing Procedures (CCP)

(1) Follow normal closing procedures for changed or no-change with adjustments cases. Pay special attention to the following:

- For changed cases, ensure the examination report started with the amounts from the original return.
- For no-changed cases, ensure DC 01 is entered in Item 13: Disposal Code; See IRM 4.4.12.5.22.
- For all cases, ensure Item 37: Delinquent Return and Item 414: Delinquent Return Amount are present.

4.4.9.5 (05-08-2012)

SFR

(1) SFR procedures are applicable when the return due date and extended due date has passed and all efforts have been exhausted to secure a return from a TP. An SFR **will not** be generated if there is a CI freeze on the account.

- If an SFR has not posted, see *IRM 4.4.9.5.2*.
- If an SFR has already posted to MF, see *IRM 4.4.9.5.3*.

4.4.9.5.1 (05-08-2012)

Statutes

(1) The posting of the SFR does not set the ASED, RSED, or Collection Statute Expiration Date (CSED) MF date.

(2) The statute date on the opening record sent from MF to AIMS will reflect the ASED as if the return was timely filed.

(3) AIMS will populate the ASED with the ASED received from MF but an "EE" will be substituted in the "DD" portion of the ASED.

4.4.9.5.1.1 (05-08-2012)

Refund Allowed

(1) If the date the TC 30X posts to MF, is greater than 3 years from the SFR TC 150 date, the refund will be automatically frozen and a D Freeze generated. The group must determine whether the refund should be released and if so, the group should enter in the comments section of the Form 3198: "Refund should be released - Enter a TC 290 for $0.00 with a Priority Code 4 and cycle the TC 290 so it posts after the TC 30X" .

4.4.9.5.1.2 (02-01-2006)

Refund Barred

(1) If an SFR posted and the RSED has expired and the TC 30X will result in a refund, the credits must be moved to the Excess Collection File. The group must enter the following in the comments section of Form 3198, Move Credits to Excess Collection File.

4.4.9.5.2 (05-08-2012)

Generating an SFR

(1) If no TC 150 is posted on the module, a SFR can be computer generated for all Master File Tax (MFT) codes that are valid on AIMS (01-07, 09-12, 14, 16, 30, 33, 40, 51, 52, 58, 60, 63, 64, 77 or 78) by using a PC 036 on ERCS, or inputting a TC 424 with a PC 036 for non-ERCS users.
Note: If manual SFR process must be followed because the MFT is not set up for automatic SFR (MFT 08), send paper SFR to:
1973 N. Rulon White Blvd.
MS 1125
Ogden, UT 84404

(2) Before a TC 424 with a PC 036 is input, several steps must be taken to ensure the successful generation of the SFR.

4.4.9.5.2.1 (10-07-2022)

Research

(1) Check MF to ensure no TC 150 is posted. An SFR cannot be requested if a TC 150 is posted.
(2) Check MF for CI controls. An SFR cannot be requested if CI controls are present.
(3) BMF - Check ENMOD or INOLES.

a. 4. Does the entity already exist? If it does **not**, complete Form 2363. To create an account, enter an "X" in box to the right of the Trans Code 000 and EFax to CCP.
Note: If input successfully, the account will establish the Monday after the 2nd weekend from the input date.

b. 5. If the name at MF is not correct, prepare Form 2363. To initiate a CC BNCHG, enter an "X" in the box to the right of the T C 013 to change the name and EFax to CCP.

c. 6. If any other items on the entity need to be added/corrected, prepare Form 2363 and EFax to CCP:https://portal.ds.irsnet.gov/sites/vl051/Lists/ExamCentralizedCaseProcessingCCP/DispIte

d. 7. Master File does not have to contain a filing requirement, but if one exists, ensure that it is consistent with the return being submitted. If the filing requirement is for a Form 1065, the filing requirement must be changed before a Form 1120 is submitted. If the filing requirement is for a Form 1120, the filing requirement must be changed before a Form 1120S is submitted. The election to be treated as a sub-chapter S also must be on file before an 1120S is submitted.

(8) IMF - Check ENMOD, IMFOLE, or INOLES.

a. 9. Does the entity already exist? If it does **not**, complete Form 2363 and EFax to CCP. To create an account, enter an "X" in box to the right of the T C 000.
Note: If input successfully, the account will establish the Monday after the 2nd weekend from the input date.

b. 10. Name line year - It is no longer necessary to ensure the name line year covers the SFR tax period. MF will update the name line year systemically when the SFR TC 150 posts.

c. 11. Filing status - It is no longer necessary to change the filing status. MF will update the filing status from joint to married filing separate or from head of household to single when the SFR TC 150 posts. If the update would not result in the correct filing status, prepare Form 2363 and enter the correct filing status in the FSC box.

d. 12. Is the name control correct? If the name control at MF is incorrect, Form 2363 must be prepared and EFaxed to CCP for input.

(13) Posting of an SFR TC 150 for any MFT will not set the filing requirement for future periods.

4.4.9.5.2.2 (05-08-2012)

Generating the SFR Using Form 5345, Examination Request (All Versions)

(1) Generate the SFR as follows:

- **For ERCS users:**
  Enter the month and year with "EE" in the statute field as if the return was timely filed. (Example: The ASED for a non-filed 200912 Form 1040 return would be entered as 04/EE/2013).
  Note: Only the "EE" portion of the ASED will appear on the AIMS skeletal record. Use PC 036 on the requisition screen. If the case is already on AIMS, wait until the Opening Creation Date on AIMS is more than 30 days from current date, then update the PC on ERCS to 036. Both of these processes will send a CC AM424 with a PC 036 to AIMS.

  Enter only one name - SFRs cannot be created for joint filers. Each TP must be created separately.
  Do not answer "yes" to the question "Original Return Requested" . If an SFR is requested, there is no return to request and AIMS will reject the request. If the return was inadvertently requested, select "Request Tax Return" , then "Resubmit Request" . This will change the record type back to REQUEST. Immediately select "Correct or Display Records" , then "Correct a Single Tax Return" .

Enter the return information, change the *Rtn Requested* indicator to "N" . This option only works if the record type is REQUEST.

- **For non-ERCS users:**
  Input CC AM424 with a PC 036 using "EE" in alpha code field when requisitioning the return on AIMS. If case is already on AIMS, wait until the Opening Creation Date on AIMS is more than 30 days from current date, then input another AM424 using the same Primary Business Code (PBC), Secondary Business Code (SBC), Employee Group Code (EGC), and SC.

(2) The request will go through validity checks before it is completed. If a TC 150 has posted, a reject message "TC 150 Present" will appear.

(3) If the input passes AIMS checks, AIMS will send the TC 424 to MF and additional validations will be performed.

a. 4. IMF/BMF - If a TC 150 has posted, MF will unpost the TC 424 with a UPC 173 RC 4 for IMF and UPC 314 RC 2 for BMF.

b. 5. BMF - Unpost a TC 424 PC 036 (UPC 314-1) for MFTs other than 01, 02, 03, 04, 05, 06, 07, 10, 11, 12, 16, 33, 51, 52, 58, 60, 63, 64, 77, and 78.

(6) There will be no Return Transaction File (RTF) data on computer generated SFRs.

(7) AM424 with PC 036 will generate a TC 595 for IDRS SC 03.

(8) If the input passes the AIMS and MF checks, TC 424s with PC 036 input before COB on Thursday, will generate a TC 150 over the weekend. For IMF, there will be a TC 150 with a DLN of XX210-888-000-XX-X. For BMF the DLN will be XX-999-999-999-X-XX. A full record will be created on AIMS on Thursday, and a full record on ERCS on the following Monday.

4.4.9.5.3 (10-07-2022)

SFR Posted - Prepare Case for Closing

(1) Before proceeding, by researching IDRS, determine if the TP has filed a return.

IF	THEN
the TP has NOT filed a tax return with a Campus,	see *IRM 4.4.9.5.3.1*.
the TP HAS filed a tax return with a Campus,	see *IRM 4.4.9.5.3.2*.

4.4.9.5.3.1 (05-08-2012)

No Return Filed by TP

(1) If the TP has not filed a tax return with the Campus, follow the procedures below:

4.4.9.5.3.1.1 (10-07-2022)

Prepare Case for Closing

(1) Close the case using normal procedures for agreed or unagreed closures paying special attention to the following:

a. 2. The starting figures on the examination report must be zero.

b. 3. In RGS, click the radio button identifying the return as an original return.

c. 4. The filing status on the examination report cannot be married filing jointly. If the TP is electing married filing jointly, see IRM 4.4.6, Conversion of Returns and IRM 4.10.8, Examination of Returns - Report Writing.

d. 5. Form 5344 - Write: "SFR/Original Return" , in the top margin. This will alert files there is no original return in the case file although the blocking series used to close the case indicates there is an original return.
Item 12 - TC 160 - The delinquency penalty must be addressed on late filed returns. Enter the applicable delinquency penalty or a zero if the delinquency penalty will not be asserted.
Item 13 - Use the applicable DC.
Item 34 and Item 414 - **DO NOT** complete. Not applicable for SFR cases.

(6) All SFRs having tax adjustments that follow deficiency procedures with the failure to pay (FTP) penalty applied under IRC 6651(g) must have a Form 13496, IRC Section 6020(b) Certification, completed. See IRM 20.1.2, Penalty Handbook - Failure to File/Failure to Pay Penalties, for more information.
Note: Excise and employment are exempt from this requirement.

(7) Include a transcript in the case file showing a posted SFR TC 150.

4.4.9.5.3.1.2 (05-08-2012)

Forward Case to CCP or Technical Services

(1) Send agreed case to CCP with a Form 3198 notated in the comments section "SFR Case" .

(2) Since only the filing of a tax return starts the ASED, do not update the statute date. It should remain as "EE" .

(3) If the case is unagreed, send it to Technical Services following normal unagreed case procedures.

4.4.9.5.3.1.3 (10-07-2022)

CCP Closing Procedures

(1) Use normal closing procedures with the following entries on Form 5344:

a. 2. Item 9 - Complete this block **only** for IMF returns. Enter Priority Code 9. This code instructs MF to compute the FTP penalty from the return due date, eliminating the need to use TC 270 which restricts MF from generating future FTP penalty accruals.
Reminder: On BMF returns, Priority Code 9 is systemically generated on the first TC 30X input to a module with an SFR; therefore, **no entry is required.**

b. 3. Item 38-40 - Ensure an original return blocking series (00X) is in position 38-40 on the Form 5344.

4.4.9.5.3.2 (05-08-2012)

SFR Posted - TP Filed Return at Campus

(1) If the TP filed a return with the Campus after Examination posts a SFR TC 150 SFR, the Campus will input a TC 976/977 which will generate an AIMS weekly update to alert the controlling office that a return was received.
(2) Closing the case depends on whether the Campus processes the return or the return is forwarded to the controlling office.

4.4.9.5.3.2.1 (10-07-2022)

Return Processed

(1) If Examination accepts the figures on the processed return, see *IRM 4.4.9.4.14.1* for closing procedures.
(2) If Examination does not accept the figures on the processed return, treat the processed return as a partial assessment and see *IRM 4.4.9.6.5* for closing procedures.

4.4.9.5.3.2.2 (10-07-2022)

Return Not Processed

(1) Examination must secure a copy of the return. See *IRM 4.4.9.6.3* for processing instructions.

4.4.9.6 (10-07-2022)

Delinquent Return Received After SFR TC 150 Posted at MF

(1) If a return is received after an SFR TC 150 has posted, the amounts on the secured return must be incorporated into an examination report and assessed as a TC 300. Do not forward the delinquent return to Submission Processing or CCP for posting of a TC 150.
(2) Request the input of a TC 971 AC 282 using the return received date in the Trans Date field. This updates MF to show that Examination secured a delinquent return.

4.4.9.6.1 (10-07-2022)

TC 971 Action Code (AC) 282

(1) This step must be done by the group as soon as a return is secured. The examiner must prepare Form 3177. Enter an "X" in the box on the bottom of the form marked "Other" . Enter "TC 971 AC 282 Return Received Date MM/DD/YYYY" . EFax the Form 3177 to your CCP office. The EFax number can be found on the CCP site: https://portal.ds.irsnet.gov/sites/vl051/Lists/ExamCentralizedCaseProcessingCCP/DispItemFor Posting of a TC 971 AC 282 at MF does the following:

   a. 2. For IMF and BMF, updates MF to show that Examination secured a delinquent return.
   b. 3. For IMF, causes MF to set the ASED based on the IRS received date.

4.4.9.6.2 (02-01-2006)

Statute Concerns

(1) The correct ASED and RSED must be determined.

4.4.9.6.2.1 (05-08-2012)

Establish ASED at MF

(1) The input of a TC 971 Action Code (AC) 282 using the return received date in the Trans Date field, establishes the ASED at MF for IMF cases. The duplicate return freeze on MF is not set and an AIMS weekly update is not generated.

4.4.9.6.2.2 (02-01-2006)

Establish ASED on AIMS/ERCS

(1) Prepare/input Form 5348, AIMS/ERCS Update (Examination Update), to request the statute date be updated on AIMS and ERCS. Managerial approval is required for statute updates.

4.4.9.6.2.3 (05-08-2012)

Expired RSED

(1) This procedure relates to the processing of a delinquent return if an SFR TC 150 posted.
(2) When processing any delinquent return where the examiner has determined that a refund is due the TP, ensure the RSED has not expired. If the RSED has expired, the refund cannot be issued to the TP. Notate **RSED expired move credits to excess collections** on Form 3198.

4.4.9.6.2.4 (05-08-2012)

Activity Code

(1) Update the activity code on AIMS/ERCS to reflect the income on the delinquent return as soon as possible so the time applied on the examination is reflected under the correct activity code. At the latest, the activity code MUST be updated to reflect the delinquent return by the time the case leaves the group.

4.4.9.6.3 (10-07-2022)

Delinquent Return Secured By Examination After SFR TC 150 Posted - Accepted as Filed Procedures

(1) If there will be no further examination of the return, since a TC 150 is already posted at MF, the secured return must be processed as a TC 300 and the case closed as an agreed closure. The closed case must be sent to CCP within 7 days of receipt of the return unless the failure to file appears to be fraudulent. In such cases, see *IRM 4.4.9.4.11.1* for the proper handling of fraudulent failure to file (FFTFF) penalty cases.

4.4.9.6.3.1 (10-07-2022)

Prepare Examination Report and Form 5344, Examination Closing Record

(1) Prepare examination report starting with zero per return, to reflect tax, credits, etc. per return. See IRM 4.10.8, Examination of Returns - Report Writing, for additional instructions.

(2) Complete the Form 5344 as follows:

- Enter in Item 09 priority code 9 when assessing additional tax.
- Enter in Item 13 the applicable DC. If agreed (DC 03/04/09) use the return received date as the agreement date.
  Note: Effective March 2009, it is no longer necessary to use DC 08 on SFR closures. If an agreed DC is used, AIMS will not send the agreement date to MF. Therefore, the interest and penalties will be computed correctly.
- Enter in Item 12 or 15, the following line items taken from the return using the appropriate reference/TCs.

Line Items:
Adjusted Gross Income
Taxable Income
Self Employment Income (including Tip Income, Medicare, etc.)
Withholding Credit (estimated tax payments must not be included since payments are already posted to MF)
Excess FICA
Tax Liability
Self Employment Tax
Earned Income Credit
Exemptions
All other applicable items

- Item 12, TC 160 - The delinquency penalty must be addressed on late filed returns. Enter the applicable delinquency penalty or a zero if the delinquency penalty will not be asserted.
- Item 37: Delinquent Return, Delinquent Return - Do not make an entry in Item 37: Delinquent Return. This field is only used for secured delinquent returns if there is NO TC 150 posted.
- DO NOT enter anything in Item 414: Delinquent Return Amount - The examination results will be calculated on the examination adjustment.

(3) Attach the secured delinquent return to the back of the examination report.

(4) See IRM 4.4.12, AIMS Procedures and Processing Instructions - Examined Closings, Surveyed Claims and Partial Assessments, for additional instructions for Form 5344 entries.

4.4.9.6.3.2 (05-08-2012)

Forward to Centralized Case Processing (CCP)

(1) Send case to CCP with a Form 3198. Enter the following in the comments section: "SFR TC 150 Posted - Process delinquent return as final closure" .
(2) If multiple returns were secured, instruct CCP to process the balance due years first and cycle in the refund years (if the RSED is not expired) to ensure the refunds are applied to the balance due years.

4.4.9.6.3.3 (02-01-2006)

Centralized Case Processing (CCP) - Closing Procedures

(1) Upon receipt of the case file, CCP will perform the following checks:

4.4.9.6.3.3.1 (10-07-2022)

Transcript

(1) Verify the transcript attached to the return is for the same TIN, name, and MFT as reflected on the delinquent return.
(2) If the name and SSN on the delinquent/SFR does not match the transcript, reject the package back to the Field Office Resource Team (FORT) Unit.
(3) If the return is annotated "TP Unwilling to Obtain SSN/EIN" , see IRM 4.4.12.5.5.2, Taxpayer with no TIN.

4.4.9.6.3.3.2 (05-08-2012)

TC 150

(1) Verify an SFR TC 150 has posted on the transcript.
(2) If no TC 150 is posted on the module, forward the package to the FORT Unit explaining there is no TC 150 posted for the TP.
(3) See *IRM 4.4.9.4*, Delinquent Return Secured - No TC 150 Posted.

4.4.9.6.3.3.3 (10-07-2022)

Payments and Credits

(1) Determine whether the TP owes a balance due on the tax period being processed. The refund may be used to pay off any balance due on the module being processed, but it CANNOT be used to offset any outstanding balance due on any other tax periods.
(2) Process the Form 5344 using a Hold Code 4 to freeze the expired refund.
(3) If payments, credits, or both were transferred from the TP’s account to the Excess Collections File, complete Form 8765, IDRS Control File Credit Application, and forward it to Campus accounting function to have the credits transferred back.
(4) If it is determined the refund is barred from being refunded to the TP, it is to be sent to the Excess Collections File via Form 8758, Excess Collections File Addition.
(5) Additional requirements can be found in IRM 3.17.220.2.11, Manually Refunding from the XSF.

4.4.9.6.3.3.4 (10-07-2022)

Closing Case

(1) Verify entries on Form 5344 match the secured delinquent return.
(2) Verify Form 5344 was completed in accordance with *IRM 4.4.9.6.3.1*.
(3) Request input of CC AMCLSE to close the case to SC 90.

4.4.9.6.4 (10-07-2022)

Delinquent Return Secured by Examination After TC 150 SFR Posted, With Audit Potential - Process Partial Assessment Procedures

(1) If the return is not accepted as filed, because a TC 150 has already posted at MF, the secured return must be processed as a partial assessment within 7 days of receipt of return unless the return appears to be fraudulent. In such cases, see *IRM 4.4.9.4.11.1* for the proper handling of fraudulent failure to file (FFTFF) penalty cases.
(2) Prepare examination report starting with zero per return to reflect tax, credits, etc. per return. If tax per return is zero (before withholding credits or refundable credits or both), do not request a partial assessment. Prepare final examination report starting with per return figures of zero. See IRM 4.10.8, Report Writing, for detailed instructions.

4.4.9.6.4.1 (08-23-2012)

Prepare Examination Report and Form 5344, Examination Closing Record

(1) Complete Form 5344 as follows:

- Enter TIN, MFT, Tax Period, Name Control, and Name.
- Where applicable, in order to ensure the failure to pay penalty is asserted after a delinquent return has been secured, the number "9" should be entered in Item 09 for the "priority code" .
- For all returns enter the applicable DC in Item 13. If agreed (DC 03/04/09) use the return received date as the agreement date. **Note:** Effective March 2009, it is no longer necessary to use DC 08 on SFR closures. If an agreed DC is used, AIMS will not send the agreement date to MF. Therefore, the interest and penalties will be computed correctly.
- Enter in Item 12 or 15, the following line items taken from the return using the appropriate reference/TCs.

Line Items:
Adjusted Gross Income
Taxable Income
Self Employment Income (including Tip Income, Medicare, etc.)
Withholding Credit (estimated tax payments must not be included since payments are already posted to MF)
Excess FICA
Tax Liability
Self Employment Tax
Earned Income Credit
Exemptions
All other applicable items

- Item 12, TC 160 - The delinquency penalty must be addressed on late filed returns. Enter the applicable delinquency penalty or a zero if the delinquency penalty will not be asserted.
- Do not make any entries in Item 37: Delinquent Return or Item 414: Delinquent Return Amount.

(2) See IRM 4.4.12, AIMS Procedures and Processing Instructions - Examined Closings, Surveyed Claims, and Partial Assessments, for additional instructions on Form 5344 entries.

4.4.9.6.4.2 (10-07-2022)

EFax to Centralized Case Processing (CCP)

(1) The group will EFax the partial assessment request to CCP and include the following:

- First 2 pages of the return - include Schedule SE, if applicable,
- Examination Report,
- Form 5344, and
- Form 3198 with "SFR TC 150 Posted - Process delinquent return as partial assessment" entered in the Special Features section.

(2) The EFax information for CCP is located on the CCP site: CCP Exam EFax Numbers

(3) After CCP makes the assessment, maintain the Form 5344 stamped "Request Completed" in the case file. See *IRM 4.4.9.6.4.3.4*.

4.4.9.6.4.3 (10-07-2022)

Centralized Case Processing (CCP) Procedures

(1) Ensure Form 5344 was prepared in accordance with *IRM 4.4.9.6.4.1*.

(2) Perform the following checks:

4.4.9.6.4.3.1 (10-07-2022)

Transcript

(1) Pull a transcript and verify the transcript matches the return.

(2) If the name and SSN on the delinquent return does not match the transcript, forward the package to the FORT Unit.

(3) If the return is annotated "TP unwilling to obtain SSN/EIN" , see IRM 4.4.12.5.5.2, Taxpayers with no TIN.

4.4.9.6.4.3.2 (10-07-2022)

TC 150

(1) Verify an SFR TC 150 is posted on the transcript.

(2) If no TC 150 is on the module, send the package to the FORT.

(3) Procedures in *IRM 4.4.9.4* must be followed.

4.4.9.6.4.3.3 (08-23-2012)

Payments and Credits

(1) If payments, credits, or both were transferred from the TP's account to the Excess Collections File and the RSED has not expired, complete Form 8765 and forward it to Campus accounting function to have the credits transferred back.
(2) Attach a transcript of the account showing the payments, credits, or both.

4.4.9.6.4.3.4 (02-01-2006)

Make Assessment

(1) Request input of CC AMCLSF or manual assessment if required, to assess the partial assessment. Stamp Form 5344"Request Completed" and EFax copy back to the field group for association with the original return in the case file.

4.4.9.6.5 (05-08-2012)

Delinquent Return Secured by Examination After SFR TC 150 , With Audit Potential - Final Closing Package (Partial Assessment Processed)

(1) When a delinquent return is secured after a SFR TC 150 has posted and the secured return has audit potential but zero tax liability, no partial assessment is required.
(2) If using RGS, a secured delinquent return with audit potential that is accepted with a zero tax liability should be input into RGS return setup as filed. The subsequent examination report should reflect the tax return values as the starting point.
(3) Follow normal closing procedures with the exception of additional closing procedures below.

4.4.9.6.5.1 (08-23-2012)

No Additional Adjustments Required/Prepare RAR (Revenue Agent Report) and Form 5344, Examination Closing Record

(1) Prepare a no change RAR. See IRM 4.10.8, Report Writing, for detailed instructions.
(2) Complete Form 5344, paying special attention to the following fields:

- Item 12 will be zero.
- Item 13, DC
  For Non-Income Tax Returns (MFT's other than 02, 05, 30, 33, 51, 52, 77 or 78), use the applicable Agreed DC.
  Note: If using RGS, the Form 5344 DC must be 01. On the Form 3198 state "Manual Closing Required - Correct DC is XX" (XX = DC used on the partial assessment). If NOT using RGS, use the applicable DC.

  For Income Tax Returns (MFT's 02, 05, 30, 33, 51, 52, 77 or 78):
  Note: If using RGS, the Form 5344 DC must be 01. On the Form 3198, state "Manual Closing Required - Correct DC is XX." (XX = DC used on the partial assessment). If NOT using RGS, use the applicable DC.
- Item 15 will be zero unless a partial assessment was not requested, in which case Item 15 must reflect the adjusted gross

income, taxable income, etc. from the delinquent return.
- Item 37: Delinquent Return, Delinquent Return. Do not make an entry in Item 37. This field is only used for secured delinquent returns if there is NO TC 150 posted.
- DO NOT enter anything in Item 414: Delinquent Return Amount. The examination results will be calculated on the partial assessment made previously.

(3) See IRM 4.4.12, AIMS Procedures and Processing Instructions - Examined Closings, Surveyed Claims and Partial Assessments, for additional instructions for Form 5344 entries.
(4) Staple the secured delinquent return to the back of the RAR..
(5) If multiple returns were secured, instruct CCP to process the balance due years first and cycle in the refund years to ensure the refunds are applied to the balance due years.

4.4.9.6.5.1.1 (10-07-2022)

Forward to Centralized Case Processing (CCP)

(1) Update AIMS/ERCS to SC 51 and forward the case file along with a Form 3210 to the appropriate CCP Campus.
(2) See the contact list posted under the document section on the Knowledge Management site: https://portal.ds.irsnet.gov/sites/vl051/lists/examcentralizedcaseprocessingccp/contacts.aspx for the address.

4.4.9.6.5.1.2 (10-07-2022)

Centralized Case Processing Procedures (CCP)

(1) Close the case using normal procedures for agreed closures.
(2) Ensure Form 5344 was prepared in accordance with *IRM 4.4.9.6.5.1*.

4.4.9.6.5.2 (10-07-2022)

Additional Adjustments Required/Prepare RAR and Form 5344, Examination Closing Record

(1) The group will prepare the RAR using the partial assessment amounts as the starting figures. See IRM 4.10.8, Examination of Returns - Reports Writing, for detailed instructions. If no partial assessment was processed because the tax was zero, the starting figures will be the amounts shown on the return filed by the TP.
(2) Complete Form 5344 paying special attention to the following fields:

- Item 12 and 15 as applicable. TC 160 - The delinquency penalty must be addressed on late filed returns. Enter the applicable delinquency penalty or a zero if the delinquency penalty will not be asserted.
- Item 13, DC. Use the applicable changed DC
- Item 37: Delinquent Return, Delinquent Return. Do not make an entry in Item 37: Delinquent Return. This field is only used for secured delinquent returns if there is NO TC 150 posted.
- Item 414: Delinquent Return Amount, Delinquent Return Amount. DO NOT enter anything in Item 414: Delinquent Return Amount.

The examination results will be calculated on the partial assessment made previously and the final assessment.

(3) Staple the secured delinquent return to the back of the RAR.

(4) See IRM 4.4.12, AIMS Procedures and Processing Instructions - Examined Closings, Surveyed Claims and Partial Assessments, for additional instructions for Form 5344 entries.

4.4.9.6.5.2.1 (10-07-2022)

Forward to Centralized Case Processing (CCP) or Technical Services if Unagreed

(1) If agreed, update the SC on AIMS/ERCS to 51 and forward the case file along with a Form 3210 to the appropriate CCP Campus. See the contact list posted under the document section on the Knowledge Management site: https://portal.ds.irsnet.gov/sites/vl051/lists/examcentralizedcaseprocessingccp/contacts.aspx for the address.

(2) If unagreed cases: follow normal unagreed procedures, update the SC on AIMS/ERCS to 21 and forward to Technical Services.

4.4.9.6.5.2.2 (10-07-2022)

Centralized Case Processing Procedures (CCP)

(1) Close the case using normal procedures.

(2) Ensure Form 5344 was prepared in accordance with IRM 4.4.9.7.5.2.

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Page Last Reviewed or Updated: 30-Apr-2026