

IRM PROCEDURAL UPDATE**DATE: 07/14/2025****NUMBER: sbse-05-0725-3482****SUBJECT: Address Unreversed Pending IA's Prior to Closing CNC****AFFECTED IRM(s)/SUBSECTION(s): 5.19.17****CHANGE(s):****IRM 5.19.17.2, Currently Not Collectible (CNC) Procedures (1) Added Reminder to address unreversed pending IA's prior to closing account as CNC.**

(1) For references to CNC authority and policy statements, refer to IRM 5.19.17.2.1, CNC Closure Authority Levels.

(2) Address an unreversed TC 971 AC 043 (pending installment agreement) before closing an account as CNC. See IRM 5.19.1.6.4.19.1, Withdrawal of IA Requests and IRM 5.19.1.6.4.9, IA Rejection Criteria.

(3) Accounts can be removed from active inventory after taking the necessary steps in the collection process. Accounts may be reported CNC for a variety of reasons using transaction code (TC) 530. It is a requirement that TC 530 be defined by the appropriate closing code (cc). Input TC 530 with appropriate cc to all affected (balance due) modules on the account.

Reminder: If Individual Shared Responsibility Payments (SRPs) are included with other MFT 30 or MFT 31 modules on an account that meets CNC criteria, close them consistently with the other modules.

(4) The investigation required to establish a CNC condition varies with the dollar amount, type of case and may require third party contact.

(5) A Notice of Federal Tax Lien (NFTL) determination must be made on accounts being reported CNC when the Aggregate Assessed Balance (AAB), including accounts previously reported CNC equals or exceeds \$10,000 (CC SUMRY total). See IRM 5.19.4.5.1, Notice of Federal Tax Lien Filing Determinations, and IRM 5.19.4.5.3.2, Filing Criteria, and IRM 5.19.4.6.1, How to File a NFTL. If a determination is made to file a NFTL, the taxpayer should be advised of their right to appeals under the Collection Appeal Program (CAP), see IRM 5.19.8.4.16, Collection Appeals Program (CAP) Procedures.

(6) A compliance check must be conducted; see IRM 5.19.1.4.4.1, Full Compliance Check. All open filing requirements or Delinquent Returns modules must be resolved and closed appropriately when reporting an account CNC.

Exception: For hardship cases, see IRM 5.19.17.2.4, CNC Unable to Pay – Hardship.

(7) Follow CNC Managerial Approval procedures see IRM 5.19.17.2.2, CNC Managerial Approval.

Caution: When manager approval is required, managers or lead must input the CNC. As of 7/1/2023 employees are restricted from direct input of CNC closings when managerial approval is required. Employees will receive an error message when attempting to enter the CNC action.

- a. If managerial approval is required, follow instructions in IRM 5.19.17.2.2, CNC Managerial Approval, and IRM 5.19.17.2.2.1, Requesting Approval and Input of Accounts into CNC Status.
- b. If managerial approval is **not** required, see Exhibit 5.19.17-1, IDRS Input of CNCs, REQ77/FRM77.
- c. Document AMS, showing the modules to be included and the reason that account will be CNCd.
- d. ACS: Input "TOC0, 21, NCXX"(XX = CNC Closing Code).
- e. ACSS: Input "TOS0, 21, NCXX"(XX = CNC Closing Code).

(8) If the determination is made that account will be closed CNC (unable to pay), it is required that the taxpayer/POA be informed of the CNC terms and that the CNC was approved by issuing Letter 4624-C, Case Closed -- Currently Not Collectible; Lien Filing Notification on Currently Not Collectible, to the taxpayer/POA.

(9) Accounts that cannot be closed CNC by Compliance (ACS, ACSS & CSCO):

- BMF In-Business taxpayers.
- Accounts with an OIC indicator on IDRS.
- If the taxpayer/POA refuses to pay or file, refer to IRM 5.19.1.6.1, Taxpayer Refuses to Pay.
- If the taxpayer has been assessed a Frivolous Return Penalty or claims Frivolous Tax Arguments, refer to paragraph (9).

(10) If the taxpayer has been assessed a Frivolous Return Penalty or claims Frivolous Tax Arguments (see IRM 5.20.10.2, Frivolous Submissions Subject to IRC § 6702) – used for the purpose of expressing dissatisfaction with the substance, form, or administration of the tax laws by attempting to illegally avoid or reduce tax liabilities, and they meet CNC criteria, follow these procedures:

IF...	AND...	THEN...
AAB (CC SUMRY) due on the taxpayer's accounts is less than \$40,000,	N/A	CNC all modules. See IRM 5.19.17.2.4, CNC Unable to Pay - Hardship.
AAB (CC SUMRY) due on the taxpayer's account is between \$40,000 and \$100,000, and the penalty module is for a taxable year greater than 2 years old,	the taxpayer has been in compliance the past 2 taxable years,	CNC all modules See IRM 5.19.17.2.4, CNC Unable to Pay - Hardship. Example: It is August 2025, the taxpayer owes \$60,000 and a frivolous penalty was assessed on a balance due module for 30-202212. The taxpayer filed valid returns for 30-202312 and 202412, and cannot full pay. All modules can be reported CNC.
AAB (CC SUMRY) due on the taxpayer's account is between \$40,000 and \$100,000,	penalty module is for a taxable year 2 years old or less OR the taxpayer has NOT been in compliance the past 2 taxable years, CC ASGNI all modules to the queue for subsequent assignment to Field Collection,	Follow the steps below for assigning the case to Field Collection. <ul style="list-style-type: none"> • Notice Status Only - Input CC STAUP 2200. CC ASGNI account on IDRS to 7000 • ACS - Move account "TOC0, 21, TFQU" • ACSS - Move account "TOS0, 21, TFQU" Example: It is December 2025, the taxpayer owes \$60,000 and a frivolous penalty was assessed on a balance due module for 30-202312 OR the frivolous penalty was assessed for 30-202212 and taxpayer has NOT filed and paid 30-202312 or 202412. Send all modules to the queue.
AAB (CC SUMRY) due on the taxpayer's accounts is greater than \$100,000,	N/A	Input CC ASGNI to all modules and follow the steps below for assigning the case to Field Collection. <ul style="list-style-type: none"> • Notice Status Accounts only - Input CC STAUP 2200. CC ASGNI account on IDRS to 6541. • ACS - Move account: "TOC0, 21, TFRO"

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IF...	AND...	THEN...
		<ul style="list-style-type: none"> ACSS - Move account: "TOS0, 21,TFRO"

Note: Follow IRM 5.19.4, Enforcement Action, for levy release guidance in hardship cases. **Do not** CNC any of the modules.

(11) Starting January 2020, the IRS began using three new closing codes for Private Debt Collection (PDC) related to shelving. Prior to January 2020 the IRS shelved all balance due inventory using transaction 530 closing code 39. Those codes are identified within the table below:

Coding	Definition
TC 530, 37 Balance Due/TDA Queue	An account that is in debit balance that has been identified as potential inventory for PDC, This identification occurs weekly as 1 year old or older inventory that has not been selected for assignment from within the Queue is processed by the Inventory Delivery System (IDS).
TC 530, 38 Balance Due/TDA ACS	An account that is in debit balance that has been identified as potential inventory for Private Debt Collection (PDC). This identification occurs quarterly as 1 year old or older inventory that has not had any taxpayer contact during its assignment in ACS is processed by the HQ ACS Analyst.
TC 598, 86 Return Delinquency/TDI Associated module	A module that is in return delinquency or TDI status that is associated with a debit balance account that has been identified as potential inventory for Private Debt Collection (PDC). This identification occurs at the same time that the debit balance account/module is being shelved for potential PDC processing.

(12) If a taxpayer needs assistance preparing a financial statement and does not have a representative, they may be eligible for assistance from a Low Income Taxpayer Clinic (LITC). LITCs:

- Assist low income individuals in resolving federal tax problems such as audits, appeals, litigations, and tax collection disputes.
- Provide services to taxpayers who speak English as a second language, including education about taxpayer rights and responsibilities, and consultations on individual tax issues.
- Services must be free or cost a nominal fee. LITCs receive funding from the IRS and the program receives oversight from the National Taxpayer Advocate, but the clinics are wholly independent of the IRS.
- Are located in each state, Puerto Rico, and the District of Columbia, but not every clinic offers a complete range of services. For a complete list of LITCs, services offered, and contact information, see Pub 4134, Low Income Taxpayer Clinic List.

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Note: The Taxpayer First Act (TFA) section 1402 provides that, "Notwithstanding any other provision of law, officers and employees of the Department of the Treasury may advise taxpayers of the availability of, and eligibility requirements for receiving, advice and assistance from one or more specific qualified low-income taxpayer clinics receiving funding under this section, and provide information regarding the location of, and contact information for, such clinics".

(13) If during the course of the contact with taxpayer, they advise you they are experiencing an economic hardship situation or if they ask for assistance in resolving their tax problems, see IRM 5.19.1.3.2.3, Taxpayer Advocate Service (TAS), for guidance about referring taxpayers to TAS.

IRM 5.19.17.2.2.1, Requesting Approval and Input of Accounts into CNC Status (2) 2nd Then Table added note to input STAUP action once to avoid account delays and updated the inventory timeframe.

(1) Ensure all necessary actions (financial review, locator sources, etc.) are taken before the account is sent to the manager for approval.

(2) Ensure AMS is properly documented and when the account is ready for approval, take the following actions based upon your function:

If...	And...	Then...
ACS, ACSS and FA	All Modules in ST 22	<ul style="list-style-type: none"> • CR must Input "TOC0, 05,NCXX" (ACS & FA) "TOS0, 05,NCXX" (ACSS) <p>Note: This includes Individual SRP (MFT 35) modules.</p> <ul style="list-style-type: none"> • After the manager approves the request, the manager or lead must input"NCXX,,53APP" or input TC 530 cc XX to IDRS. <p>Note: If inputting to IDRS, in AMS narrative enter CNC and input ACS history "OADT,21,53APP" on ACSweb</p>
ACS, ACSS and FA	At least one module in ST 22 & or other(s) in non-ST 22 modules	<ul style="list-style-type: none"> • Input CC STAUP 2200 to bring non ST 22 accounts to ACS, then: • Input "TOC0, 05,NCXX" (ACS & FA) "TOS0, 05,NCXX" (ACSS) <p>Note: This includes Individual SRP (MFT 35) modules.</p>

If...	And...	Then...
		<ul style="list-style-type: none"> • After the manager approves the request, the manager or lead must input "TC 530 cc XX to IDRS." • In AMS narrative enter "CNC" • Input ACS history "OADT,21,53APP" on ACSweb
ACS, ACSS and FA	All non- ST 22 modules	<ul style="list-style-type: none"> • Document AMS with the CNC decision and provide IDRS print to the manager. • If approved, manager must document AMS that the CNC was approved by inputting "53 APP". • After the manager approves the request, the manager or lead must input TC 530 cc XX to IDRS. • In Remarks enter "CNC".
CSCO	Regardless of status	<ul style="list-style-type: none"> • Document AMS with the CNC decision and provide IDRS print to the manager. • If approved, manager must document AMS that the CNC was approved by inputting "53 APP". • After the manager approves the request, the manager or lead must input TC 530 cc XX to IDRS. • In the remarks area input "CNC".

Note: XX = the appropriate CNC cc.

Reminder: Document AMS with approval when an expedite passport decertification is being submitted.

Note: For telephone contact requests requiring managerial review, advise the taxpayer they will receive a letter from us with our determination of the request within 14 days.

IRM 5.19.17.2.2.1, Requesting Approval and Input of Accounts into CNC Status (2) 1st Row Then table added the IDRS closing actions needed after it is approved by the manager.

(1) Ensure all necessary actions (financial review, locator sources, etc.) are taken before the account is sent to the manager for approval.

(2) Ensure AMS is properly documented and when the account is ready for approval, take the following actions based upon your function:

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If...	And...	Then...
ACS, ACSS and FA	All Modules in ST 22	<ul style="list-style-type: none"> • CR must Input "TOC0, 05,NCXX" (ACS & FA) "TOS0, 05,NCXX" (ACSS) <p>Note: This includes Individual SRP (MFT 35) modules.</p> <ul style="list-style-type: none"> • After the manager approves the request, the manager or lead must input"NCXX,,53APP" or input TC 530 cc XX to IDRS. <p>Note: If inputting to IDRS, in AMS narrative enter CNC and input ACS history "OADT,21,53APP" on ACSweb</p>
ACS, ACSS and FA	At least one module in ST 22 & or other(s) in non-ST 22 modules	<ul style="list-style-type: none"> • Input CC STAUP 2200 to bring non ST 22 accounts to ACS, then: • Input "TOC0, 05,NCXX" (ACS & FA) "TOS0, 05,NCXX" (ACSS) <p>Note: This includes Individual SRP (MFT 35) modules.</p> <ul style="list-style-type: none"> • After the manager approves the request, the manager or lead must input "TC 530 cc XX to IDRS." • In AMS narrative enter "CNC" • Input ACS history "OADT,21,53APP" on ACSweb
ACS, ACSS and FA	All non- ST 22 modules	<ul style="list-style-type: none"> • Document AMS with the CNC decision and provide IDRS print to the manager. • If approved, manager must document AMS that the CNC was approved by inputting "53 APP". • After the manager approves the request, the manager or lead must input TC 530 cc XX to IDRS. • In Remarks enter "CNC".
CSCO	Regardless of status	<ul style="list-style-type: none"> • Document AMS with the CNC decision and provide IDRS print to the manager. • If approved, manager must document AMS that the CNC was approved by inputting "53 APP". • After the manager approves the request, the manager or lead must input TC 530 cc XX to IDRS. • In the remarks area input "CNC".

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Note: XX = the appropriate CNC cc.

Reminder: Document AMS with approval when an expedite passport decertification is being submitted.

Note: For telephone contact requests requiring managerial review, advise the taxpayer they will receive a letter from us with our determination of the request within 14 days.

IRM 5.19.17.2.3, Tolerance and Deferral (1) & (2) added note IAT Compliance Suite is specifically mandated for FA.

(1) **Tolerance:** The following accounts may be closed as CNC tolerance without further action (cc 09), by inputting TC 530 cc XX to IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) tools, where the aggregate unpaid balance, including accruals is less than the following MF types and tolerance amounts:

Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.

- IMF - # [REDACTED] # , (except MFT 55 - # [REDACTED] #)
- BMF- # [REDACTED] # , (except MFT 13 - # [REDACTED] #)
- NMF - # [REDACTED] #
- IRAF- # [REDACTED] # , (individual retirement account file)

Note: If Individual SRPs are included with other MFT 30 or MFT 31 modules on an account that meets tolerance criteria, close all modules as CNC (cc 09).

(2) **Deferral:** The following accounts may be closed as CNC deferral without further action (cc 09), by inputting TC 530 cc XX to IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools. Refer to the following for a list of MF types and deferral amounts (aggregate assessed balance (AAB), including accruals):

Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.

- IMF - # [REDACTED] # (except MFT 55 - # [REDACTED] #)
- BMF - # [REDACTED] # (except MFT 13 - # [REDACTED] #)
- NMF - # [REDACTED] # (except # [REDACTED] # for NMF accounts on telephone excise tax when the SSN is determined)
- Individual Retirement Account File (IRAF) - # [REDACTED] #

(3) If the taxpayer qualifies for hardship and tolerance/deferral simultaneously, use the appropriate hardship closing code, see IRM 5.19.17.2.4, CNC Unable to Pay -

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Hardship. Selecting the hardship code will keep the account in not collectible status until the taxpayer's financial status improves sufficiently to allow them to make payments.

IRM 5.19.17.2.4, CNC Unable to Pay - Hardship (10) added Reminder to address withdrawal of IA request prior to closing account as CNC.

(1) A hardship occurs when an individual taxpayer is unable to meet their basic living expenses. The standard amounts for basic living expenses will be established by the IRS, and will vary according to the unique circumstances of the individual taxpayer. Unique circumstances, however, do not include the maintenance of an affluent or luxurious standard of living.

(2) Hardship closing codes can **only** be used for individual or joint IMF assessments, sole proprietorships, partnerships where a general partner is personally liable for the partnership taxes, and LLCs, where an individual owner is identified as the liable taxpayer.

(3) See IRM 5.19.13.2, Authority Levels for Financial Analysis, Verification and Substantiation, for financial analysis requirements, including verification and substantiation. Follow the procedures in IRM 5.19.13, Campus Procedures for Securing Financial Information to determine resolution of the case. If it is determined that the taxpayer meets criteria for CNC Hardship and the taxpayer has unfiled returns follow the below procedures.

(4) If it is ever determined that a levy is creating a hardship, follow the procedures in IRM 5.19.4.4.10(5)(j), Levy Release: General Information. If the hardship is verified, the levy must be released. If the taxpayer has unfiled return(s) the CR should inform the taxpayer that they have unfiled returns and provide adequate time for the preparation of the returns.

(5) Follow the **Balance Due Account Only** procedure below: if it is determined that the account meets CNC hardship criteria, CNC the balance due modules, as appropriate, and release or partially release, as appropriate, all levies on wages or salary immediately. Release any other levies if they are causing an economic hardship for the taxpayer. See examples below.

(6) Follow the **Combo Case** procedures below:

If...	Then...
TDI meets P-5-133 criteria	Close the TDI little or no tax due. See IRM 5.19.2.6.4.5.3.2, IMF Little or No Tax Due
Income is below filing requirements	Close the TDI not liable for the period(s) in question. See IRM 5.19.2.6.4.5.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)

If...	Then...
IMF Refund Due	Close TDI refund due. See IRM 5.19.2.6.4.5.2, IMF Refund Due

- If it is a balance due notice account and there is a related TDI in Notice, ACS, or the queue follow the chart above.
- There are instances where the TDI can be closed without securing the return(s).
- The taxpayer must be given a reasonable deadline (not to exceed 30 days & 60 days for international) to complete the return(s) and mail them in unless the taxpayer is stating they want to fax the return(s).
- If the return(s) are not received close the stand alone TDI per IRM 5.19.2.6.4.5.4(6), IMF Taxpayer Liable.
- ACS and ACSS: After inputting TC 530 cc XX (XX = 24-32) for the TDA's, input TC 598 cc 032 or cc 082 to shelve the RD module while the balance due account is in CNC (ST 53).

Exception: FERDI TDI modules may not be shelved using the TC 598 cc 032 or cc 082. Close these TDI modules using **TC 590 cc 027**. See IRM 5.19.18.5.10.2(6), Currently Not Collectible (CNC) - Hardship for additional guidance.

Reminder: Any credit balance on the tax module must be addressed.

- Document the AMS history. CSCO and ACSS close your correspondence/control.

Caution: Once it is determined that the taxpayer has a hardship the balance due accounts must be closed CNC.

Example: Taxpayer A has submitted a financial statement that shows they can pay all allowable living expenses, but has nothing available to pay IRS at this time. We must release all levies see IRM 5.19.4.4.10, Levy Release: General Information.

Example: Taxpayer B missed the deadline to provide a CIS and a notice of levy is served on the taxpayer's bank account and attaches \$600.00. The taxpayer calls and indicates they are unemployed and their only source of income is social security which was deposited into the bank account we levied. The taxpayer provides you proof of the monthly amount received from social security and an eviction notice for their apartment that reflects \$600.00 is due tomorrow to avoid loss of their residence. The notice of levy is released as the financial information submitted by the taxpayer has established that not releasing the levy would cause the taxpayer to be unable to meet necessary living expenses.

Example: Taxpayer C has missed the deadline to provide a CIS and a notice of levy is served on the taxpayer's wages. The taxpayer calls and indicates they will not be able to pay all their family's necessary living expenses with the \$534.62 exemption

allowed from their weekly pay check. The taxpayer agrees to complete a CIS over the phone. The expense amounts are reasonable and your financial analysis of the taxpayer's CIS establish that the taxpayer can pay \$400.00 a month. You agree to fax a partial release of levy to the taxpayer employer since the financial information (CIS) established that not releasing the amount greater than \$400.00 would cause the taxpayer to be unable to meet necessary living expenses.

Example: Taxpayer D has an unexpected emergency which is preventing the taxpayer from providing for their basic necessities. It may be a one time issue and can be supported by the taxpayer's documentation. In this situation partially release the levy.

(7) If the account being reported CNC is a BMF out of business account, ensure all filing requirements are closed.

(8) If the taxpayer is unable to pay and the liability is a result of under withholding continue with the CNC process (financial, etc.) and CNC if necessary.

(9) If the determination is made that account will be closed CNC (unable to pay) it is required that the taxpayer/POA be informed of the CNC terms and that the CNC was approved by issuing Letter 4624-C, Case Closed -- Currently Not Collectible; Lien Filing Notification on Currently Not Collectible.

(10) At times, the taxpayer, who meets hardship criteria, requests an IA rather than a CNC. In this scenario, establish the Installment Agreement (IA) or Partial Pay Installment Agreement (PPIA) with a back-up 53. Refer to IRM 5.19.1-9, ALNs.

Reminder: If the taxpayer previously requested an IA, and agrees with the CNC hardship closure, see IRM 5.19.1.6.4.19.1, Withdrawal of IA Requests. If the taxpayer agrees with the CNC hardship closure and does not withdraw their IA request, see IRM 5.19.1.6.4.9, IA Rejection Criteria.

(11) Values for unable-to-pay codes are:

Value	Closing Code
\$20,000	24
\$28,000	25
\$36,000	26
\$44,000	27
\$52,000	28
\$60,000	29
\$68,000	30
\$76,000	31
\$84,000	32

a. Multiply the total allowable monthly expenses by 12.

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Reminder: The taxpayer's monthly tax withholding (Federal, State, Local, etc.) should be included within the calculation process.

- b. Use the hardship cc most closely corresponding to the Taxpayer's allowable expenses.

Example: The taxpayer's monthly allowable expenses are \$3,400. Multiply \$3,400 x 12 = \$40,800. Closing Code 27 is the next highest cc to the taxpayer's allowable expense of \$40,800.

Note: Do not select a closing code below the taxpayer's allowable expenses.

Caution: All outstanding levies on salary or wages must be released when a case is closed under hardship provisions.

Reminder: If Individual SRPs are included with other MFT 30 or MFT 31 modules on an account that meets CNC criteria, close them consistently with the other modules. (12) Ensure that when using either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools to input the CNC, the correct Responsibility Unit Code (RUC) is used. See Exhibit 5.19.17-1, IDRS Input of CNCs, CC REQ77/FRM77.

Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.

(13) The systemic process for reactivating hardship CNC accounts relies on an increase in Taxpayer Positive Income (TPI) above a predetermined amount, based on the hardship cc when the case is closed as CNC:

- The TPI is reviewed annually when a taxpayer files an income tax return.
- For BMF accounts on sole proprietorships, partnerships and LLCs (where the owner is identified as the liable taxpayer), TPI are determined by the annual income of the individual, general partner or member of the LLC.
- The social security number (SSN) of the individual, general partner or member of an LLC (where the owner is identified as the liable taxpayer) must be cross-referenced on IDRS.
- When BMF accounts on sole proprietorships, partnerships or LLCs are closed as hardship, follow instructions in See IRM 5.19.1.5.5.1, BMF TC 130 Procedures.

IRM 5.19.17.2.4, CNC Unable to Pay - Hardship (12) added note IAT Compliance Suite is specifically mandated for FA.

(1) A hardship occurs when an individual taxpayer is unable to meet their basic living expenses. The standard amounts for basic living expenses will be established by the IRS, and will vary according to the unique circumstances of the individual taxpayer.

Unique circumstances, however, do not include the maintenance of an affluent or luxurious standard of living.

(2) Hardship closing codes can **only** be used for individual or joint IMF assessments, sole proprietorships, partnerships where a general partner is personally liable for the partnership taxes, and LLCs, where an individual owner is identified as the liable taxpayer.

(3) See IRM 5.19.13.2, Authority Levels for Financial Analysis, Verification and Substantiation, for financial analysis requirements, including verification and substantiation. Follow the procedures in IRM 5.19.13, Campus Procedures for Securing Financial Information to determine resolution of the case. If it is determined that the taxpayer meets criteria for CNC Hardship and the taxpayer has unfiled returns follow the below procedures.

(4) If it is ever determined that a levy is creating a hardship, follow the procedures in IRM 5.19.4.4.10(5)(j), Levy Release: General Information. If the hardship is verified, the levy must be released. If the taxpayer has unfiled return(s) the CR should inform the taxpayer that they have unfiled returns and provide adequate time for the preparation of the returns.

(5) Follow the **Balance Due Account Only** procedure below: if it is determined that the account meets CNC hardship criteria, CNC the balance due modules, as appropriate, and release or partially release, as appropriate, all levies on wages or salary immediately. Release any other levies if they are causing an economic hardship for the taxpayer. See examples below.

(6) Follow the **Combo Case** procedures below:

If...	Then...
TDI meets P-5-133 criteria	Close the TDI little or no tax due. See IRM 5.19.2.6.4.5.3.2, IMF Little or No Tax Due
Income is below filing requirements	Close the TDI not liable for the period(s) in question. See IRM 5.19.2.6.4.5.1, IMF Response Taxpayer Not Liable (Income Below Filing Requirements)
IMF Refund Due	Close TDI refund due. See IRM 5.19.2.6.4.5.2, IMF Refund Due

- If it is a balance due notice account and there is a related TDI in Notice, ACS, or the queue follow the chart above.
- There are instances where the TDI can be closed without securing the return(s).
- The taxpayer must be given a reasonable deadline (not to exceed 30 days & 60 days for international) to complete the return(s) and mail them in unless the taxpayer is stating they want to fax the return(s).
- If the return(s) are not received close the stand alone TDI per IRM 5.19.2.6.4.5.4(6), IMF Taxpayer Liable.

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- ACS and ACSS: After inputting TC 530 cc XX (XX = 24-32) for the TDA's, input TC 598 cc 032 or cc 082 to shelve the RD module while the balance due account is in CNC (ST 53).

Exception: FERDI TDI modules may not be shelved using the TC 598 cc 032 or cc 082. Close these TDI modules using **TC 590 cc 027**. See IRM 5.19.18.5.10.2(6), Currently Not Collectible (CNC) - Hardship for additional guidance.

Reminder: Any credit balance on the tax module must be addressed.

- Document the AMS history. CSCO and ACSS close your correspondence/control.

Caution: Once it is determined that the taxpayer has a hardship the balance due accounts must be closed CNC.

Example: Taxpayer A has submitted a financial statement that shows they can pay all allowable living expenses, but has nothing available to pay IRS at this time. We must release all levies see IRM 5.19.4.4.10, Levy Release: General Information.

Example: Taxpayer B missed the deadline to provide a CIS and a notice of levy is served on the taxpayer's bank account and attaches \$600.00. The taxpayer calls and indicates they are unemployed and their only source of income is social security which was deposited into the bank account we levied. The taxpayer provides you proof of the monthly amount received from social security and an eviction notice for their apartment that reflects \$600.00 is due tomorrow to avoid loss of their residence. The notice of levy is released as the financial information submitted by the taxpayer has established that not releasing the levy would cause the taxpayer to be unable to meet necessary living expenses.

Example: Taxpayer C has missed the deadline to provide a CIS and a notice of levy is served on the taxpayer's wages. The taxpayer calls and indicates they will not be able to pay all their family's necessary living expenses with the \$534.62 exemption allowed from their weekly pay check. The taxpayer agrees to complete a CIS over the phone. The expense amounts are reasonable and your financial analysis of the taxpayer's CIS establish that the taxpayer can pay \$400.00 a month. You agree to fax a partial release of levy to the taxpayer employer since the financial information (CIS) established that not releasing the amount greater than \$400.00 would cause the taxpayer to be unable to meet necessary living expenses.

Example: Taxpayer D has an unexpected emergency which is preventing the taxpayer from providing for their basic necessities. It may be a one time issue and can be supported by the taxpayer's documentation. In this situation partially release the levy.

(7) If the account being reported CNC is a BMF out of business account, ensure all filing requirements are closed.

(8) If the taxpayer is unable to pay and the liability is a result of under withholding continue with the CNC process (financial, etc.) and CNC if necessary.

(9) If the determination is made that account will be closed CNC (unable to pay) it is required that the taxpayer/POA be informed of the CNC terms and that the CNC was approved by issuing Letter 4624-C, Case Closed -- Currently Not Collectible; Lien Filing Notification on Currently Not Collectible.

(10) At times, the taxpayer, who meets hardship criteria, requests an IA rather than a CNC. In this scenario, establish the Installment Agreement (IA) or Partial Pay Installment Agreement (PPIA) with a back-up 53. Refer to IRM 5.19.1-9, ALNs.

Reminder: If the taxpayer previously requested an IA, and agrees with the CNC hardship closure, see IRM 5.19.1.6.4.19.1, Withdrawal of IA Requests. If the taxpayer agrees with the CNC hardship closure and does not withdraw their IA request, see IRM 5.19.1.6.4.9, IA Rejection Criteria.

(11) Values for unable-to-pay codes are:

Value	Closing Code
\$20,000	24
\$28,000	25
\$36,000	26
\$44,000	27
\$52,000	28
\$60,000	29
\$68,000	30
\$76,000	31
\$84,000	32

- a. Multiply the total allowable monthly expenses by 12.

Reminder: The taxpayer's monthly tax withholding (Federal, State, Local, etc.) should be included within the calculation process.

- b. Use the hardship cc most closely corresponding to the Taxpayer's allowable expenses.

Example: The taxpayer's monthly allowable expenses are \$3,400. Multiply \$3,400 x 12 = \$40,800. Closing Code 27 is the next highest cc to the taxpayer's allowable expense of \$40,800.

Note: Do not select a closing code below the taxpayer's allowable expenses.

Caution: All outstanding levies on salary or wages must be released when a case is closed under hardship provisions.

Reminder: If Individual SRPs are included with other MFT 30 or MFT 31 modules on an account that meets CNC criteria, close them consistently with the other modules.

(12) Ensure that when using either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools to input the CNC, the correct Responsibility Unit Code (RUC) is used. See Exhibit 5.19.17-1, IDRS Input of CNCs, CC REQ77/FRM77.

Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.

(13) The systemic process for reactivating hardship CNC accounts relies on an increase in Taxpayer Positive Income (TPI) above a predetermined amount, based on the hardship cc when the case is closed as CNC:

- The TPI is reviewed annually when a taxpayer files an income tax return.
- For BMF accounts on sole proprietorships, partnerships and LLCs (where the owner is identified as the liable taxpayer), TPI are determined by the annual income of the individual, general partner or member of the LLC.
- The social security number (SSN) of the individual, general partner or member of an LLC (where the owner is identified as the liable taxpayer) must be cross-referenced on IDRS.
- When BMF accounts on sole proprietorships, partnerships or LLCs are closed as hardship, follow instructions in See IRM 5.19.1.5.5.1, BMF TC 130 Procedures.

IRM 5.19.17.2.4.1, CNC Exception Processing (3) 1st Row & 2nd Row Then table added note IAT Compliance Suite is specifically mandated for FA.

(1) Under certain conditions, securing financial information is not required before reporting an account CNC. CNC Exception Criteria cases have an AAB (CC SUMRY) including any prior CNCs, less than # [REDACTED] # excluding any individual SRP balances and one or more of the following conditions exist:

- Taxpayer has a terminal illness or excessive medical bills.
- Taxpayer is incarcerated.
- Taxpayer's only source of income is Social Security, welfare, or unemployment.
- Taxpayer is unemployed with no source of income (excluding the seasonal unemployed which fall under normal CNC consideration and processing).

Note: Input TC 530 cc 24. See IRM 5.19.17.2.1, CNC Closure Authority Levels.

(2) Employees should confirm the taxpayer's circumstances to the extent possible prior to declaring the account uncollectible. This could be accomplished by verbal communication with taxpayer or utilizing internal resources. Document all case

actions and research on AMS. If the taxpayer is claiming that a levy on salary or wages is creating a hardship, follow the procedures in IRM 5.19.4.4.10, Levy Release: General Information.

Note: There is no requirement that taxpayers who are closed under the exception criteria and experiencing economic hardship be in filing or payment compliance before a levy is released. See *Vinatieri v. Commissioner*, 133 T.C. 392 (2009).

(3) To close a case CNC using Exception Criteria, follow the steps below based on your function and account status:

If...	And...	Then...
ACS, ACSS and FA,	At least one module in ST 22 & other(s) in non-ST 22,	<ul style="list-style-type: none"> • CR must input "TOC0, 21,CNCEXC" (ACS & FA). • "TOS0, 21,CNCEXC" (ACSS). • Input TC 530 cc 24 on IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools. In the remarks area, enter CNCEXC. <p>Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.</p>
ACS, ACSS, FA, CSCO	All non— ST 22 modules,	<ul style="list-style-type: none"> • Document AMS CNCEXC • Input TC 530 cc 24 on IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested)Tools. In the remarks area, enter "CNCEXC". <p>Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.</p>

Reminder: When inputting CNC closures on IDRS ensure that the appropriate RUC (Responsibility Unit Code)/Jurisdiction Code is used. See Exhibit 5.19.17-1 IDRS Input of CNCs, CC REQ77/FRM77

(4) Once a closure is approved under Exception Criteria, you must inform the taxpayer/POA of the CNC terms and that the CNC was approved by issuing Letter 4624-C, Case Closed - Currently Not Collectible; Lien filing notification on Currently Not Collectible, to the taxpayer/POA.

IRM 5.19.17.2.7, Defunct Corporations, Exempt Organizations, Limited Partnerships, and Limited Liability Companies CC10 (3) 1st Row & 3rd Row
Then table added the IDRS and ACSweb closing actions needed after it is approved by the manager.

(1) Defunct corporation applies to:

- Any corporation or exempt organization that is no longer operating and from which all assets have been dispersed.
- Corporations dissolved under state receivership proceedings or other state dissolution proceedings.
- Limited partnership cases when the partnership agreement limits the liability of the partners under local law, when the business is no longer operating and from which all assets have been dispersed.
- LLC cases (where the LLC is identified as the liable taxpayer), when the business is no longer operating and from which all assets have been dispersed.

(2) If the AAB (CC SUMRY) is less than # [REDACTED] #, and a person legally authorized to act for the business (partner, officer, etc.) states the company is defunct and all assets were dispersed, close the account after exhausting all levy sources if in ST 22.

(3) If the conditions in paragraph (2) are met, follow the steps below based on your function and the account status:

If...	And...	Then...
ACS and FA	All ST 22	CR/TE must input "TOC0, 05,NC10" If approved manager will input history code: "NC10,,53APP" or input TC530 cc10 to IDRS and input ACS history "OADT,21,53APP" on ACSweb."
ACS, ACSS, and FA	Non-ST 22	Document AMS with NC10 request and provide IDRS print to the Manager. If approved input TC 530 cc 10 to IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools. Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.
ACSS	All ST 22	TE must input "TOS0, 05,NC10". If approved manager will input history code: "NC10,,53APP or input TC530 cc10 to IDRS and input ACS history "OADT,21,53APP" on ACSweb."
CSCO	Non-ST 22	Document AMS with NC10 request and provide IDRS print to the Manager. If approved input TC 530 cc 10 to IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools.

(4) If the AAB (CC SUMRY) is # [REDACTED] # or more, and a person legally authorized to act for the business (partner, officer, etc.) states the company is defunct and all assets were dispersed, take the following actions:

Any line marked with a # is for Official Use Only

- Attempt to secure information on the identification of corporate officers and principals including names, SSN, and addresses. Document AMS with results.
- Exhaust all levy sources if in ST 22.

(5) If the conditions in paragraph (4) are met, follow the steps below based on your function and the account status:

If...	And...	Then...
ACS, ACSS and FA	All ST 22	CR/TE must input "TOI7, 05,TFQU" I7 would then input action history "TFQU,,AOTO7000."
ACS, ACSS, and FA	Non-ST 22	Document AMS with TFQU request and provide IDRS print to the Manager. If approved input CC STAUP 2400 and CC ASGNB AOTO7000.
CSCO	Non-ST 22	Input history on AMS of TFQU request and send for manager approval. Manager will document approval on AMS. If approved input CC STAUP 2400 and CC ASGNB AOTO7000.

Note: Consider filing a NFTL if the AAB due (CC SUMRY) is \$10,000 or more. See IRM 5.19.4.5, Notice of Federal Tax Lien Determinations and Filing Criteria.

IRM 5.19.17.2.7, Defunct Corporations, Exempt Organizations, Limited Partnerships, and Limited Liability Companies CC10 (3) 2nd Row Then table added note IAT Compliance Suite is specifically mandated for FA.

(1) Defunct corporation applies to:

- Any corporation or exempt organization that is no longer operating and from which all assets have been dispersed.
- Corporations dissolved under state receivership proceedings or other state dissolution proceedings.
- Limited partnership cases when the partnership agreement limits the liability of the partners under local law, when the business is no longer operating and from which all assets have been dispersed.
- LLC cases (where the LLC is identified as the liable taxpayer), when the business is no longer operating and from which all assets have been dispersed.

(2) If the AAB (CC SUMRY) is less than # [REDACTED] #, and a person legally authorized to act for the business (partner, officer, etc.) states the company is defunct and all assets were dispersed, close the account after exhausting all levy sources if in ST 22.

(3) If the conditions in paragraph (2) are met, follow the steps below based on your function and the account status:

Any line marked with a # is for Official Use Only

If...	And...	Then...
ACS and FA	All ST 22	CR/TE must input "TOC0, 05,NC10" If approved manager will input history code: "NC10,,53APP" or input TC530 cc10 to IDRS and input ACS history "OADT,21,53APP" on ACSweb."
ACS, ACSS, and FA	Non-ST 22	Document AMS with NC10 request and provide IDRS print to the Manager. If approved input TC 530 cc 10 to IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools. Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.
ACSS	All ST 22	TE must input "TOS0, 05,NC10". If approved manager will input history code: "NC10,,53APP or input TC530 cc10 to IDRS and input ACS history "OADT,21,53APP" on ACSweb."
CSCO	Non-ST 22	Document AMS with NC10 request and provide IDRS print to the Manager. If approved input TC 530 cc 10 to IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools.

(4) If the AAB (CC SUMRY) is # [REDACTED] # or more, and a person legally authorized to act for the business (partner, officer, etc.) states the company is defunct and all assets were dispersed, take the following actions:

- Attempt to secure information on the identification of corporate officers and principals including names, SSN, and addresses. Document AMS with results.
- Exhaust all levy sources if in ST 22.

(5) If the conditions in paragraph (4) are met, follow the steps below based on your function and the account status:

If...	And...	Then...
ACS, ACSS and FA	All ST 22	CR/TE must input "TOI7, 05,TFQU" I7 would then input action history "TFQU,,AOTO7000."
ACS, ACSS, and FA	Non-ST 22	Document AMS with TFQU request and provide IDRS print to the Manager. If approved input CC STAUP 2400 and CC ASGNB AOTO7000.
CSCO	Non-ST 22	Input history on AMS of TFQU request and send for manager approval. Manager will document approval on AMS. If approved input CC STAUP 2400 and CC ASGNB AOTO7000.

Note: Consider filing a NFTL if the AAB due (CC SUMRY) is \$10,000 or more. See IRM 5.19.4.5, Notice of Federal Tax Lien Determinations and Filing Criteria.

IRM 5.19.17.2.8, Cases Reported CNC Based on Prior CNC (1) added note for when AAB is over 25k a new fin is required and managerial approval.

(1) If the prior CNC determination is no more than twelve months old and the total assessed balance plus total liabilities related to the unassessed return is less than \$25,000, the new account **may** generally be reported CNC without further investigation.

Note: If the total assessed balance plus total liabilities related to the unassessed return is \$25,000 or more a new financial analysis is required and managerial approval is needed for the CNC determination.

(2) When prior accounts were closed as unable to pay more than twelve months ago, financial analysis/verification is required. Prior CNC modules must be updated with the new Unable to Pay cc.

(3) When closing BMF modules CNC cc 07 or cc 10 and earlier modules were previously closed with cc 13, update the earlier modules with cc 07 or cc 10.

(4) Ensure all filing requirements are closed when BMF entities are closed with cc 07 or cc 10.

(5) Exceptions are:

- Unable to locate cases (cc 03), where the current TDA address was not investigated, telephone number not verified and/or a new Levy source not exhausted.
- Unable to contact cases (cc 12), where the current TDA address was not investigated, telephone number not verified and/or new Levy source not exhausted.
- Corporate trust fund taxes, requiring a TFRP determination or accruing after the date of the prior CNC closure.
- Prior bankruptcy (cc 07) dispositions.
- Cases reported CNC under exception processing, where the total liability owed, including prior CNC modules, now exceeds established criteria; see IRM 5.19.17.2.4.1, CNC Exception Processing.
- When a case was closed TC 530 cc 39 (shelved).

IRM 5.19.17.2.9, CNC of Multiple Accounts (4)b added note IAT Compliance Suite is specifically mandated for FA.

(1) There are occasions when a taxpayer has multiple accounts potentially qualifying for CNC; this includes accounts on different MFs.

Example: IMF and BMF.

(2) When recommendation for CNC is made, you must ensure a Full Compliance Check is complete making certain multiple accounts are addressed; document comments in AMS.

(3) ACS/ACSS inputs most CNC closures via ACS. If non-ST 22 modules are present on an ACS account, bring them into ST 22. If ST 23 accounts are involved on an ACS account, bring them to the TIF using CC MFREQ C, and input an AMS history or CC ENMOD, such as "CNCEXE", to include the module expedited into ST 22 for inclusion in CNC closure.

(4) When you cannot reassign a module to ST 22 (such as expiring CSED or ST 21 account):

- a. Obtain managerial approval first per IRM 5.19.17.2.2, CNC Managerial Approval, for all modules (ST 22 and Non-ST 22).
- b. Input TC 530 to IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested)Tools.

Note: FA employees should refer to IRM 21.3.4-12, Field Assistance Mandated IAT Tools.

- c. Document AMS (include each module closed on IDRS).

(5) If warranted, managerial approval of all modules must be documented in AMS history.