IRM PROCEDURAL UPDATE

DATE: 01/02/2024

NUMBER: wi-03-0124-0016

SUBJECT: IRM 3.13.2 Start-Up Changes

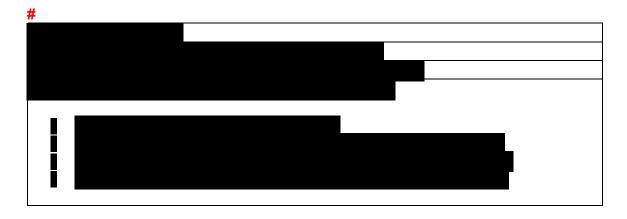**AFFECTED IRM(s)/SUBSECTION(s): 3.13.2**

CHANGE(s):

IRM 3.13.2.2.11 - Updated Funny Box routing information.

(1) When an Entity Tax Examiner (TE) identifies a return that looks different than a normally processed return, the return will be placed in the **Funny Box**. Examination and Criminal Investigation (CI) review these returns for fraudulent or illegal activities. A "Funny Box" has been created and placed in a central location for the deposit of questionable returns. At the end of each business day, the control team will retrieve the documents that have been placed in the Funny Box and route to FRP BMF Classifier:

Internal Revenue Service
Mail Stop 4450
1973 Rulon White Blvd
Ogden, UT 84404

(2) If the return is numbered, make a complete copy and indicate **COPY** across the front of the first page of the photocopied return. Place the copy in the Funny Box and continue processing the original return.

(3) Unnumbered returns can be placed directly in the Funny Box.

(4) See below for specific attributes of a return:

#

#

IRM 3.13.2.3.5(3) Updated example name to something more appropriate per SERP Feedback #14305.

(3) The last name of the decedent must be followed by the word "Estate" in the primary name line.

Name: Howard J. Aspen Dec'd
Name Control: HOWARD J]ASPE]N ESTATE

IRM 3.13.2.5(6) (d)(D) - Updated TC 971 AC 661 information to indicate it should be input on all open modules.

(6) CC INOLE can give you alternatives to locating the taxpayer such as:

    a. BMF sole proprietor—the IMF account for this taxpayer may contain a different address.
    b. Any BMF account can be checked with CC INOLE 'P' to show an address from the EPMF and vice versa.
    c. Research for another address under the XREF TIN. If address is found, re-mail notice and envelope using Letter 6800sce or Letter 2475C in care of the individual found from the XREF TIN. If Letter 6800sce is used, Input history item on CC ENMOD that says:
       6800SCE
       4UNDEL
    d. Follow the steps below for processing:

If...	And...	Then...
A) Interim letter (2645C, 2644C, etc.) is received as undeliverable,	Account issue has been resolved,	Prepare undeliverable letter for destruction as classified waste per local procedures.
B) A new address cannot be found via IDRS,	All XREF TINs have been researched without finding a better address,	Contact the taxpayer via telephone.

C) Taxpayer can be reached via telephone,	Taxpayer supplies you with better address,	Update the address per T/P instruction include T/P name and title and phone in remarks. Mail the notice/correspondence and envelope to the new address using 2475C or 6800sce.
D) Unable to locate a better address,	Unable to reach taxpayer via telephone,	Input TCs 593 Action Code (AC) 082 on the current tax period for all active FRCs. Input TC 971 AC 661 on all open modules which will generate the Undeliverable (UD) indicator. Prepare notice/correspondence for destruction as classified waste per local procedures.
E) There is indication the taxpayer is deceased,	There are no active FRCs on the EIN,	Input TC 971 Action Code 661 on all MFTs that reflect posted returns. Use the tax period containing the date of death. TC 971 AC 661 generates the Undeliverable (UD) indicator. Prepare undeliverable for destruction as classified waste per local procedures.
F) There is indication the taxpayer is deceased,	There are active FRCs on the EIN,	- Research IDRS for an ESTATE EIN. - If found, update the taxpayer's address to match the address on the estate EIN. - If unable to locate an estate EIN, input TC 593-082 on all open FRCs. Input TC 971 Action Code 661 on all open FRCs which will generate the Undeliverable (UD) indicator on all open modules. Prepare undeliverable for destruction as classified waste per local procedures.
G) Taxpayer states mail is not theirs,	Unable to locate valid address for taxpayer on EIN,	Input TC 593-082 on all open FRCs. Input TC 971 Action Code 661 on all open FRCs which will generate the Undeliverable (UD) indicator on all open modules. Prepare undeliverable for destruction as classified waste per local procedures.
H) CP 148B is undeliverable,		Prepare for destruction as classified waste.

IRM 3.13.2.8.22(8) (a) - Included batching instruction for Form 4442 under OFP 390-10014.

(8) **Form 4442**, Inquiry Referral

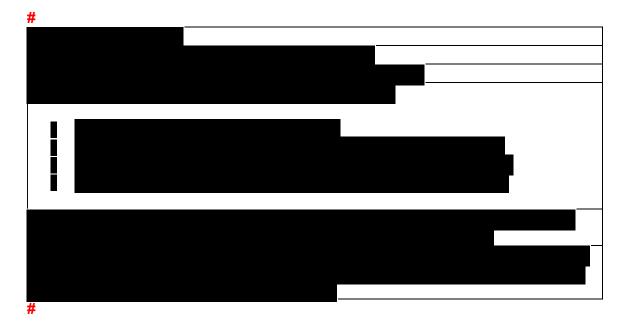| If...	Then....
A) Form 4442, Inquiry Referral is received,	- Batch under OFP 390-10014. - The case must be completed within 20 days of the date stamped by the fax machine. - Process the taxpayer inquiry, Section B according to your IRM procedures. - Complete Section C, Response/Final Resolution in blue or black ink according to the actions taken.
B) A fax number is present,	Fax the Form 4442 back to the originating office. **Note:** If the issue is an EIN consolidation, retain the Form 4442 as part of your consolidation case. It is not necessary to return Form 4442 to originator.
C) Form 4442 is received by Entity and the inquiry is not an Entity related issue,	This is considered an erroneous referral. Send the Form 4442 to your campus transshipping coordinator. The coordinator will alert the originating transshipping site of their error. The case must be processed in the receiving site to avoid delay. If the referral is received from a call site or Taxpayer Assistance Center (TAC), please refer the case to the Form 4442 Erroneous Referral Coordinator at the particular site. Please see Form 4442 Erroneous Referral Coordinators.
D) Form 4442 will be received from AM asking Entity to establish an SSN on the V/W tape for MFT 17 (Form 8288) or MFT 68 (Form 3520),	Entity TEs will input TC 000 to establish the SSN on the V/W tape as requested. Enter an audit trail on Form 4442 and route to originator.

If a Form 4442 is received in BMF Entity and there is an open BMF Entity unpostable on CC UPTIN, expeditiously forward the 4442 to BMF Entity Unpostables.

IRM 3.13.2.8.23 - Updated Funny Box routing area.

(1) Compliance has asked Submission Processing (SP) for assistance in identifying returns that are out of the ordinary, or "funny". Entity TEs that work returns will assist both Examination (Exam) and Criminal Investigation (CI) in identifying questionable returns. A "Funny Box" has been created and placed in a central location for the deposit of questionable returns. At the end of each business day, the control team will retrieve the documents that have been placed in the Funny Box and route to FRP BMF Classifier:
Internal Revenue Service
Mail Stop 4450

1973 Rulon White Blvd
Ogden, UT 84404

(2) Identifying returns for Exam promotes the highest degree of voluntary compliance. Exam will provide support and assist SP during processing.

(3) CI investigates potential criminal violations of the Internal Revenue Code (IRC) and related financial crimes. Criminal violations of the IRC are defined as willful and deliberate attempts to evade or defeat the income tax.

(4) If the return is numbered, make a complete copy and indicate **COPY** across the front of the first page of the photocopied return. Place the copy in the Funny Box and continue processing the original return.

(5) Unnumbered returns can be placed directly in the Funny Box.

(6) See below for specific attributes of a return:

#

#

IRM 3.13.2.10.15(1) & (2)(K) - Clarify when changes can be made to the Entity and provided cross references for Primary Name Changes and Address Changes per SERP Feedback #14628.

(1) If a taxpayer disagrees with any information on the CP 57X series they received, they will return the notice indicating changes need to be made to the account. Entity TEs will add any missing information and update any item the taxpayer indicates they want corrected. Changes can be made to the Entity type if no returns have been filed.

IRM 3.13.2.17.4(3) Note - Removed conflicting information in Note per SERP Feedback #14385.

(3) Research the employer/payer's account for the presence of a TC 971 Action Codes 382, 383, 384, or 385 with the same XREF-TIN as the revoking agent.

Note: The requirements to enter TC 971 to record these transactions started in January 2007. A TC 971 may not be present on the EIN being processed. If TC 971 is not present, do not input a TC 972 to revoke the relationship. Please see (C) below. The revoking agent must be the same as the cross-referenced agent if not, return Form 2678 to the Agent stating: "Our records reflect an agent other than yourself is currently representing the Employer/Payer. Please seek clarification from your client and re-submit Form 2678 if needed."

If...	Then...

A) TC 971 with Action Code 382, 383, 384, or 385 **is** located on the employer/payer's account,	1. Reverse the previous transaction with a TC 972. Use the same Action Code from the TC 971 record. TC 972 is input with the following fields:
	   ○ MFT>00
	   ○ TX-PRD>000000
	   ○ TC>972
	   ○ TRANS-DT> Use current date (effective date).
	   ○ SECONDARY DT>Date of revocation if provided, otherwise use earliest IRS received date.
	   ○ TC971/151-CD>Use same Action Code as the TC971 on record.
	   ○ XREF-TIN>Agent's EIN
	   ○ MISC>Form 2678 Agent.
	2. Activate the appropriate Form 941, Form 943, Form 944, Form 945, Form CT-1, and Form CT-2 filing requirements of the employer/payer whose agency relationship is terminated.
	3. Research employer/payer's TIN to determine if taxpayer is deceased or no longer in business. If so, do not add any FRCs to the account.
	4. If AC 382 was used for the original TC 971 posting, establish a Form 940 filing requirement for the Employer/Payer as well. Remove **HCSR** from taxpayer's name line.

B) If new address is provided for Employer/Payer,	Update the Master File.
C) TC 971 is **not** located on the employer/payer's account,	Correspond with agent for clarification using Letter 4228C.

IRM 3.13.2.29(2) - Added cross reference to IRM 3.13.2.8.7(18) for IRC 645 election accounts.

(2) The names of all Trusts (in Part III) filing Form 8855 must be updated, if necessary, to include "Trust filing as an Estate under Section 645." This designation will be input into IDRS as: "JOHN PUBLIC TR FILING AS AN ESTATE UNDER SECTION 645". After two years has elapsed for that entity, the trust will need a new EIN (at this point they are a new entity). See IRM 3.13.2.8.7(18). There will not be a Multi EIN issue since the new EIN will be input into IDRS as "JOHN PUBLIC TR".

IRM 3.13.2.30.1(12) - Added instruction to send Letter 6093C to acknowledge termination of CPEO contract.

(12) Input **TC 972 AC 732** to end the CPEO relationship on the **Customer's** EIN . When a contract is ended, Letter 6093C should be send for acknowledgement of termination. This action is also used to revoke the CPEO relationship. This can be input any time after the service contract starts. Overlay CC ENMOD with CC REQ77 to generate CC FRM77. Complete the following fields of CC FRM77 on the **Customer's** EIN:

   a. MFT>00
   b. TX-PRD>000000
   c. TC>972
   d. TRANS-DT>Contract end date (Part 1 of Form 8973 or revocation date).
   e. TC971/151-CD>732
   f. MISC>EIN of CPEO without a hyphen.
   g. Remarks Field>FORM 8973 ENDING/REVOKED (as applicable).

IRM 3.13.2.30.4(3) Note - Added information about suspended CPEOs and renewals.

(3) These accounts may reflect a TC 971 AC 732 on the Customer's EIN. Research IDRS for a TC 971 AC 732 to indicate a service contract. If no TC 971 AC 732, return Form 8973, Page 3, to the CPEO with a Letter 6094C informing them we do not show an original service contract. If a TC 972 AC 732 shows on the Customer's EIN, the CPEO's authorization has ended or been revoked. Return Form 8973, Page 3, to the CPEO with a Letter 6094C informing them their original service contract has ended or been revoked.

Note: Verify the CPEO shown in Part 3 is still certified by viewing the CPEO Active List located at: HqExam-SpecialtyTaxes. The list is in the **CPEO Listing** folder under **Home** folder named **ACCCPEO_CPEO_ACTIVE_LIST.** If CPEO is no longer certified or CPEO's status is revoked, see IRM 3.13.2.30.1 (1)(D). Renewals can still be processed for suspended CPEOs.