



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.13.1

DECEMBER 10, 2025

EFFECTIVE DATE

(12-10-2025)

PURPOSE

- (1) This transmits revised 4.13.1 Audit Reconsideration, Examination Audit Reconsideration Process.

MATERIAL CHANGES

- (1) IRM 4.13.1.1.3, Roles and Responsibilities - Removed paragraph 1 since it didn't outline the roles and responsibilities of Campus Correspondence Exam employees.
- (2) IRM 4.13.1.3.2, Function Responsible and Routing Instructions - added instructions on how to determine Campus and Area Office cases. Listed where to route cases. Added where to send BMF Employment Tax Non Filer (ETNF cases).
- (3) IRM 4.13.1.3.3 (2), Role of Contact Employee When a Reconsideration Request is Received and the Examination was Performed in the Area Office or the Campus Examination Function - Added instructions for Customer Service Representatives on the research to perform to determine if documents were received from TP who states they sent them at least 3 weeks ago.
- (4) IRM 4.13.1.4.1.1, Special Circumstances - Relocated to IRM 4.13.1.4.2.
- (5) IRM 4.13.1.4.1.2, Taxpayer Advocate Services (TAS) Case - Relocated to IRM 4.13.1.4.3.
- (6) IRM 4.13.1.4.1.3, Cases Previously Closed by the IRS Independent Office of Appeal - Relocated to IRM 4.13.1.4.4.
- (7) IRM 4.13.1.4.1.4, Use of Digital Communication Tools in Taxpayer and Third- Party Interactions - Added subsection to cover new digital tool options available.
- (8) IRM 4.13.1.4.1.5, Document Upload Tool for Taxpayer Facing Employees (DUT-TPFE) in Taxpayer and Third-party Submissions - Added subsection to cover new digital tool options available.
- (9) IRM 4.13.1.4.1.6, Timeliness - Relocated to section 4.13.1.4.
- (10) IRM 4.13.1.4.1.7, Time code - Removed content.
- (11) IRM 4.13.1.4.1.8, Point of Count - Relocated to IRM section 4.13.1.4.
- (12) IRM 4.13.1.4.1.9, Controlling the Cases - Relocated to IRM 4.13.1.4.5.
- (13) IRM 4.13.1.4.1.10, IDRS Account Actions - Relocated to IRM 4.13.1.4.6
- (14) IRM 4.13.1.4.1.11, CEAS/RGS and Workpapers - Relocated to IRM 4.13.1.4.7.
- (15) IRM 4.13.1.4.1.12, Management and Quality Review - Removed content.
- (16) IRM 4.13.1.4.2.1, Requests Not to be Worked - Added additional situations that would not be considered audit reconsiderations. Listed instructions on how to handle them.
- (17) IRM 4.13.1.4.5 (2)(a), Area Office Reconsiderations - Clarified when no show/no response case from the Field should be worked by the Campus.

- (18) IRM 4.13.1.4.7.5, Reconsideration TC 971 Action Codes - Added instructions for inputting TC 971 Closing Action Code when case is going to closure.
- (19) IRM 4.13.1.4.19.1 (3), Request for Appeals - Taxpayer original return, original audit adjustment, audit reconsideration adjustment and IDRS research removed from required items to be sent to Appeals.
- (20) Editorial changes made throughout the IRM for clarity. Reviewed and updated plain language, grammar, titles, IRM references, website addresses, and reorganized content.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.13.1, dated 04-17-2024.

AUDIENCE

Small Business/Self Employed (SB/SE), and Taxpayer Services (TS), Campus Examination Operations, Customer Account Services Employees.

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Small Business/Self-Employed

4.13.1

Examination Audit Reconsideration Process

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4.13.1.1
(12-10-2025)
Program Scope and Objectives

- (1) **Purpose:** This IRM contains procedural steps for Contact Employees receiving phone calls requesting an audit reconsideration and Campus Exam employees processing Exam audit reconsideration cases.
- (2) **Audience:** IRS employees responsible for processing Exam audit reconsideration cases in SB/SE and TS Campus Exam.
- (3) **Policy Owner:** The Director, Examination - Field and Campus Policy, who is under the Director, Headquarters Examination.
- (4) **Program Owner:** Campus Exam and Field Support (CEFS), which is under the director of, SBSE Headquarters Examination, Field and Campus Policy.
- (5) **Primary Stakeholders:**
 - SB/SE Campus Examination
 - Taxpayer Services (TS) Campus Examination
- (6) **Contact Information:** To recommend changes or make any other suggestions to this IRM section, see IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside Clearance.

4.13.1.1.1
(12-10-2025)
Background

- (1) This subsection is used by Small Business/Self Employed (SB/SE) and Taxpayer Services(TS) Campus Examination and Contact Employees for toll-free calls or to review and process audit reconsideration cases. Other IRM chapters will be referenced throughout this IRM to provide specific guidance for individual topics. Examination employees are responsible for researching and utilizing information contained in all reference materials. Legal citations, form and letter references, and IRM references are reviewed and updated as necessary.

4.13.1.1.2
(12-10-2025)
Authority

- (1) The Internal Revenue Service has the discretionary authority to abate an assessment of any tax if it is excess of the taxpayer's liability per IRC 6404(a) and Treas. Reg 301.6404-1. IRM 1.2.1.5, Policy Statements for the Examining Process.

4.13.1.1.3
(12-10-2025)
Roles and Responsibilities

- (1) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for knowing and following these rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see the **Taxpayer Bill of Rights**.

4.13.1.1.4
(12-10-2025)
Program Management and Review

- (1) **Program Reviews:**
 - Campus program reviews are conducted to ensure case actions are in accordance with IRM procedures.
 - Examination quality reviews are conducted using IRM 21.10.1, Embedded Quality (EQ) Program for Accounts Management, Campus Collection, Campus Examination, Field Assistance, Tax Exempt/ Government Entities, Return Integrity and Compliance Services (RICS), and Electronic Products and Services Support.
 - AIMS Centralized Information System (ACIS) reports are used by Headquarters Policy to review closure statistics and determine the effectiveness of each program.

(2) **Program Reports:**

- See IRM 4.4.27, *Reports*.
- Embedded Quality Review System (EQRS) Reports are used by managers and program analysts to identify error trends.
- National Quality Review System (NQRS) Reports are used by managers and program analysts to identify error trends.

4.13.1.1.5

(12-10-2025)

Program Controls

- (1) Integrated Data Retrieval System (IDRS).
- (2) Report Generation Software (RGS) is used for Campus Exam's: open case control, monitoring incoming taxpayer's correspondence, and manual review of case files.
- (3) Follow proper retention and disposition requirements when utilizing Form 3210, *Document Transmittal*, as outlined in Document 12990, *Records Control Schedules*.

4.13.1.1.6

(12-10-2025)

**Term/Definitions/
Acronyms**

- (1) Commonly used acronyms that may be within IRM 4.13.1 are shown in the table below.

ABBREVIATION/ACRONYM	DEFINITION
ACE	Automated Correspondence Examination
AGI	Adjusted Gross Income
AIMS	Audit Information Management System
AM	Accounts Management
AMT	Alternative Minimum Tax
AO	Area Office
AOTC	American Opportunity Tax Credit
ACIS	AIMS Centralized Information System
ARC	Aging Reason Code
ASED	Assessment Statute Expiration Date
ASFR	Automated Substitute for Return
AUR	Automated Underreporter
BMF	Business Master File
BOD	Business Operating Division
BSC	Brookhaven Service Center
CAS	Customer Accounts Service
CC	Command Code

ABBREVIATION/ACRONYM	DEFINITION
CCP	Centralized Case Processing
CEAS	Correspondence Examination Automation Support
CRN	Credit Reference Number
CRU	Centralized Reconsideration Unit
CSC	Cincinnati Service Center
CSED	Collection Statute Expiration Date
DC	Disposal Code
DLN	Document Locator Number
EITC	Earned Income Tax Credit
ERSED	Erroneous Refund Statute Expiration Date
EQRS	Embedded Quality Review System
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
LB&I	Large Business & International
MSC	Memphis Service Center
NRP	Notice Review Process
NQRS	National Quality Review System
OAR	Operations Assistance Request
OSC	Ogden Service Center
PBC	Primary Business Code
PC	Project Code
POA	Power of Attorney
PSC	Philadelphia Service Center
RGS	Report Generation Software
RSED	Refund Statute Expiration Date
SB/SE	Small Business / Self Employed
SERP	Servicewide Electronic Research Program
SFR	Substitute for Return
SLA	Service Level Agreement
TAS	Taxpayer Advocate Service

ABBREVIATION/ACRONYM	DEFINITION
TBOR	Taxpayer Bill of Rights
TC	Transaction Code
TDC	Taxpayer Digital Communications
TS	Taxpayer Services

4.13.1.1.7
(12-10-2025)
References

(1) Other IRM's referenced within IRM 4.13.1 are:

IRM NUMBER	TITLE
IRM 1.2.1	Service wide Policy Statements
IRM 1.11.6.5	Providing Feedback About an IRM Section - Outside Clearance
IRM 21.10.1	Embedded Quality (EQ) Program for Accounts Management, Campus Collection, Campus Examination, Field Assistance, Tax Exempt/Government Entities, Return Integrity and Compliance Services (RICS), and Electronic Products and Service Support
IRM 4.4.27	Reports
IRM 1.2.1.4.15 Policy Statement 3-15 (Formerly P-2-89)	Reconsideration of an Unpaid Assessment
IRM 21.5.10.4.3	Audit Reconsiderations
IRM 25.6.1.5	Basic Guide for Processing Cases with Statute of Limitations Issues
IRM 25.6.1.7.2	Time When Payments and Credits are Considered to be Made
IRM 25.6.1.10.2.7	Claims for Credit or Refund - General Time Period for Submitting a Claim
IRM 21.5.10.4.4	Requests for Copies of Audit Reports
IRM 4.19.19	Campus Examination Telephone Contacts
IRM 5.19.10.6.3	Combat Zone Freeze Code
IRM 4.19.13	General Case Development and Resolution

IRM NUMBER	TITLE
IRM 8.6.4.4	Agreement Forms Secured in Appeals Cases
IRM 21.3.3.4.16	Outgoing Correspondence
IRM 21.5.6.4.46	-W Freeze
IRM 4.19.16	Claims
IRM 21.5.4.3	General Math Error Procedures Overview
IRM 21.1.3.2.3	Required Taxpayer Authentication
IRM 25.6	Statute of Limitations
IRM 21.4.4	Manual Refunds
IRM 8.2.1.5	Returning a Case to Examination - ATE
IRM 8.2.1.6	Preliminary Review of a Case - ATE
IRM 8.1.10	Ex Parte Communications
IRM 4.8.9.8.7	Proper Managerial Involvement
IRM 20.1.5.3.5	Two and Ten Year Bans on Claiming the Earned Income Tax Credit (EITC)
IRM 4.19.14.7.1	EITC 2/10 Year Ban - Correspondence Guidelines for Examination Technicians (CET)
IRM 4.19.10.3	Fraud Development and Referrals

- (2) Helpful information can be found on the *Exam Research Portal* located on SERP.
- (3) Exam Project Codes can be found on SERP in the *Exam Project Code Search*.

4.13.1.2 (12-10-2025) Overview

- (1) An audit reconsideration is the process the IRS uses to reevaluate the results of a prior audit where additional tax was assessed and remains unpaid, or a tax credit was reversed. If the taxpayer disagrees with the original determination, they must provide new information for the audited issue(s) not previously considered during the original examination. It is also the process the IRS uses when the taxpayer contests a substitute for return (SFR) determination by filing an original delinquent return or when there is an IRS computational or processing error in assessing the tax. Please see IRM 1.2.1.4.15, *Policy Statement 3-15 (Formerly P-2-89), Reconsideration of an Unpaid Assessment*. These procedures are directed at:
 - Ensuring the amount of assessed tax is correct.
 - Ensuring the collection process is suspended while the reconsideration request is being considered (when applicable).

- Ensuring the procedures support the abatement of assessment in appropriate situations.
- Ensuring cases are handled in a consistent manner.

4.13.1.2.1
(12-10-2025)

**Criteria for
Reconsideration**

- (1) To request an audit reconsideration:
 - The taxpayer must have filed a tax return **and**
 - The assessment remains unpaid, or the IRS has reversed tax credits the taxpayer is disputing **and**
 - The taxpayer must identify which adjustments they are disputing **and**
 - The taxpayer must provide new additional information for the audited issues not considered during the original examination **or**
 - There was an IRS computational or processing error in assessing the tax during the examination.

4.13.1.3
(12-10-2025)

Contact Employees

- (1) This subsection discusses the role of contact employees.
- (2) Contact employees may receive inquiries from taxpayers that disagree with the original determination of a prior audit.
- (3) These inquiries may be received while answering the toll-free hotlines, in a Walk-in Office, or by correspondence.
- (4) Contact employees include but are not limited to Customer Service Representative (CSR) in Accounts Management and/or Correspondence Tax Examiners (CET) in Correspondence Exam.

4.13.1.3.1
(12-10-2025)

**Research/Initial Case
Screening**

- (1) Contact employee should research the account to determine if the request meets all the reconsideration criteria listed in IRM 4.13.1.2.1, Criteria for Audit Reconsideration.
- (2) If all criteria are met, research IDRS to determine the function responsible for the audit.
- (3) TS and SB/SE Campus Examinations and AO audits can be identified when IDRS contains the transaction codes (TC) listed below:
 - TC 420
 - Followed by a TC 30X. The 30X will include an adjustment to a refundable credit such as the earned income tax credit (TC 765)
 - Followed by a TC 421
- (4) Automated Substitute for Returns (ASFR) examinations can be identified when IDRS includes ALL the transaction codes below:
 - TC Dummy 150 with 887 as Julian date
 - TC 494
 - TC 495
 - TC 290 (tax assessment)
 - TC 599 Closing Code (CC) 088
- (5) If the account includes a TC 29X and /or a TC 599 CC 89, and the tax on the return does not match the tax posted on IDRS, the inquiry is not an ASFR Reconsideration request. It is an amended return. Route the return to AM.

- (6) Automated Underreport (AUR) examinations can be identified when IDRS contains a TC 29X preceded by a TC 922. Review the CP 2000 (if available) or use the first 2 digits of the TC 922 DLN to determine the originating campus.
- (7) SB/SE exam substitute for return (SFR) examinations can be identified when IDRS contains the transactions codes below:
 - TC 150 .00 with the literal "SFR" and 888 Julian date
 - followed by a TC 30X with an assessment
 - Followed by a TC 420 and TC 421

Note: PBC 295 through 299 and PBC 201 through 207 are located to the right of the TC 420
- (8) If criteria are met, reroute the request per the instructions in IRM 4.13.1.3.2, Function Responsible and Routing Instructions.
- (9) If the inquiry doesn't meet the criteria in IRM 4.13.1.2.1, Function responsible and Routing Instructions, correspond with the taxpayer and advise them they do not meet audit reconsideration criteria and include the guidance below:
 - a. If TP has not filed a tax return, tell the TP we have no record of receiving the tax return and they must send a completed signed tax return to be eligible for reconsideration
 - b. If the account has been full paid and there are no reversed refundable credits, tell the TP they do not qualify for a reconsideration, but they may be eligible to file a claim. Include Form 1040X and instructions as an enclosure.
 - c. If the case is currently open in Exam, and there is no assessment posted to the TP's account, advise the TP to correspond with the office that has the open exam. If the TP provides correspondence, date stamp and forward to the open control/office.

4.13.1.3.2
(12-10-2025)
**Function Responsible &
Routing Instructions**

- (1) Once the contact employee determines the inquiry meets the reconsideration criteria and which area conducted the examination they will reroute the request.
- (2) TS and SB/SE Campus Examinations audit reconsiderations requests are worked in the campus that conducted the original audit and must routed to that campus. For a complete list of TS and SB/SE Campus locations, refer to *Audit Reconsideration Requests-Central Reconsideration Unit (CRU) Addresses*
- (3) To determine the campus that conducted the audit use the TC 420 PBC or the TC 424 PBC. For Appeals use the 6XX PBC.
- (4) AO Exam reconsiderations are routed to the servicing SB/SE Campus based on the PBC of the TC 420. See Exhibit 4.13.1-1, to determine the campus that service area offices.
- (5) Automated substitute for return (ASFR) audit reconsiderations are routed based upon the DLN of the TC 150 and/or the TC 971 Act 143. Refer to *ASFR Reconsiderations Returns*.

Note: If the tax module has a previously posted TC 29X and/or a TC 599 CC 89, and the tax on the return doesn't match the tax posted to IDRS, then it isn't an ASFR reconsideration request. It is an amended return. Route the return to Accounts Management.

- (6) AUR reconsideration requests will be sent to the campus where the assessment originated. The originating campus may be determined from the address in the upper left corner of the CP **2000** (if available) or from the first two digits of the TC 922 DLN. A listing of addresses and contact phone numbers are available on SERP at *AUR Reconsiderations*.

Note: Phone numbers on SERP are for internal contacts relating to AUR Reconsideration cases only. Route taxpayer phone calls to AUR toll free number 1-800-829-8310 for both TS and SB/SE AUR Operations.

- (7) BMF Employment Tax Non-Filer (ETNF) cases with project 0453 are sent to Reconsideration at PBC 296, Mail Stop 8202G Cincinnati Campus. All other BMF Reconsideration cases will be routed through AM to follow IRM 21.5.10.4.3, Audit Reconsiderations.
- (8) SB/SE Exam Substitute for Return (SFR) audit reconsideration requests are worked in the Examination Operation, SFR Recon team, route to:

Internal Revenue Service

Examination Operation Stop 614

1040 Waverly Avenue

Holtsville, NY 11742

Route SB/SE SFR **Electronic** Reconsiderations to:

***SB/SE EEF Brookhaven CSCO**

Dept 1 Team 104

4.13.1.3.2.1
(12-10-2025)

Routing Instructions for Multiple Year and/or Assessments Reconsideration Requests

- (1) When a reconsideration request is received that contains more than one tax year or more than one TC 30X, it is in the best interest of the taxpayer if we work the case in the same campus. Multiple year requests should not be separated. See table below for more information on multiple year and multiple assessments reconsiderations.

IF	AND	THEN
Multiple Year Reconsideration	has an open TXMOD control	send case to assigned examiner or campus

IF	AND	THEN
Multiple Year Reconsideration	doesn't have an open TXMOD control	send case to the campus that performed the earliest audit
Multiple assessments	they are on the same tax year	send case to the campus that input the last adjustment
Multiple assessments	one account shows TC 30X for .00 and the other shows TC 30X with a dollar amount	send case to the campus with the dollar amount
Multiple assessments on one or more tax years	recon involves multiple tax years	send case to the campus with the earliest TC 300s

4.13.1.3.3 (12-10-2025)

Role of Contact Employees when a Reconsideration Request is Received and the Examination was Performed in the Area Office or Campus Examination Function

- (1) Campus Exam and Area Office Exam reconsideration requests should be made in writing and should include new supporting documentation that substantially verifies the audited issue(s). The taxpayer can provide their own written request to have the examination reconsidered, or they can complete Form 12661, Disputed Issue Verification, to request a reconsideration.
- (2) Briefly discuss the issues with the taxpayer. Use any available research tools to obtain information pertaining to the taxpayer's case. Examples of available tools include: IDRS research, SERP Project Code Search Tool.
- (3) If a reconsideration request is generated from a phone call or walk in, the contact employee should determine if the taxpayer knows what issue is being contested and/or assist the taxpayer in identifying the disputed issue(s).
- (4) If the disputed issue is not known, take the actions below:
 - a. Request a copy of the Audit Report and Pub 3598 be sent to the taxpayer by following IRM 21.5.10.4.4, Requests for Copies of Audit Reports.
 - b. Explain to the taxpayer they can obtain a copy of Pub 3598, What You Should Know About the Audit Reconsideration Process, by accessing the website at IRS.GOV or by calling 1-800-Tax-Form (1-800-829-3676).
 - c. Advise the taxpayer to follow procedures in Pub 3598 when requesting reconsideration.
 - d. Do not input a collection hold at this time. Advise the taxpayer that collection activity will continue until we receive the requested documentation.
- (5) If the disputed issue is known, take the actions below:
 - a. Instruct the taxpayer to send in an audit reconsideration request along with any new documentation. Pub 3598 and Form 12661 can be utilized to assist.

- b. Ask the taxpayer if they would like a letter issued explaining the process. If yes, issue Letter 3338-C and select the appropriate paragraphs that correspond with the disputed issue(s)

Note: If the taxpayer says no, then Letter 3338-C is not required to be issued

- (6) If the taxpayer is calling to check on the status of a reconsideration request previously submitted, review IDRS, if there is no open control follow the chart below:

If	Then
It has been more than 4 weeks but less than 8 weeks	<p>a. Input a STAUP for 4 weeks or</p> <p>b. Input a TC 470 with no Closing Code (CC) and a TC 472 with no CC with a posting delay code of 4.</p> <p>c. Advise the taxpayer not enough time has elapsed and explain you have input a temporary delay of collection activity.</p> <p>d. Advise taxpayer to check back in 4 weeks.</p> <p>e. Advise taxpayer they can submit documents via the digital tool options such as Digital Mobile Adaptive Form (DMAF), Documentation Upload Tool (DUT) - <i>Link to DUT</i> or mail copies of the documents previously submitted directly to the campus exam operation. <i>Audit Reconsideration Requests - Central Reconsideration Unit (CRU) Addresses - Who/Where - SERP</i></p>

- (7) If a reconsideration request is received via correspondence the contact employee should determine if the request meets the criteria in IRM 4.13.1.2.1, Criteria for Reconsideration.
- (8) If the taxpayer does not provide supporting documentation to verify the identified issue, the contact employee should:
- Issue a Letter 3338-C, including the paragraphs that correspond with the disputed issues.
 - Include Form 12661, and use the appropriate return address code.
- (9) If the taxpayer does provide supporting documentation that meets reconsideration criteria:

- a. Complete Form 4442, and fax along with documentation to the appropriate Campus Exam Operation, or
 - b. If form and documents cannot be faxed, route or mail to the appropriate Campus Exam Operation using routing Form 1725, Routing Slip, or Form 3210, Document Transmittal.
- (10) Review collection statute (CSED) on CC TXMOD/IMFOL before updating the collection status and routing the request.
- a. If there is less than one year remaining, do not input a collection hold (i.e., STAUP or TC 470)
 - b. If the account is in collection status below 22, input a STAUP for 15 cycles.
 - c. If the account is in status 22 or 24, input TC 470.
 - d. If the collection status is 26, coordinate with the Area Office Collection Revenue Officer.
 - e. If the account is in status 60 (Installment Agreement) instruct the taxpayer to continue payments as outlined in the agreement, do not input a collection hold.

4.13.1.3.4
(12-10-2025)
**Reconsideration Calls
Received in Exam
Operation**

- (1) If a call is received from the taxpayer requesting an audit reconsideration, research account to verify taxpayer meets reconsideration criteria. See IRM 4.13.1.2.1, Criteria for Reconsideration.
- (2) If taxpayer meets audit reconsideration criteria and CEAS/TXMOD doesn't show an open reconsideration case:
 - a. Advise the taxpayer to send in a request for reconsideration, including any documentation not previously submitted. Provide taxpayer with digital tool options such as Digital Mobile Adaptive Form (DMAF), Documentation Upload Tool (DUT) - *Link to DUT*, and TDC Secure Messaging. You may also provide fax number or mailing address to submit documents.

Note: If the taxpayer's examination was worked in Taxpayer Digital Communication (TDC) Secure Messaging (SM), (Tracking Code 2022 through 2028), advise the taxpayer they can request their reconsideration via TDC Secure Messaging or they can use the Document Upload Tool, fax or mail.

 - b. Inform the taxpayer to include a phone number when sending request to the appropriate CRU.
 - c. Ask taxpayer if they would like a letter issued explaining the process. If yes, send Letter 3338-C, with Pub 3598 and Form 12661 to the taxpayer and advise them to follow procedures in the publication on how to file an audit reconsideration request. Advise the taxpayer to fully explain the reason for disagreement with the audit adjustment on Form 12661. If no, sending Letter 3338-C isn't required to be issued.
- (3) If CEAS Status Codes can identify the actions taken on the audit reconsideration case, then refer to IRM 4.13.1.4.7, Controlling the Case, for Status Code Table and explanations.
- (4) If the taxpayer doesn't know what information is specifically needed; review the CEAS/RGS workpapers and advise the taxpayer what documentation is needed. If the case isn't on CEAS, review IDRS for adjustments and/or Project Codes to assist in advising what is needed.

- (5) If the taxpayer states they have already sent in everything requested from previously issued Letter 3338-C, the CET will review the CEAS Audit Reconsideration workpapers to ascertain if the information previously sent was determined by the examiner to be complete and correct. If CEAS indicates more information is needed:
 - a. Advise the taxpayer as to what additional information is needed if the information previously sent was not sufficient to allow the deduction.
 - b. Advise the taxpayer why the reconsideration request was denied.
 - c. If the taxpayer doesn't agree, talk with the taxpayer about the possibility of providing alternative documents that will support their position. If the taxpayer's explanation includes information that was not previously considered and might change the determination, suggest the taxpayer submit this information in writing.
 - d. If the taxpayer still doesn't agree, advise them of their right to appeal the decision and to reply to the letter sent to them notifying them of the partial/full disallowance.
- (6) If the case is open on CEAS as Recon and the taxpayer insists on talking to the assigned examiner after a full explanation was provided follow existing phone procedures in IRM 4.19.19, Campus Examination Telephone Contacts, to send a CEAS Action Note.
- (7) If the taxpayer is under a 2 or 10 year ban (PC 0697 & 0698) and requesting a reconsideration advise them to request an audit reconsideration for the year the ban originated and submit documentation showing their entitlement.

4.13.1.4
(12-10-2025)

**Central Reconsideration
Unit (CRU) General
Information**

- (1) Timeliness: IRM 1.2.1.13.3, Policy Statement 21-3 (Formerly P-6-12), Timeliness and Quality of Taxpayer Correspondence, apply to audit reconsideration requests. The general guidelines are:
 - A quality response is an accurate and professional communication which, based on information provided, resolves the taxpayer's issues, requests additional information from the taxpayer, or notifies the taxpayer we have requested information from outside the IRS.
 - A quality response is timely when initiated within 30 calendar days of the IRS received date.
 - When a quality response can't be issued timely, an interim response is initiated by the 30th calendar day from the IRS received date. Issue a Letter 2645-C, Interim Letter.
 - In the interim letter, you must tell the taxpayer when they can expect a final resolution. The promised resolution date may be any number of days and can vary depending upon the program being worked. The promised resolution date doesn't have to be in increments of 30 days.
 - You must issue subsequent interim letters with the specific reason for the delay if you can't provide a final response by the promised resolution date. If subsequent letters are required, use Letter 2644-C, Second Interim Response.
 - Policy Statement 21-3 doesn't apply to Exam SFR non-filer reconsiderations. Acknowledgement and interim letters do not need to be sent.
- (2) Only cases that are accepted into the audit recon inventory will be taken as a count for receipts and closings. Mis-routes and unstarted transfers from first read won't be counted. Work Planning & Control (WP&C) will be used to record receipts and closures.

- 4.13.1.4.1
(12-10-2025)
Use of Digital Communication Tools in Taxpayer and Third-Party Interactions
- (1) Taxpayers may submit documentation or information related to compliance inquiries and interactions via IT-approved digital communication tools (e.g., DUT-TPFE) unless there is a specific prohibition.
 - (2) The use of IT-approved digital communication tools is voluntary for taxpayers.
 - (3) Employees are required to secure BEARS entitlements for all available IT-approved digital communication tools and offer the use of these tools to taxpayers and representatives during compliance interactions.
 - (4) Employees must offer the use of IT-approved digital communication tools to the taxpayer in their initial contact with the taxpayer and third-party representative.
 - (5) Taxpayers are not required to submit any documentation or information via IT-approved digital communication tools and may continue to submit information by mail or other allowable means of transmission (e.g., fax).
 - (6) Correspondence and documents received via IT-approved digital communication tools generally must be saved to an encrypted folder on the employee's hard drive or One Drive upon receipt. See **IRM 4.33.1.4(2)**, Accessing Electronic Records, and **IRM 1.15.6.8(3)d**, Creation, Use, and Maintenance of Unstructured Electronic Data, (related to the use of One Drive for the temporary storage of Federal records).
- Note:** Documents received from the taxpayer and temporarily saved on the employee's hard drive or One Drive must be associated with the case file when appropriate. See **IRM 4.33.1.8**, Closing Cases with Electronic Records, **for guidance on preserving all appropriate documents in the electronic case file.**
- (7) See **IRM 10.10.1.6.1**, Accepting Images of Signatures and Digital Signatures in Certain Taxpayer Interactions, for guidance on accepting signed documentation via digital communication tools.
- 4.13.1.4.2
(12-10-2025)
Document Upload Tool for Taxpayer Facing Employees (DUT-TPFE) in Taxpayer and Third-party Submissions
- (1) The DUT-TPFE is an IT-approved, one-way (taxpayer to employee), digital communication tool that taxpayers and third parties can use to submit documents and information related to compliance interactions.
 - (2) If the taxpayer chooses to transmit documents via DUT-TPFE, employees must generate an access code in DUT-TPFE and provide the taxpayer with the DUT-TPFE URL and access code.
 - (3) See *Document Upload Tool for Taxpayer-Facing Employees (DUT-TPFE) FAQs*, for information on accessing and using DUT-TPFE.
- 4.13.1.4.3
(12-10-2025)
Special Circumstances
- (1) Review of taxpayer's accounts may show they were in a combat zone during the time the audit took place, or they were located in a Disaster Area, or they were a victim of identity theft. For these Special Circumstances, follow the chart below for appropriate action.

Special Circumstance	Action
In Combat Zone during the original audit (plus 180 days after leaving the combat zone)	Reverse all assessments made by Exam. Review of the taxpayer's account will show a TC 500 with closing codes 52, 54 and 56 that provides the entry and exit dates within the combat zone. The account will also have a -C freeze. Refer to IRM 5.19.10.6.3, Combat Zone Freeze Code. Normal combat zone procedures IRM 4.19.13.23, Combat Zone, do not apply to reconsideration cases, where the tax year(s) in question was not the same year(s) that the taxpayer was in a combat zone (plus 180 days after leaving the combat zone). For reconsideration requests other than the year(s) that combat zone procedures apply, continue to work and correspond with the taxpayer to resolve the reconsideration request.
Disaster Case	Special procedures may apply to disaster situations. Refer to IRM 4.19.13.27, Disaster Relief, for guidance issued specific to the disaster.
Identity Theft	If correspondence is received in the reconsideration unit indicating the Taxpayer is a victim of Identity Theft, and the Taxpayer can substantiate the Identify Theft claim, follow the procedures in IRM 4.19.13.28, Campus Exam Identity Theft, in working the reconsideration case. If TAS criteria 5 - 7 is met and ID Theft is involved, see IRM 4.19.13.28.1, Research.

4.13.1.4.4
(12-10-2025)
**Taxpayer Advocate
Service (TAS) Cases**

- (1) All TAS cases must be worked in adherence with the Service Level Agreement (SLA) and addendum between TS, SB/SE and TAS. See TAS website for Service Level Agreements (SLA) at: *Service Level Agreements* or on the internet at *Taxpayer Advocate Service Level Agreements*. TAS utilizes Form 12412, Operations Assistance Request (OAR), to initiate the OAR process. The Exam TAS liaison will assign and monitor the case through its conclusion. See IRM 4.19.13.26, Taxpayer Advocate Service (TAS) Procedures.

Note: While TAS is responsible for keeping the taxpayer apprised of the progress of the case, direct contact with the taxpayer or representative may be made when necessary. The TAS Case Advocate must be kept apprised of actions and/or contacts made with the taxpayer or practitioner. Every effort must be made to expedite completion of OAR cases.

- (2) OARs for examinations conducted in the Area Office (AO) will be worked in the SB/SE campus that is aligned to the AO that did the initial examination. If the campus examiners have not received training for the audit recon issue, the OAR will be forwarded by TAS to the appropriate AO.
- (3) Supporting documents (if available) must be attached to Form 12412 when TAS forwards a case are as follows:
 - a. All pertinent information received from the taxpayer.
 - b. Information not considered during the original audit.
 - c. Copies of letters and reports received by the taxpayer.
 - d. Copies of documents already submitted by the taxpayer.
 - e. Amended return, if applicable.

Note: On examinations conducted in an AO, TAS should determine if a physical (i.e., paper) administrative file exists for the closed examination or if the case is an electronic (paperless) case with all case file documents saved in RGS/CEAS. For paper cases only, the administrative files must be provided to resolve the audit reconsideration. TAS will perform an ESTAB request for the TC 300 document. Make two attempts, three weeks apart. If unable to obtain the administrative file, the Report Generating Software (RGS) information must be reviewed in coordination with the CRU. On examinations conducted in a campus, examiners will attempt to resolve audit reconsideration requests by using Correspondence Examination Automation Support (CEAS) information, whenever possible. The administrative file may be requested by TAS, if RGS information isn't available or isn't sufficient to resolve the request.

4.13.1.4.5 (12-10-2025)

Cases Previously Closed by the IRS Independent Office of Appeals

- (1) For liability cases previously considered by the IRS Independent Office of Appeals (Appeals), determine how Appeals resolved the case in order to decide whether a liability issue can be reopened. The IRS won't reopen:
 - Cases decided by the U.S. Tax Court (see exception for Tax Court dismissals for Lack of Jurisdiction)
 - IRS closing agreement (Form 906, Closing Agreement on Final Determination Covering Specific Matters)
 - Form 866, Agreement as to Final Determination of Tax Liability
 - Appeals mutual concession settlement using a Form 870-AD, Offer to Waive Restrictions on Assessment and Collection of Tax Deficiency and to Accept Overassessment
 - Type agreement form (Form 870-AD, Form 890-AD, Form 2504-AD, or Form 2506-AD)
 - When a statute of limitation prevents the reopening of the issue.
- (2) Research IDRS to determine whether Appeals previously considered the liability case. CC TXMOD will show a TC 30X and a three-digit office code 1XX (non-docketed cases) or 2XX (docketed cases) and disposal codes 01, 03 or 13 for Appeals closures processed through AIMS. For a list of Appeals Office Codes (AOC), see Section 13.2 of Document 6209, IRS Processing Codes

and Information, or Exhibit 3.13.62-9. For non-AIMS assessments via CC REQ54, Appeals will input the IDRS adjustment with an employee group code beginning with 6XXX.

- (3) If the case file doesn't contain the Appeals closing documents (i.e. Appeals Case Memo, agreement form, etc.), contact the Appeals Account Resolution (AARS) team to determine if these documents were retained on Appeals Centralized Databased System (ACDS). Email requests for this information to Appeals' ***AP Inquiries** Outlook mailbox.
- (4) Review the taxpayer's account transcript to identify the Appeals case closing code. If the closing code can't be determined, request this information by sending an email to the Appeals' ***AP Inquiries** Outlook mailbox.
- (5) Once the decision is made that the issue can be reopened, send the audit reconsideration case to the CRU to consider the taxpayer's new information. If the taxpayer protests the denial of the request to reduce the earlier audit adjustment, refer to the guidelines for case building in IRM 4.13.1.4.18.1, Request for Appeal.
- (6) For all audit reconsideration requests on closed Appeals cases, follow the guidelines as shown in the table below:

APPEALS CLOSING CODE	DESCRIPTION	ACTION
03	Agreed Non docketed (no Form 906, or Form 870-AD,	Send to Appeals, follow (7) below.
03	Agreed Non docketed (with Form 906, or Form 870-AD,	Do not send to Appeals, deny request for reconsideration, follow (8) below.
04	Agreed Notice of Deficiency	Send to Appeals if request is based on new information, follow (7) below.
05	Defaulted Notice of Deficiency	Do not send to Appeals, if request is based on new information work as reconsideration.
08	Agreed Appeals, Docketed or Dismissed from Tax Court with Appeals time	Do not send to Appeals. If dismissed for Lack of Jurisdiction (LOJ), work as audit reconsideration. If Appeals settled, follow (8) below.
10	Counsel Settled	Do not send to Appeals, follow (8) below.

APPEALS CLOSING CODE	DESCRIPTION	ACTION
11	Dismissed from Tax Court for Lack of Jurisdiction (LOJ), Appeals issued Notice	Do not send to Appeals. If dismissed for LOJ, and request is based on new information, work as an audit reconsideration.
12	Dismissed from Tax Court for Lack of Prosecution (LOP), Appeals issued Notice	Do not send to Appeals, follow (8) below.
17	Tried Tax Court Case	Do not send to Appeals, follow (8) below.
21	Dismissed, Tried or Counsel Settled with no Appeals time	Do not send to Appeals if dismissed for Lack of Prosecution (LOP), tried or Counsel settled, follow (8) below. If request is based on new information and the case was dismissed for LOJ, work as an audit reconsideration, follow (7) below.

Note: Letter 916-C, Claim Incomplete for Processing; No Consideration, must not contain language for an appeal if the case was closed with finality as addressed in IRM 8.7.7, Claim and Overassessment Cases. If a final decision was made by a court, the Letter 916-C would not contain language about appeal rights or filing a refund claim. The criteria for not reopening a case closed with a Form 870-AD agreement also applies to other form types with "AD" in the form name. See IRM 8.6.4.4, Agreements Forms Secured in Appeals Cases, for details.

- (7) In these cases, when you forward the audit reconsideration to Appeals, send the TP Letter 916-C and select the optional paragraph that reads: "Thank you for your audit reconsideration request dated..... ". The IRS Independent Office of Appeals (Appeals) previously considered and closed your case. We are forwarding your audit reconsideration case to the Appeals office; you should hear from them within 90 days.
- (8) In these cases, send the TP Letter 916-C and select the optional open paragraph to read as follows: "The IRS Independent Office of Appeals (Appeals) or the United States Tax Court (Tax Court) previously considered your disagreement with the examination results and closed your case. The determination was final, and we can't reopen or reconsider your case."

Note: This paragraph only applies to cases closed with a Court Decision (other than dismissal for LOJ), Form 870-AD or Form 906.

4.13.1.4.6
(12-10-2025)

Controlling the Case

- (1) Audit Reconsideration cases must be controlled on CEAS and/or IDRS (TXMOD) within 14 days of receipt in the CRU. CEAS is used to retrieve the original audit workpapers/reports/letters, document the reconsideration results on a new "reconsideration workpaper", and use Status Codes to capture the actions taken on CEAS reports. The table below outlines the valid Status Codes and their explanation for use.

STATUS CODE	OPEN/CLOSED/ MAIL TRANSFER	EXPLANATION FOR USE
7100	Open	Case retrieved from Archive to be worked as Reconsideration.
7154	Open	Mail Received on case in 7100 waiting to be worked.
7200	Closed	Letter 3338-C, Audit Reconsideration Acknowledgement, sent.
7301	Case Transfer	Case received and transferred to Appeals.
7302	Case Transfer	Case received and transferred to Area Office.
7304	Closed	Default Closing. Case opened in CEAS 7100 in "error" and needs to be closed out.
7305	Closed	Cases in Suspense 7700 systemically closed on CEAS after 45 days if no reply received.
7400	Closed	Case closed as Full Disallowance.
7500	Closed	Case closed as Partial Disallowance.
7600	Closed	Case Closed as Fully Allowed.
7700	Open	Suspense status. CRU responded, waiting for TP reply.

STATUS CODE	OPEN/CLOSED/ MAIL TRANSFER	EXPLANATION FOR USE
7754	Open	Mail received on suspense case 7700, waiting to be worked.

(2) For Area Office reconsiderations the TXMOD control activity must indicate it is an Area Office case.

(3) Once the reconsideration is complete and sent to file server on CEAS, the case must be archived.

4.13.1.4.7
(12-10-2025)
IDRS Account Actions

- (1) Audit Reconsideration case actions are input on IDRS to facilitate resolution. See SERP - IDRS Command Code Job Aid - Job Aids and IRM 4.19.13.2.2, Integrated Automation Technologies (IAT) Tool, when taking actions on IDRS.
- (2) When issuing CORRESPONDEX letters, see IRM 21.3.3.4.16, Outgoing Correspondence.

4.13.1.4.8
(12-10-2025)
**CEAS/RGS and
Workpapers**

- (1) All cases must be worked on RGS/CEAS, and results of the audit reconsideration recorded. See IRM 4.19.13.5, Report Generation Software (RGS) System and IRM 4.19.13.6, Workpapers for All Cases

4.13.1.4.9
(12-10-2025)
First Read Procedures

- (1) Reconsideration requests must be screened within 5 workdays of receipt to ensure they will be accepted and worked in CRU prior to opening in CEAS in Status Code 7100. The account will be reviewed to determine what function made the original assessment generating the reconsideration.
- Routing procedures are outlined under IRM 4.13.1.3.2, Function Responsible & Routing Instructions, for ASFR, AUR, Appeals, Campus and Area Office Examination assessments.
 - Only Campus or Area Office Examinations (SB/SE Campuses Only) will be worked in the Campus Exam Operations. Invalid referrals will be returned to referring area. For CII referrals see *CII Reroute Coordinators*
- (2) For Audit Reconsideration requests received without documentation, the case won't be suspended waiting for documents follow IRM 4.13.1.4.13.1, No Documentation. If a request is received and a prior or subsequent year reconsideration is being worked in your campus, do not route the case. Assign the year(s) received to the examiner who is already working the case. If the audit reconsideration is generated from a program that was centralized, send the request(s) to the campus where the program was worked. See IRM 4.13.1.3.2.1, Routing Instructions for Multiple Year and/or Assessments Reconsideration Requests.
- (3) If the reconsideration is generated from a different Campus assessment:

IF	THEN
TS reconsideration belongs to another TS Campus	<p>If TS Campus is knowledgeable in working the applicable exam program, keep reconsideration where received and work it.</p> <p>Exception: PC 1032 (The Third Party Affidavit) must be worked by the campus that performed the examination. Route PC 1032 recons to the originating campus based on the TC 420 PBC.</p>
SB/SE reconsideration belongs to another SB/SE Campus	<p>Transfer to the campus responsible for the exam assessment. Route to the originating campus based on the TC 420 PBC.</p>

- (4) If the reconsideration is generated from an Area Office assessment and:

IF	THEN
It is received in a TS Campus	<p>Forward to SB/SE Campus responsible for that Area Office. See Exhibit 4.13.1-1, Routing of Campus and Area Office Reconsideration Requests.</p>

IF	THEN
It is received in an SB/SE Campus and the taxpayer requests a face to face or the issue(s) are not conducive to Campus Exam:	<ul style="list-style-type: none"> Control on IDRS TXMOD. Follow case building procedures, IRM 4.13.1.4.12, Area Office Reconsiderations. After case building is complete, transfer in CEAS by updating Status Code to 7302. IRM 4.13.1.4.12.1, Transfer to Area Office, for procedures to transfer case file. If a taxpayer requests a face-to-face interview on a NRP case worked by the Campus, transfer the case to applicable AO NRP Coordinator. <p>Note: Any NRP case, Source Code 80/91, Project Code 0674, must be returned to the originating Examining Office regardless of the audit issues.</p>
It is received in an SB/SE Campus and the issue(s) are conducive to Campus Exam	Open as Recon in CEAS using project code 0001.

(5) If the reconsideration is generated from an Appeals assessment and:

IF	THEN
The determination is to transfer to Appeals based on procedures in IRM 4.13.1.4.6 Cases Previously Closed by the IRS Independent Office of Appeal	Control on IDRS CC TXMOD. See IRM 4.13.1.4.18.1 Request for An Appeal, to case build and transfer.
The determination is to work as an audit reconsideration	Accept request as Recon.
The determination is to deny the request for reconsideration	Issue Letter 916-C, Claim Incomplete for Processing; No Consideration, with appropriate paragraph.

- (6) Requests for an audit reconsideration submitted by IRS Employees won't be worked in the CRU. The CRU will screen the requests but won't assign or work the employee audit reconsideration cases. CRU employees will follow IRM 4.13.1.4.9(5), First Read Procedures, and IRM 4.13.1.4.12, Area Office Reconsiderations, in establishing AIMS controls and preparing the case. All employee reconsideration cases will be transferred to the appropriate PSP based on the current address of the employee/taxpayer. To ensure expeditious handling, use a delivery service that provides tracking capability when sending information to the Area office.

Note: If the original examination was worked on CEAS, do not order the administrative file. Other instances where the file won't be ordered may include defaulted cases, cases where you have the exam report, and cases where IDRS, research and taxpayer correspondence are sufficient to make a determination. The administrative file may have to be ordered when a SFR case isn't on CEAS, IRP transcripts can't be secured, and the taxpayer has not supplied sufficient information to make a determination.

- (7) Form 3870, Request for Adjustment, case referrals for audit reconsideration received from Collection revenue officers will be started within 14 days of receipt in the campus CRU.
- (8) -W Freeze: If the module reflects a TC 520 with closing codes 70-77 or 80-82, the case is in litigation status. If the case is in litigation status, contact the applicable litigation contact based on the 520 closing code. See IRM 21.5.6.4.46, - W Freeze.

4.13.1.4.9.1 (12-10-2025)

Requests Not to be Worked

- (1) The following requests are **not** considered audit reconsideration cases for our purposes and will be routed to the proper functions.
- The audit was for any tax form other than Form 1040, US Individual Income Tax Return
 - Closed Examination mail not meeting reconsideration criteria will be forwarded to the appropriate team at the manager's discretion, See IRM 4.19.13.11.6, Correspondence or Return Received on Closed Examinations Not Meeting Audit Reconsideration Criteria.
 - The request is for a fully paid prior audit (where an assessment was made during the audit). This is a **Formal Claim** for refund. See IRM 4.19.16, Claims.
 - The request is a math error protest. See IRM 21.5.4.2, General Math Error Procedures Overview.
 - ASFR or AUR assessments. Follow routing procedures under IRM 4.13.1.3.2, Function Responsible & Routing Instructions, for Contact Employees.
 - Request for explanation of account balance.
 - Refund inquiries.
- (2) A request for reconsideration won't be considered in any of the following situations listed below:
- The assessment was made as a result of a closing agreement entered into under IRC 7121 including (but not limited to), Form 906 and Form 866.

- b. The assessment was made as a result of a compromise under IRC 7122. These agreements are final and conclusive. A final compromise determination can be identified on IDRS by the posting of a TC 788.
 - c. The assessment was made as the result of final TEFRA administrative proceedings.
- (3) For these types of request, listed in (2) above, issue Letter 916-C, and select the optional open paragraph to read as follows: "Tax assessed as the result of a closing agreement, an accepted offer in compromise, or TEFRA administrative proceedings can't be reconsidered."
- (4) For cases previously considered in Appeals, follow procedures IRM 4.13.1.4.6, Cases Previously Closed by the IRS Independent Office of Appeals, for additional requests not eligible for reconsideration.

4.13.1.4.10
(12-10-2025)
Clerical Procedures

- (1) When a reconsideration request is accepted for inventory in the CRU:
- a. Check TXMOD/CEAS for a CRU control on the same, subsequent or prior year(s). If found, open control on IDRS and CEAS (if prior or subsequent year), or associate and assign mail (same year) to Examiner/Unit as controlled on TXMOD/CEAS.
 - b. Open TXMOD control and assign to Examiner/Unit Control.
 - c. If case is archived (in CEAS) pull back and open as an audit recon (do not open AIMS). Update case information with any changed/new items.
 - d. If case isn't archived, create case, archive and then retrieve case to enable the transfer of data to the CEAS database. Update the case information with the Taxpayer(s) address, telephone number, return type, received date, and POA information (do not open AIMS).
 - e. Input a TC 971, Action Code 560 to indicate the audit reconsideration is being initiated. Input the Exam received date as the Trans Date on the input screen.
- Note:** The Exam received date is the date the request was received in the operation, not the date the request was received in CRU.
- f. Input a TC 470 on TXMOD. A collection hold isn't input if the account is in status 26, 60, 71, 72, or there is less than one year remaining on the Collection Statute Expiration Date (CSED).
 - g. Send Interim Letter(s) to acknowledge receipt of correspondence, as needed.
 - h. Associate correspondence to Examiner/Unit Control.

4.13.1.4.11
(12-10-2025)
Routing Guidelines for CRU Units for Cases Transferred from One CRU to Another CRU

- (1) When routing a reconsideration case from one CRU to another, the following procedures apply:
- a. The first read examiner must indicate Campus where the audit reconsideration will be sent.
 - b. Send Letter 86-C, Referring Taxpayer Inquiry/Forms to Another Office, to advise taxpayer of case transfer to another office.
 - c. Form 3210 will be completed for cases being transferred.

4.13.1.4.12
(12-10-2025)
Area Office Reconsiderations

- (1) All cases **must** first meet reconsideration criteria as defined in IRM 4.13.1.2.1, Criteria for Reconsideration.
- (2) Route cases meeting the following criteria to the Area Office (AO):

- a. No-show/no-response cases closed from Field will be worked in the Campus if the classified issue qualifies as a campus issue and guidance is provided in IRM 4.19.14, Refundable Credit Strategy, or IRM 4.19.15, Discretionary Programs.
- b. Area audit reconsiderations with any adjustment not addressed on the original examination report (if the adjustment is related to the original examination and the disallowance would offset any part of the tax decrease created by the new information provided by the taxpayer).
- c. All Area Office audit reconsiderations in which the taxpayer requests a face-to-face meeting, the request must be in writing and additional documentation submitted.
- d. Area Office audit reconsideration where the case requires an examination of substantial books and records (voluminous documentation that places undue burden on taxpayer if mailed).

(3) Original examination was conducted by an Area Office:

- a. The CRU will determine if a physical (i.e., paper) administrative file exists for the closed examination or if the case is an electronic (paperless) case with all case file documents saved in RGS/CEAS.

Note: AO electronic (paperless) cases will include a blocking series of 400-479 in the TC 421 DLN.

- b. For paper cases only, if the administrative file has not been secured, the CRU must perform an ESTAB request for the TC 300 document. Make two attempts, three weeks apart (the second request must be a special search, utilize *Directories-FilesContactListing*, for where to send special search). If the administrative file isn't received from Files three weeks after the second request, the CRU will review the RGS administrative file through CEAS-VIEW CASE READ-ONLY FIELD NRP (CEAS).

Note: If an assessment was made after a no show/no response, then the CRU isn't required to secure the administrative file.

- c. Review the administrative file or RGS records to determine if the case will be worked in the Campus. If the Campus is able to work the issue, see IRM 4.13.1.4.6, Examiner Procedures.
- d. If requested documents are not received, place verification of the requests for the paper administrative file in the case file.
- e. If received by Campus after the recon was sent to the AO, re-charge and forward to the AO where the recon was sent.

Note: If the AO worked multiple year packages, upon closing CCP enters a TC 971 AC 057 with a year. The year designates the closing document that contains the administrative workpapers for all years. If only one year is being opened for reconsideration, you must request the year with the workpapers attached as well. When the administrative file is received, detach the workpapers and attach to the reconsideration case file. Input TC 971 AC 057 on the year(s) not being reconsidered to indicate what year the workpapers are now associated with.

- f. If the determination is made the CRU won't work the issue, transfer the case to the applicable AO based on taxpayer current residence, see IRM 4.13.1.4.12.1, Transfers to Area Office.
- g. Complete the Reconsideration Check sheet for AO Transfers. See *Reconsideration Checksheets for Area Office*.

Note: The managerial approval on a Campus case can be done by the manager or someone designated by management.

4.13.1.4.12.1
(12-10-2025)

Transfers to Area Office

- (1) Determine whether the case would be assigned to an RA EGC 1XXX or TCO EGC 2XXX based on original audit.
- (2) Follow the table below if AMDISA is still available:

IF	THEN
Returning to the originating Area Office (AO)	AMSTUR with an Aging Reason Code (ARC) 53 to return the case to the appropriate AO. The AIMS record will be updated to SBC 87700 and EGC 1998/2998 and forwarded to the AO Reconsideration Coordinator listed on the AIMS EGC listing as the contact for EGC 1993/2993.
Taxpayer's current residence is in a different AO PBC	AMSTUR with an ARC 53, AMSOC the database to the appropriate AO. AIMS will automatically update the EGC to 1998/2998 and Status 07 and will remain in EGC 1998/2998 Status 07. Forward to the AO Reconsideration Coordinator listed on the AIMS EGC listing as the contact for EGC 1993/2993.
The original audit conducted by Campus and now being transferred to AO	AMSTUR with an ARC 53 to reopen the AIMS base at the campus that conducted the examination. AMSOC the data base to the appropriate AO. AIMS will automatically update the EGC to 2998 and Status 07 and will remain in EGC 2998 Status 07. Forward to the AO Reconsideration Coordinator listed on the AIMS EGC listing as the contact for EGC 2993.

Note: When using CC AMSTUR, AIMS will reflect the original Source Code and Project Code, do not change. The Status Code will be 12, do not change.

- (3) Follow the table below if AMDISA is no longer available:

IF	THEN
Returning to the AO that conducted the Original Audit	Re-establish on AIMS in the originating PBC, Source Code 73, A R C 53, SBC 87700 and Campus EGC 1093/2093, Status 08. The case will be updated to EGC 1993/2993. Forward to the AO Reconsideration Coordinator listed on the AIMS EGC listing as the contact for EGC 1993/2993.
The Taxpayer has moved and forwarded case to a different AO	Re-establish on AIMS in the originating PBC, Source Code 73, A R C 53, SBC 87700 and Campus EGC 1093/2093, Status 08. AMSOC the database to the correct AO. AIMS will automatically update the EGC to 1998/2998 and Status 07 and will remain in EGC 1998/2998 Status 07. Forward to the AO Reconsideration Coordinator listed on the AIMS EGC listing as the contact for EGC 1993/2993.
Original audit conducted by Campus and now being transferred to AO	Re-establish on AIMS in the originating PBC, Source Code 73, ARC 53, SBC 00000 and EGC 5XXX, Status 08. AMSOC the database to the correct AO. AIMS will automatically update the EGC to 2998 and Status 07 and will remain in EGC 1998/2998 Status 07. Forward to the AO Reconsideration Coordinator listed on the AIMS EGC listing as the contact for EGC 2993.

- (4) Input TC 470 on TXMOD, if not already on the account. Annotate on the Transfer Check sheet the date the TC 470 was input with the number of cycles Collections actions will be stopped.
- (5) If a Campus case, close the CEAS/RGS control base with Status Code 7302 for campus examinations.
- (6) The case file will include all taxpayer correspondence, copies of letters sent to the taxpayer by the campus (interim and/or transfer letters), and the administrative file.
- (7) Send Letter 86-C to advise the taxpayer of the transfer. Use an open paragraph to advise the taxpayer a copy of the return, audit report and documentation should be available when the AO contacts them.
- (8) Close TXMOD control with activity indicating the Area office case was sent to. (i.e. "TOAREAXXX", with XXX applicable to AO PBC.)

- (9) Prepare "Reconsideration Check sheet for Area Office Transfers", *Reconsideration Check Sheet for Area Office*.

- (10) Prepare Form 3210.

Note: If case has potential imminent statute issues with less than six months remaining on ASER, coordination will need to be made to protect the statute.

- (11) If the original examination was conducted by a Campus follow the If/Then chart below:

IF	THEN
POA or taxpayer requests an Area Office interview, and the case is within the examining scope of the Campus CRU, (One Case or Multiple Cases by same POA)	<p>a. Telephone POA or taxpayer to provide assurance that the issue can be resolved at the Campus. Treat mass transfer requests on a case-by-case basis.</p> <p>b. If unable to contact taxpayer by telephone, issue Letter 3339-C, Audit Reconsideration Substantiation Request, and include this wording: "We have considered your request to transfer your case to the Area Office for reconsideration. However, we ask that you try to work with this office to resolve this matter by mail. We encourage you to do this because the staff at this office is familiar with your case. It is likely we can resolve the matter for you more promptly than if we transfer it to the local office. However, if you believe there are special circumstances that would necessitate a face-to-face appointment, please let us know."</p> <p>c. Suspend the case for 30 days.</p> <p>d. Taxpayer insists, document the reason and supporting items on workpapers and transfer.</p> <p>e. Taxpayer agrees, follow normal CRU processing procedures.</p>

IF	THEN
Taxpayer states undue burden due to voluminous records	a. Ensure a sampling of new documents were received with the request. b. Document the reason and supporting items on workpapers and transfer.
Issue is too complex for CRU	Prepare case for Area Office with complete explanation of complex issues and transfer.

4.13.1.4.13
(12-10-2025)

Examiner Procedures

- (1) All cases must be worked on RGS/CEAS, and results of the audit reconsideration recorded. See IRM 4.19.13.5, Report Generation Software (RGS) System and IRM 4.19.13.6, Workpapers for All Cases.
- (2) If the case is on CEAS, establish the audit recon record by retrieving the case from archive in Status Code 7100. If the case isn't archived on CEAS, it will be necessary to manually create, archive and retrieve the case. The case must also be controlled on IDRS (TXMOD). Check to make sure the case is assigned, and the collection hold has been input, if needed.
- (3) Open the CEAS Audit Reconsideration Information Screen and check to ensure the Original TC "300" reflects the deficiency amount of the audit report. If incorrect, correct to the deficiency amount (tax and credits).
- (4) Verify/Input the correct tax period, and IRS and Exam received dates on the Audit Reconsideration Information Screen. Verify to ensure the "TC 300 or TC 290 (SFR)" dollar amount correctly reflects the deficiency amount of the report issued resulting from the audit the taxpayer is requesting reconsideration for. If SE tax and or credits are involved the assessment amount may be the credits or a net amount of the tax and credits reversed. If the TC 300 or TC 290 amount isn't correct, change to reflect the deficiency amount.
- (5) Create a new issue under the De-Minimus IMF Code and rename it "MMDDYYYY4700RECON". **When creating their F4700, they must click on the "Audit Recon Notes" first, before clicking on the original "4700".** This will ensure the original 4700 isn't overridden by the Audit Recon Issue. Subsequent Audit Recon requests can utilize the same notes saved under the previous Audit Recon Issue. No new 4700 or issue will have to be prepared.
- (6) If requesting the administrative files, perform an ESTAB on IDRS. If the administrative file isn't received from Files after three weeks, request a Special Search using Form 2275, Records Request, Charge and Recharge. A Special Search requires managerial approval. Managerial approval must be documented in workpapers.
- (7) If additional mail is received on open cases in Status Code 7100 or 7700, the Status Code will be updated to 7154 or 7754 (whichever is applicable) within 5 days of mail receipt.

- (8) When fully allowing the Reconsideration request, a new audit report isn't needed. Adjust the taxpayer's account to tax liability prior to the correspondence audit. Document workpapers with your decision and make the appropriate adjustment.
- (9) When partially allowing the Reconsideration request, a new audit report must be generated and sent to the taxpayer. The Audit reconsideration report can be saved as "MMDDYYYYRECON4549". The examiner must check IDRS to ensure the starting point of the report reflects the taxpayer's account including all prior adjustments.
- (10) Review applicable program procedures in IRM 4.19.13, General Case Development and Resolution, thru IRM 4.19.15, Discretionary Programs, when making determinations on Campus Exam cases. Examiners will seek technical assistance from the workgroup assigned to work specific discretionary programs, because special procedures have been developed to work the programs. (Example: PC 133, CI Referrals, PC 360/364-Tip Employees, PC 402/405/406-Education Credits, etc.)
- (11) The CEAS workpapers must be documented with the information requested on the original audit, subsequent documentation received with Reconsideration Request, documentation still needed, and conclusion reached. Save as "MMDDYYYY4700RECON".
- (12) When suspending the case on CEAS/RGS the examiner will update to Status Code 7700 and must move the case off their desktop back to suspense file server. This will allow for the autoclose to systematically close the case if there is no response.
- (13) On the Audit Recon Information Screen, record and validate the abatement amount to ensure population of the CEAS Reports. If no adjustment was made to the account input "0" in the Abatement Amount Field. If there was an adjustment to the account input the total adjustment to tax and credits.
- (14) Both CEAS/RGS and IDRS controls must be closed when the case is completed. Ensure the CEAS case is sent to file server. Close the CEAS/RGS control using the appropriate closed Status Codes (Do not check the "Update AIMS" box) outlined in the table below:

CLOSED STATUS CODE	EXPLANATION FOR USE
7200	Letter 3338-C sent.
7304	Case opened in 7100 in error and closed out.
7305	Cases in Suspense 7700 systematically closed on CEAS after 45 days if no reply received.
7400	Case closed as Full Disallowance.
7500	Case closed as Partial Disallowance.
7600	Case Closed Fully Allowed.

- (15) Process Adjustment to Master File by inputting TC 29X with the applicable Reconsideration Reason Codes as follows:

REASON CODE NUMBER	EXPLANATION FOR USE
064	Reconsideration No Response
066	Reconsideration Disallowed in Full
067	Reconsideration Disallowed in Part
068	Reconsideration Allowed in Full

Note: Examiner will use any other applicable reason code(s) up to a maximum of three to identify the issues involved in the Audit Reconsideration as outlined in the Document 6209.

4.13.1.4.13.1
(12-10-2025)
No Documentation

- (1) If a reconsideration request is received without any supporting documentation:
- Do not transfer case.
 - Issue Letter 3338-C. Select appropriate paragraphs based on disputed issues and include paragraph to enclose Pub 3598 and Form 12661. Be sure to include paragraph and Form 12661. Advise the taxpayer to fully explain the reason for disagreement with the audit adjustment on Form 12661.
 - CEAS controls, Not Required– If case was opened in CEAS as 7100, close as 7200, Letter 3338-C sent and input a TC 971 with action code 576 on IDRS.
 - Close TXMOD control to indicate Letter 3338-C sent.
 - Input a TC 290.

4.13.1.4.13.2
(12-10-2025)
Insufficient/Partial Documentation

- (1) A reconsideration request is received with some documents and a determination can be made using judgment based on the documentation received and available research (CEAS, DUPOL DDBOL, DDBKD, AIMS, TXMOD, IMFOL, RTVUE & INOLET, & MFTRA). If a prior or subsequent year was closed No Change, all available research will be utilized, i.e. RGS workpapers, copies of documentation to determine if the issue(s) and the substantiation supplied for the prior or subsequent year is applicable to the reconsideration year. The reconsideration may be:
- Disallowed in Full** - If documentation/research doesn't support allowance of the disputed issue, or the taxpayer doesn't meet the criteria that is for that issue, disallow the request in full. Use an open paragraph in the appropriate letter to inform the taxpayer of the specific reasons they did not qualify for the tax benefit or what specific information was missing that kept you from allowing the tax benefit. If the taxpayer did present documentation intended to support the allowance of an issue, but you decided the information was insufficient, address why the information did not fully support the allowance in your explanation to the taxpayer and document the workpapers to record the facts and circumstances supporting your decision. Do not suspend case. For closing actions, IRM 4.13.1.4.14.3, Closing Procedures Full Disallowance.

- b. **Disallowed in Part** – If documentation/research supports the allowance of only part of the issues and there is no conflicting evidence present that the taxpayer is entitled to the issues contested, allow the portion of the request the taxpayer is entitled to. Use an open paragraph in the appropriate letter to inform the taxpayer how you arrived at your decision. If the partial allowance was because the taxpayer did not qualify for a specific issue, make sure you provide a full explanation. If the partial disallowance was because of missing information, explain to the taxpayer what information is missing. If the taxpayer did present documentation intended to support the allowance of an issue, but you decided the information was insufficient, address why the information did not fully support the allowance in your explanation to the taxpayer. Document the Reconsideration workpapers with non-qualifying/missing information. Record the facts and circumstances supporting your decision. Do not suspend case. For closing actions, IRM 4.13.1.4.14.2, Closing Procedures - Partial Disallowance.
- (2) A determination can't be made based on the documentation received and available research (CEAS, DUPOL DDBOL, DDBKD, AIMS, TXMOD, IMFOL, RTVUE & INOLET, & MFTRA U):
- a. If the taxpayer's phone number is in the case file one phone call attempt must be made in an effort to obtain missing documentation or clarify an unresolved issue relative to the reconsideration request before disallowing in full or in part due to lack of information. Before calling the taxpayer review the case file and advise the taxpayer what documentation is needed.
- Note:** If working a Taxpayer Digital Communications (TDC) case, a phone call isn't required. See IRM 4.19.13.33.3, Deviations from Standard Procedures on TDC Cases. When making or receiving phone calls, examiners must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer and to prevent unauthorized disclosure of tax information. Examiners are responsible to return messages left by the taxpayer on the IRS Desktop phone within three business days.
- b. Use judgment and professional decision making to come to a conclusion after speaking to the taxpayer. The facts and circumstances combined with oral testimony may substantiate entitlement to the issues being contested. Update workpapers with phone number, date and time called. If the taxpayer can be reached and they indicate they have the documents to send through DUT, TDC, or fax, allow 10 days for a reply. Purge the case after 15 days. Document the workpapers with qualifying/non qualifying or missing information, and the facts and circumstances supporting your decision.
 - c. If taxpayer can't be reached by phone, document the workpapers with non-qualifying or missing information, your decision and the facts and circumstances supporting your decision. Issue Letter 3339-C, **Audit Reconsideration Substantiation Request**, requesting the missing information. Include Pub 1, Your Rights as a Taxpayer, as an enclosure. Allow a 45 day suspense period and update CEAS to Status Code 7700.

Note: Cases updated to Status Code 7700 must be moved off the desktop to the Suspense File Server. This will allow the Autoclose

to close the CEAS controls by systemically updating the case to Status Code 7305 and archiving the case.

- d. After response is received or suspense period has expired, refer to IRM 4.13.1.4.7, Closing Procedures.

4.13.1.4.13.3
(12-10-2025)

Full Documentation

- (1) A reconsideration request is received with supporting documentation for all disputed issues. If documentation and research substantiates the issues and there is no conflicting evidence present, or after researching and considering all the facts and the preponderance of evidence indicates the taxpayer is entitled to the adjustment being requested, allow the reconsideration. Document your workpapers with the information to record the facts and circumstances that support your decision. For closing actions IRM 4.13.1.4.14.1, Closing Procedures Full Allowance.

4.13.1.4.14
(12-10-2025)

Closing Procedures

- (1) After the determination is made, follow the applicable closing procedures.
Note: If resolution of this case does not involve a full abatement, the collection hold must be reversed when the case is closed.

4.13.1.4.14.1
(12-10-2025)

**Closing Procedures -
Full Allowance**

- (1) If the request for abatement is accepted in full:
 - a. Input TC 29X with Reason Code 068, Full Allowance on IDRS and the appropriate Item Reference number/Credit Reference Number for issues allowed. Ensure all penalties assessed in the original examination are addressed and adjusted accordingly.
 - b. Input a TC 971 and the appropriate audit reconsideration action code to indicate how the reconsideration is being closed.
 - c. Close IDRS (TXMOD) control.
 - d. Update abatement information in the CEAS audit recon information screen, validate the assessment information (tax & credits) is accurate, close CEAS with Status Code 7600, **Full Allowance** and archive case.
- (2) If EITC is allowed in full the following IDRS actions are also needed:
 - a. If TC 810 is present input TC 811 to reverse.
 - b. Research AIMS for open year(s). If subsequent year(s) are open for related programs, leave a CEAS action note for cases both in batch and to the assigned examiner to inform them of the resolution of reconsideration cases(s). This action will reduce taxpayer burden and ensure consistent taxpayer treatment.

Note: When processing timely filed reconsiderations and it appears the RSED has expired, see IRM 25.6.1.10.2.7.2.2, Two-year Rule, or IRM 25.6.1.10.2.8.4, Foreign Tax Credit, for proper processing as applicable.

4.13.1.4.14.2
(12-10-2025)

**Closing Procedures -
Partial Disallowance**

- (1) If the request for abatement is denied in part:
 - a. Send a Letter 3340-C, Audit Reconsideration Denial, if there is a balance due, or a Letter 106-C, Claim Partially Allowed, if the account is in zero balance to the taxpayer specifying the reason for disallowance. When sending Letter 3340-C select paragraph to include Pub 1, as enclosure,

- (Letter 106-C encloses Pub 1 automatically). Both letters offer the taxpayer appeal rights and the right to file suit if they do not agree with the determination.
- b. Prepare examination report Form 4549, Report of Income Tax Examination Changes, and enclose with a cover letter. Letter 4306, Reply to Closed Correspondence Examination Mail, or Form 5260, Quick Note, can be used for this purpose. Advise the taxpayer that Letter 3340-C / Letter 106-C will be sent under separate cover.
 - c. When a determination is made to allow one or some, but not all the qualifying children for EITC, input a TC 971 with Action Code 135 and the SSN of the allowed qualifying child or children.
 - d. If EITC is reduced for adjustments to income or expenses, the taxpayer will be required to recertify on the next return filed claiming EITC. Input a TC 971 with Action Code 156 to set the recertification indicator with a value of "9".
 - e. Input TC 29X with Reason Code 067 - **Reconsideration Disallowed in Part**, as well as any other applicable reason codes. Also include the Item Reference Number/Credit Reference Number for issues allowed/disallowed. Ensure all penalties assessed in the original examination are addressed and adjusted accordingly.
 - f. Input a TC 971 and the appropriate audit reconsideration action code to indicate how the reconsideration is being closed.
 - g. Close IDRS (TXMOD) control.
 - h. Update abatement information in the CEAS audit recon record, validate the assessment information (tax & credits) is accurate and close CEAS by updating to Status Code 7500, Partial Disallowance and archive case.

Note: When processing timely filed reconsiderations and it appears the RSED has expired, see IRM 25.6.1.10.2.7.2.2, Two-year Rule, or IRM 25.6.1.10.2.8.4, Foreign Tax Credit, for proper processing as applicable.

4.13.1.4.14.3
(12-10-2025)
**Closing Procedures -
Full Disallowance**

- (1) If the request for abatement is denied in full:
 - a. Send a Letter 3340-C (or Letter 916-C in appropriate circumstances) to the taxpayer if there is a balance due or a Letter 105-C, if the account is in zero balance. The letter must specify the reason for the disallowance. Include a Publication 1, *Your Rights as a Taxpayer*, as an enclosure with the Letter 3340-C. Letter 105-C, will include Pub 1 automatically. Both letters offer the taxpayer appeal rights and the right to file suit if they do not agree with the determination.
 - b. Input TC 29X with Reason Code 066 - **Reconsideration Disallowed in Full**. If Letter 3339-C was issued and the taxpayer did not respond, also use Reason Code 064 – **Reconsideration No Response** and the appropriate Item Reference number/Credit Reference Number for Issues disallowed. Also include other appropriate reason code(s) for the issues involved.
 - c. Input a TC 971 and the appropriate audit reconsideration action code to indicate how the reconsideration is being closed.
 - d. Close IDRS (TXMOD) Control.
 - e. Close CEAS case by updating to Status Code 7400- **Full Disallowance** and archive case.

4.13.1.4.14.4
(12-10-2025)

Closing Procedures - No Reply

- (1) After 45 days, cases in Status Code 7700 will be systemically closed into Status Code 7305 and archived in CEAS. It is important to move the cases off your desktop when updating to Status Code 7700 so the system can close and archive the CEAS case correctly if the TP doesn't reply. The system will bypass cases in Status Code 7754 indicating mail was received during the suspense time period. The autoclose functionality will only close CEAS. The Autoclose Report number 8872 is a monthly report broken down by cycle. The update is run on the weekend so this report will be pulled every Monday for a list of TINS that were systemically closed the prior week. The report will be used to pull the paper case file from Suspense and complete the remaining manual closing actions;
 - a. Issue appropriate closing letter. Letter 105-C must be sent for zero balance or Letter 3340-C if there is an unpaid balance. Include Pub 1, Your Rights as a Taxpayer, with Letter 3340-C.
 - b. Input TC 290 to close case, with Reason Code 066, **Disallowed in Full**, Reason Code 064, **Reconsideration No Response** and any other appropriate reason codes. Attach paper case to file.
 - c. Input a TC 971 and the appropriate audit reconsideration action code to indicate how the reconsideration is being closed.

Note: If cases are not taken off desktop when put into Suspense Status Code 7700 the case will be systemically closed into 7305 but the Recon case **can't** be systemically archived in CEAS. Cases left on the desktop in Status Code 7700 will need to have this step performed manually.

4.13.1.4.14.5
(12-10-2025)

Reconsideration TC 971 Action Codes

- (1) At the point of case closure, the examiner will input a TC 971 Action Code using the IAT REQ77 tool to indicate the case disposition.
- (2) The TC 971 closing action code must be input when the case is completed and the TC 29X is input to allow/disallow the audit reconsideration. See IRM 4.13.1.4.13 (13), Examiner Procedures, for more details.
- (3) The Reconsideration TC 971 Action Code table below provides the valid Action Codes used for Reconsideration dispositions worked by the Campus:

ACTION CODE	EXPLANATION FOR USE
564	No Response - Campus
565	No Response - Field
566	Full Disallowance - Campus
567	Full Disallowance - Field
568	Full Allowance - Campus
569	Full Allowance - Field
570	Partial Disallowance - Campus
571	Partial Disallowance - Field

ACTION CODE	EXPLANATION FOR USE
576	Letter 3338-C, Audit Reconsideration Acknowledgement, sent

4.13.1.4.15
(12-10-2025)

**Replies to Letter 3340-C/
Exam Procedures**

- (1) If the taxpayer provides further documentation in response to Letter 3340-C, Audit Reconsideration Denial, then the new documentation received must be evaluated. Adjust account if the documentation supports a full abatement of tax or reversal of credits previously disallowed.

IF	AND	THEN
Documentation supports only a partial abatement of tax or reversal of credit	account is full paid	Adjust account accordingly and formally disallow with Letter 106-C Claim Partially Disallowed.
There are issues that were not sustained	the account is in balance due	Issue Letter 916-C. Use the open paragraph to advise the taxpayer the documentation does not permit any further adjustment to their account. Use paragraph advising of Appeal Rights and Claim Procedures. Also inform the taxpayer to refer to the enclosed Pub 1.

IF	AND	THEN
The documentation received is the same documentation as previously submitted or partial documentation that doesn't change the original determination	account is full paid	Formally disallow with Letter 105-C, Claim Disallowed or Letter 106-C, Claim Partially Allowed. Use the open selective paragraph to advise the taxpayer the additional information submitted does not allow you to reverse the audit adjustment of the year they are contesting. Also inform the taxpayer to refer to the enclosed Pub 1 which explains the Appeals process and Claim Procedures for further consideration of their abatement request.
The documentation received is the same documentation as previously submitted or partial documentation that doesn't change the original determination	the account is in balance due	Issue Letter 916-C.

- (2) When sending a 105-C/106-C use Exhibit **4.13.1-1** for the toll free number that will be entered on the letter.
- (3) If the taxpayer indicates an inability to pay the balance in full, document the taxpayer's request for an installment agreement and forward a copy of the correspondence to the co-located Compliance Service Collection Operation (CSCO).

4.13.1.4.16
(12-10-2025)
**Replies to Disallowance
Letters (105, 106 &
916-C)**

- (1) If the Taxpayer submits additional information that would result in a decrease to the Exam assessment after a disallowance letter has been issued, review CEAS to determine if the information sent is valid and adjust accordingly.
 - a. If additional information results in a partial abatement, follow partial abatement procedures, and send Letter 916-C. Use an open paragraph to advise the taxpayer of how you arrived at your decision and remind taxpayer of appeal rights in previous letter.
 - b. If the partial disallowance was because the taxpayer did not qualify for a specific issue, make sure you give a full explanation. If the disallowance was because of missing information, advise the taxpayer of the specific missing information. If the taxpayer did present documentation intended

to support the allowance of an issue, but you decided the information was insufficient, address why the information did not fully support the allowance in your explanation to the taxpayer. Document workpapers with non-qualifying/missing information. Record the facts and circumstances that support your decision and send Letter 916-C. Use an open paragraph to advise the taxpayer the documentation doesn't permit any further adjustment to their account. Use paragraph advising of Appeal Rights and Claim Procedures. Also inform the taxpayer to refer to the enclosed Pub 1.

- (2) If the taxpayer submits additional/same information that would not change the former audit results, notate CEAS and send Letter 916-C. Use open selective paragraph to advise the taxpayer the additional information submitted doesn't allow you to reverse the audit adjustment of the year they are contesting. Also inform the taxpayer to refer to the enclosed Pub 1 which explains the Appeals process and Claim Procedures for further consideration of their abatement request. Record the facts and circumstances that support your decision.

4.13.1.4.17
(12-10-2025)
Statute of Limitations

- (1) All cases must be reviewed to ensure protection of the statute, see IRM 25.6, Statute of Limitations, for specific instructions.
- (2) Assessment Statute Expiration Date (ASED) normally expires three years from the date the original return was filed or three years from the due date of the return, whichever is later. Some conditions extend the ASED, such as bankruptcy, 25 percent omission, filing joint after filing separate, fraud. Refer to IRM 25.6.1.5, Basic Guide for Processing Cases with Statute of Limitation Issues, for additional information.
- (3) Refund Statute Expiration Date (RSED) is generally 3 years from the time the original return was filed or 2 years from the time the tax was paid, whichever is later. When a claim disallowance letter was issued the Service may reconsider a disallowance during the 2 year period in which the taxpayer may file a refund suit. The 2 year period begins with the date on the certified letter of claim disallowance, see IRM 25.6.1.10.3.1.3, Claims for Credit or Refund - Processing Directions.
 - a. When adjusting an account, the RSED may be imminent or may have expired. Refer to IRM 25.6.1.5, Basic Guide for Processing Cases with Statute of Limitations Issues, IRM 25.6.1.7.2, Time When Payments and Credits are Considered to be Made, and IRM 25.6.1.10.3.3, Claims for Credit or Refund - General Time Period for Submitting a Claim, for additional information.
 - b. If a taxpayer submits a reconsideration request for reversal of an audit assessment or reversal of credits disallowed on the **original** return and we have not sent a formal disallowance letter, then the RSED is still open. See IRM 25.6.1.10.3.1.4, Reconsideration After the RSED Where Notice of Claim Disallowance Not Sent, for additional information and instructions on how to input the adjustment when the RSED is expired.
 - c. The IRM may reconsider a disallowance during the 2-year period in which the taxpayer may file a refund suit. The 2-year period begins with the date on the certified letter of claim disallowance, see IRM 25.6.1.10.3.1.5, Reconsideration of a Disallowed Claim.

- (4) If an adjustment is made to a taxpayer's account and the result is an overpayment that can't be refunded in full or in part due to the RSED the examiner is required to take the following actions:
 - a. The taxpayer will be notified the IRS adjusted the account, but the overpayment being requested won't be refunded in full or in part due to the Refund Statute of Limitations. Use Letter 105-C or 106-C with the appropriate explanation. Taxpayers may appeal the IRS' decision that the taxpayer filed the request after the RSED expired. Make sure the letter includes an explanation of the available appeal rights and the right to file suit.
 - b. The excess credit(s) will be applied to the Excess Collections File (XSF) via Form 8758, Excess Collections File Addition. See IRM 25.6.1.7.3, Excess Collection File (XSF) and Unidentified Remittance File (URF), for instructions.
 - c. After the credit(s) have been moved to XSF, a manual refund must be initiated for any remaining refundable credit. See IRM 21.4.4, Manual Refunds, for instructions.
 - d. All actions will be annotated in the workpapers, and the case will be closed using the applicable CEAS status codes.

4.13.1.4.18
(12-10-2025)
Appeal Rights

- (1) This section discusses appeal rights. The Appeals mission is to resolve Federal tax controversies without litigation on a basis which is fair and impartial to both the Government and the taxpayer, promotes a consistent application and interpretation of, and voluntary compliance with, the Federal tax laws, and enhances public confidence in the integrity and efficiency of the IRS.
- (2) An audit reconsideration case will be forwarded to Appeals, if requested following procedures in Publication 5, Your Appeal Rights and How to Prepare a Protest if You Disagree, if:
 - a. The case is accepted for reconsideration, and
 - b. The result of the reconsideration is the taxpayer's request is disallowed in full or part.
- (3) An audit reconsideration case won't be forwarded to Appeals in the following circumstances:
 - a. The case is accepted for reconsideration, but the taxpayer doesn't respond to the appointment letter or doesn't keep a scheduled appointment. If the taxpayer is unable to attend the meeting due to unavoidable circumstances such as severe weather conditions or a medical emergency, the appointment should be rescheduled.
 - b. The case isn't accepted for reconsideration for one of the reasons stated in *IRM 1.2.1, Servicewide Policies and Authorities - Servicewide Policy Statements*, Reconsideration of an Unpaid Assessment.
- (4) If the taxpayer doesn't wish to appeal, but still wishes to dispute the audit reconsideration determination.
 - a. The taxpayer must pay the full amount due and file a claim for refund with the Internal Revenue Service.
 - b. Under IRC 6511(a), the taxpayer must file a claim for refund within three years from the time the return was filed or two years from the time the tax was paid, whichever expires later, or if no return was filed by the taxpayer, within two years from the time the tax was paid.

- (5) The taxpayer's new information must be considered before the case is sent to Appeals. In some instances, the taxpayer may provide Appeals with new information or new evidence related to a disputed issue the taxpayer did not previously share with the examiner. If the Appeals Technical Employee believes the information merits additional analysis or investigative action by Examination, Appeals will release jurisdiction and return the case to the examiner to evaluate and make an audit determination. See IRM 8.6.1.7.5, Taxpayer Provides New Information.
- (6) See IRM 4.13.1.4.18.1, Request for Appeals, for case building and routing instructions.

Note: For Non-Docketed Appeals: Communications between the referring function and Appeals that address the strengths and weaknesses of the issues and positions of the parties, accuracy of the facts, credibility, or cooperation of the taxpayer, etcetera, are prohibited ex parte communications unless the taxpayer or taxpayer's representative is offered the chance to participate in the communications. However, communications between the referring function and Appeals relating to ministerial, administrative, or procedural matters are permissible. Refer to sections 2.02(6) and 2.03(3) of Rev. Proc. 2012--18, **Ex Parte Communications Between Appeals and Other Internal Revenue Service Employees**, and IRM 8.1.10, Ex Parte Communications, for additional discussion regarding ex parte communication with Appeals.

4.13.1.4.18.1
(12-10-2025)
Request for Appeals

- (1) If the taxpayer indicates they want their case to be reviewed by the Appeals Function, the taxpayer must show they have made an attempt to document their entitlement through the reconsideration process, and their request has been denied. All evidence provided by the taxpayers must be reviewed by the examiner before the referral to Appeals. For these cases and any case previously worked by Appeals case build as below before sending to Appeals.
 - a. If TXMOD control is still open, close with message to indicate sent to Appeals. Do **not** reverse TC 470. Input a new TC 470 to ensure the taxpayer isn't subjected to collection activity pending the appeal of the IRS determination.
 - b. If TXMOD controls are closed, input TC 470 and put history item on TXMOD to indicate sent to Appeals.
 - c. Close CEAS/RGS control with Status Code 7301. Send Letter 86-C to the taxpayer advising the case is being transferred to Appeals. Use an open paragraph to explain, "We are transferring your case to the Independent Office of Appeals. During the time your case is in appeals, collection activity will not be pursued on your account, however, interest and penalties will continue to accrue if there is a balance due. You can make voluntary payments during the time appeals is considering your case to minimize interest or penalties if you ultimately owe."
- (2) Forward the case to the appropriate Appeals Office per the Appeals Routing guidelines below. Campuses will transmit cases via the *Independent Office of Appeals Electronic Case Receipts* and input the following:
 - a. Business Unit - Select your Business Operating Division (BOD) or Business Unit
 - b. Type of Case - Select Non-Docketed
 - c. Taxpayer Name

- d. TIN
- e. MFT
- f. Taxperiod
- g. Open AMDISA isn't required for transfer.
- h. If mailing documentation, complete Form 3210.

(3) Prior to sending case to Appeals, the complete case file must be available in CEAS. If the documents are not in CEAS, request the documents from files and uploaded into in CEAS. The case file must include the following:

- a. Audit Report(s) (example - F 4549)
- b. Workpapers (original audit and audit reconsideration workpapers)
- c. Taxpayer Correspondence
- d. Letters; Initial contact, 30 day, etc.
- e. Statutory Notice of Deficiency
- f.

Note: If requesting administrative files, make two attempts three weeks apart (the second request must be a special search). If the administrative file isn't received from Files three weeks after the second request, forward without the requested documents. Attach prints of ESTAB's and any Charge Outs from Files to verify the documents were requested.

(4) Ensure physical cases are routed to the correct Appeals office as identified by the Appeals Office code. Consult Appeals website at: *Case Routing Into The Independent Office Of Appeals*, for case routing addresses.

4.13.1.4.19
(12-10-2025)

**Audit Reconsiderations
EITC 2/10 Year Ban**

- (1) Overview: IRC 32(k), allows the IRS to prohibit a taxpayer from claiming EITC for a period of time if the IRS determines the taxpayer intentionally or recklessly disregarded the rules for claiming EITC (2 year ban) or fraudulently claimed EITC (10 year ban). When the 2 or 10 year ban is applied to a tax year, the taxpayer is notified the ban is being asserted no later than the Statutory Notice process. The letter must advise the taxpayer of the ban and describe the taxpayer's conduct giving rise to the ban in the determination year. The original case file must also document managerial approval to impose the ban prior to Statutory Notice of Deficiency issuance per IRM 4.8.9.8.7, Proper Managerial Involvement. IMFOLE and ENMOD will carry an EITC-recertification Indicator "2" (2 year ban) or "4" (10 year ban) along with the year the ban originated and the ban expires. For additional information see IRM 20.1.5.3.5, Two and Ten Year Bans on Claiming the Earned Income Tax Credit (EITC), IRM 4.19.14.7.1, 2/10 Year Ban - Correspondence Guidelines for Examination Technicians (CET), and IRC 32 (k) (1) (B).
- (2) Evaluating 2 of 10 year ban Audit Reconsideration: The taxpayer needs to address the conduct that was cited in the workpapers for the originating year the ban was imposed. In some cases, the taxpayer will request a reconsideration of the denial of the EITC for a year under the ban instead of the originating year. In that situation, send Letter 3338-C or Letter 3339-C to advise the taxpayer they must address the imposition of the ban on the originating year before the IRS can consider the more current year when EITC was denied because of the ban. The Audit Recon examiner must request the administrative file or secure the CEAS workpaper and statutory notice, if available, to ascertain the taxpayer's conduct giving rise to the assertion of the

ban. If a 10 year ban was imposed; refer reconsideration to the applicable Area Office or Campus that asserted the ban to be worked.

- a. Taxpayer Services (TS) 10 year bans will be forwarded to Austin Campus for reconsideration, See IRM 4.19.10.4, Fraud Referrals.
- b. SB/SE Area Office 10 year bans will be forwarded to the applicable Area Office and case perfected in accordance with IRM 4.13.1.4.12, Area Office Reconsiderations, prior to sending.
- c. SB/SE Campus 10 year bans will be routed to the campus that imposed the ban and referral made to the Campus Fraud Coordinator for determination.

Note: The examiner may allow or disallow the ban based on the explanation, testimony, and documentation the taxpayer provided and the facts and circumstances documented in the administrative file. The examiner will bear in mind that the IRS must show that the taxpayer was reckless or intentional (for 2 year ban) or fraudulent (for 10 year ban) to maintain the imposition of the ban in the reconsideration process.

- (3) No Documentation - 2 year ban: If a request for reconsideration of the ban is received without any documentation, send Letter 3338-C or Letter 3339-C if applicable, and advise the taxpayer they must provide documentation to show they were not reckless or intentionally disregarded the EITC rules for the year the ban was imposed. Cite the taxpayer conduct as documented in the administrative file or the CEAS workpaper. Follow procedures under IRM 4.13.1.4.13.1, No Documentation.
- (4) If Audit Reconsideration allowed: Remove 2 year ban & allowance of EITC. If the taxpayer provided information on the ban to substantiate allowance of EITC, removal of the 2 year ban, the examiner will:
 - a. Reverse the ban with a TC 971 Action Code 56 to remove the recertification indicator.
 - b. Allow the EITC with TC 764.
 - c. Check TXMOD/IMFOLT for TC 420 in subsequent tax years. If open in Campus Exam send CEAS Action Note explaining Recon determination.
 - d. If TXMOD/IMFOLT research indicates there are no open subsequent tax period(s) however, the taxpayer was disallowed EITC through Math Error or Exam, and the children were the same children claimed on the ban year, the examiner must allow EITC in the subsequent year. Notate CEAS and IDRS with appropriate reason and status codes.
 - e. If TXMOD/IMFOLT research indicates there are no open subsequent tax period(s) however, the taxpayer was disallowed EITC through Math Error or Exam and the children were NOT the same children claimed on the ban year, and the taxpayer isn't the custodial parent, the examiner will advise the taxpayer with Letter 3338-C of the documentation needed to request a reconsideration of EITC for the applicable years. Notate CEAS and IDRS with appropriate reason and status codes. If research (DDBKD/DUPOL) shows taxpayer is the custodial parent allow the EITC claimed in the subsequent year.

Note: It is possible to remove the ban and not reverse the previously disallowed EITC or to remove the ban and reverse EITC depending on the information provided by the taxpayer.

- (5) Removal of 2 year ban and disallowance of EITC: If the determination is made that the ban was imposed in error, or other facts and circumstance dictate the ban should not be enforced, and the taxpayer did not provide information to support the reversal of the EITC disallowance:
- Reverse the ban with a TC 971 Action Code 56 to remove the recertification indicator.
- Note:** The Recertification indicator won't reset to one (1).
- Check TXMOD/IMFOLT for TC 420 in subsequent tax years. If open in Campus Exam send CEAS Action Note explaining Recon determination. If open in Field Exam office, AIMS status 12, send Form 1725 to notify the ban was removed and EITC allowed.
- (6) Disallow Audit Reconsideration: If the taxpayer failed to present any information to substantiate EITC entitlement for the year that triggered the ban **and** fails to present any information to address the conduct that led to the imposition of the ban, the audit reconsideration will be disallowed. Follow instructions outlined in IRM 4.13.1.4, Central Reconsideration Unit, when disallowing reconsideration. Notate CEAS and IDRS with appropriate reason and status codes.

4.13.1.5
(12-10-2025)
**Exam SFR
Reconsiderations**

- A reconsideration occurs when the IRS processes a Substitute for Return (SFR) and the taxpayer subsequently files an original return.
- These procedures will ensure:
 - The amount of tax assessed is correct.
 - Cases are handled in a consistent manner.

4.13.1.5.1
(12-10-2025)
**Reconsiderations of
Delinquent Returns
Worked in a TS Campus**

- All TS Exam SFR Reconsideration cases will be worked in the receiving campus.
- Refer complex issues to Classification. Review IRM 4.19.11.4.3.1, Determining if Examination Should be Conducted in Correspondence Exam or Field Exam, to identify issues that are not conducive to a correspondence audit. Follow the "Accepted" instructions below for all other cases.
- The table below explains what action to take based on Classification's determination:

IF	AND	THEN
Accepted	N/A	assign to CRU. Do not establish on AIMS. Make the appropriate changes to the account per the return filed.
Selected for Campus	the only issue is income	do not establish on AIMS. Work the case following audit recon procedures.

IF	AND	THEN
Selected for Campus or Area Office	the issues are additional income and expenses, and the expenses are being questioned	if expenses are disallowed, establish case on AIMS. Follow Statutory Notice procedures to assess the income and disallow the expenses.
Selected for Campus or Area Office	issues are selected other than income	Establish case on AIMS. If the issues can be worked by the Campus, assign the case to Correspondence Examination. If the case contains complex issues that need to be worked in SB/SE, assign the case to the appropriate Area Office or SB/SE Campus.

Note: When transferring a case to the AO, see IRM 4.13.1.4.12.1, Transfer to Area Office .

- (4) The CEAS Audit Recon record will be updated accordingly.
 - a. If the case is "Accepted" by Classification, the CEAS record must be updated with Status 7600 - Full Allowance. Also update the abatement field in the CEAS record. It isn't necessary to send a revised report or acknowledgment letter on SFR returns that are accepted in full. The taxpayer will receive a computer-generated notice notifying them of the tax adjustment based on the acceptance of their delinquent filed return.
 - b. If the case is "Selected" by Classification and the only issue, income, is allowed after Audit Reconsideration, update the CEAS record with Status 7600 – Full Allowance. Also update the Abatement field in the CEAS record.
 - c. If the case is "Selected" by Classification and the only issue, income, is disallowed after Audit Reconsideration, update the CEAS record with Status 7400 – Full Disallowance.
- (5) If an unsigned return is submitted in response to an SFR notice, whether it is a claim for a refund or reports additional tax due, do not accept or process. The return is invalid. Reject to the taxpayer with Form 3531, Request for Signature or Missing Information to Complete Return. Review the return for other missing items and request all missing required information. Form 3531, Request for Signature or Missing Information to Complete Return, will include instructions to the taxpayer that they may fax the return or mail back to the reconsideration unit. Ensure the correct fax number and address with Stop numbered is included.

Exception: Do not mail back numbered returns or returns with date stamps. Correspond with the taxpayer for signature with jurat statement using Letter

2416-C, SFR: Information Requested. Suspend the case for 45 days with Status Code 7700. If the taxpayer doesn't respond to Letter 2416-C, SFR: Information Requested, treat the case as a full disallowance. For closing actions, see IRM 4.13.1.4.14.3, Closing Procedures - Full Disallowance. Document the workpaper with your decision.

4.13.1.5.2
(12-10-2025)

**Reconsiderations of
Delinquent Returns
worked in an SB/SE
Campus**

- (1) An SFR reconsideration is the initial original delinquent return submitted by the taxpayer to contest a SFR assessment made by SB/SE Examination.
- (2) All IMF SB/SE Examination SFR Reconsiderations are worked in the Examination Operation at the Brookhaven Campus.
- (3) SB/SE SFR reconsiderations are identified by the following IDRS transaction codes:
 - a. A TC 150 followed by "0.00" and the literal "SFR" to the right of the TC 150 assessment DLN,
 - b. Tax class 2 with Document Code 10 and Julian date of 888 in the DLN,
 - c. Blocking Series 000-299,
 - d. The tax amount assessed will appear as a TC 300 (Examination SFR Assessment) with blocking series 540-549 or 640-649,
 - e. TC 420/421,
 - f. Primary Business Codes (PBC) 295 through 299 for SB/SE campus and PBC 201 through 207 for Area Office assessments. The PBC is located to the right of TC 420.
- (4) If the module contains multiple TC 300s and no Appeals code or a TC 971 AC-282 the taxpayer original return was received during the Non-filer examination and isn't a SFR reconsideration. See IRM 4.13.1.3.2, Function Responsible & Routing Instructions.
- (5) If the module contains a TC 300 SFR assessment and subsequently has a TC 599 CC 89 followed by a TC 29X adjustment, the taxpayer original delinquent return (SFR reconsideration) has already been processed. Returns will be forwarded to Accounts Management. If return figures match TC 29X adjustments, it is a duplicate and will be sent to Files for association.
- (6) If the module contains a TC 290 SFR assessment see IRM 4.13.1.3.2, Function Responsible & Routing Instructions.
- (7) If TC 300 follows a TC 29X adjustment route to Centralized Reconsideration Unit (CRU) per TC 420 PBC.

4.13.1.5.2.1
(12-10-2025)

First Read Screening

- (1) Reconsideration requests must be screened within 5 workdays of receipt of the Operation to ensure they will be accepted and worked in the centralized SB/SE SFR Reconsideration unit prior to controlling on IDRS within 14 days of receipt. Reconsiderations are not controlled on CEAS.
- (2) Initial Screening criteria includes attributes listed see IRM 4.13.1.5.2, Reconsideration of Delinquent Returns worked in SB/SE Campus. Verification includes analyzing return, IDRS and CEAS RGS file for:
 - a. Signature on return. If the taxpayer submits an unsigned return in response to an SFR assessment, do not accept or process the return. The return is invalid and unprocessable by the IRS. Reject to the taxpayer with Form 3531, Request for Signature or Missing Information to

Complete Return. Review the return for other missing items and request all missing required information. Form 3531, Request for Signature or Missing Information to Complete Return, will include instructions to the taxpayer that they may fax the return or mail back to the reconsideration unit. Ensure the correct fax number and address with mail stop number is included.

Exception: Do not mail back numbered returns or returns with date stamps. Correspond with the taxpayer for signature with jurat statement using Letter 2416-C, SFR: Information Requested.

- b. Verify TC 420 PBC, if PBC is TS, check CC SUMRY for open controls on other SFR years. If multiple SFR reconsiderations are present and one or more is SB/SE, the TS SFR reconsideration will be worked in conjunction with SB/SE reconsideration. If TS assessed the SFR but the reconsideration contains Schedule(s) C, E, F, or Form 2106, Employee Business Expenses, it will be worked by SB/SE.
- c. Valid ASSED.
- d. Verification of original return on CEAS RGS for agreed Exam disposal codes. If taxpayer signed Form 4549 and did not submit return during non-filer examination, the return is an SFR reconsideration.
- e. Research on spouse for Married Filing Joint Filing Status returns.

4.13.1.5.3 (12-10-2025)

Processing Procedures for SB/SE Exam SFR Reconsiderations

- (1) Cases will be worked in IRS receive date order with the following priority exceptions:
 - Tax increases
 - TAS cases
 - Form 3870 referrals from Revenue Officers
 - Expedites from Appeals, Bankruptcy, Office in Compromise, Revenue Officers, etc.
- (2) When there are other open SFR tax modules on IDRS CC SUMRY, the returns must be worked together to provide better customer service.
- (3) Collection hold will be input to accounts using TC 470. Use REQ77 to input. No collection hold can be placed on module when in Status 12, 26, 60, 71 and 72. No collection hold will be placed on Form 3870 referrals from Revenue Officers unless specifically directed by them in writing.

Exception: if the case will be worked and closed within one day, there is no requirement to input TC 470/ TC 472.

- (4) The IAT xMend tool will be used to process the return.
- (5) An AMS history must be input to annotate actions taken on a case.
- (6) If there are no prior adjustments besides the original SFR assessment, blocking series 00 will be used unless stated otherwise. Blocking Series 05 will be used on joint filer back out.
- (7) Pull TXMOD to check Freeze codes.
- (8) Follow existing procedures to determine that SFR reconsideration return is the first original return submission from taxpayer such as verifying correct ASSED, checking for TC 976 and viewing CEAS on Disposal code 10 with Technique Code 2 to ensure the first original return was not received during the Non-Filer

(9) Prior to adjusting account, verify initial first read screen and review account and return for:

- Verify taxpayer name, address, social security number and make changes as necessary. It isn't necessary to validate dependent TIN's.

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- (13) Check all necessary supporting schedule and forms are present prior to processing. Follow guidance in IRM 5.18.1.9.2.3.21 Math Errors.
- (14) Income will be verified for complete reporting on IDRS and Form 4549 on CEAS. Follow guidance in IRM 5.18.1.9.2.3.22, Under/unreported Income.

Note: The xMend tool will math verify certain schedules.

- (15) Accept taxpayer's figure for estimated tax penalty if present on return. If blank, compute the penalty.
- (16) If the Refund Statute Expiration Date (RSED) has expired, the allowable Rebate Recovery Credit (RRC) must be limited to the amount of any remaining tax due after all other credits have been applied to prevent any credit from refunding.
- (17) If Schedule M for the Making Work Pay (MWP) credit isn't attached, do not correspond. Allow the credit for the primary taxpayer and secondary, if applicable, since the SFR assessment included the benefit of the credit.

4.13.1.5.3.1
(12-10-2025)
**Area Office SFR
Reconsiderations**

- (1) Primary Business Codes (PBC) 201 through 207 with EGC 1XXX or 2XXX are used to identify Area Office Reconsiderations. Requesting the administrative file is required on cases meeting Exam referral criteria.
- (2) ESTAB to secure administrative file. Make two attempts, three weeks apart (the second request must be a special search). If the administrative file isn't received from Files three weeks after the second request, obtain the RGS administrative file through CEAS-VIEW CASE READ-ONLY FIELD.
- (3) After the administrative file and/or RGS detail is secured, review the administrative file or RGS records to determine if the taxpayer submitted a return during the examination.
- (4) If determined the return is a reconsideration, process and route to Exam Classification for selection and transfer to Area Office.

Note: If the AO worked multiple year packages, upon closing CCP enters a TC 971 AC 057 with a year. The year designates the closing document that contains the administrative workpapers for all years. If only one year is being opened for reconsideration, you must request the year with the workpapers attached

as well. When the administrative file is received, detach the workpapers and attach to the reconsideration case file. Input TC 971 AC 057 on the year(s) not being reconsidered to indicate what year the workpapers are now associated with.

4.13.1.5.3.2
(12-10-2025)
**Form 3870 from
Revenue Officers**

- (1) Received from CFf Mailbox: The unit CFf coordinator screens all mailbox receipts. When a Revenue Officer (RO) secures a delinquent return, they will prepare Form 3870 and forward the return to the appropriate campus. The RO is responsible for making sure the return is signed correctly; all income is reported and contains correct SSN's. Examiners must math verify all income, SSNs and appropriate schedules attached. If the return is incomplete, contact the RO and have the missing information faxed. If this can't be done, reject the form back to the RO.
- (2) For paper Form 3870 tax examiners will contact RO if return is incomplete.

4.13.1.5.3.3
(12-10-2025)
**Processing Procedures
for Litigation -W and -V
Freezes**

- (1) If the taxpayer is in litigation tax court or bankruptcy court, examiners must receive approval prior to processing the return.
- (2) If -W freeze on account, verify closing code for the TC520. If there is more than one TC520, contact each area following table below.

IF	WITH	THEN
TC520	CC70, CC75 or CC82	Contact the Advisory Group prior to taking account action. These accounts are initiated by the appropriate Advisory Group (formerly Technical Support function (TSf) when litigation is pending. Do not send correspondence or amended returns to the Advisory Group when litigation is pending. Contact numbers can be found by selecting Advisory under the Who/Where tab on the SERP Home Page.
TC520	CC71 or CC73	Contact the appropriate Refund Litigation Coordinator (RLC) prior to taking account action. These accounts are initiated by Campus Refund Litigation.
TC520	CC72 or CC74	Contact Appeals prior to taking account action. These accounts are Tax Court cases controlled by the Appeals Record unit. Email Appeals at *APInquiries@irs.gov
TC520	CC76	Used if the CDP hearing request is made in response to a CDP NFTL notice IRC 6230. Email Appeals at: *APInquiries@irs.gov Exception: if Appeals has attached an expedite request Form 14111 to the return, follow their instructions and prioritize processing the return.

IF	WITH	THEN
TC520	CC77	Used if the CDP hearing request is made in response to a CDP levy notice IRC 6330. Email Appeals at *APInquiries@irs.gov Exception: if Appeals has attached an expedite request Form 14111 to the return, follow their instructions and prioritize processing the return.
TC520	CC80	Contact Advisory. The IRM 21.5.6.4.46, -W Freeze. The website is: SERP - Advisory - Who/Where The account could have both bankruptcy and litigation issues.
TC520	CC81	Treat as -V freeze. Insolvency freeze.
TC520	CC84	Treat as a -V freeze. Bankruptcy litigation.

- (3) If -V freeze, call Centralized Insolvency Operation (CIO) for approval to process at phone number listed in the Insolvency (Bankruptcy) National Field/Centralized Site Directory.

4.13.1.5.3.4
(12-10-2025)

**Processing Procedures
for Special Conditions**

- (1) Joint Filer Backout when both taxpayers have SFR assessment:
- Make a copy of the first and second page on the Form 1040.
 - Address all payments on the secondary account
 - Process case through xMend and input TC 594/84 on the X-ref spouse
 - Send a Correspondex letter to the secondary TP
 - Continue processing the primary taxpayer's return
- (2) Joint Filer Backout when only the Secondary taxpayer is SFR assessment:
- Make a copy of the first and second page of the Form 1040.
 - Address all payments on the secondary account
 - Process case through xMend and input TC 594/84 on the X-ref spouse.
 - Send a Correspondex letter to the secondary TP informing them the account has been resolved and forwarded for processing to reflect their joint filing status. Include, if needed, the phone number the TP can contact for a lien fee removal (1-800-913-6050). IRM 5.18.1.9.2.3.29.10, Lien Fee
 - Remove all SFR editing and write on top of the return "PROCESS AS ORIGINAL" in red.
 - Circle the tax year and underline the Name Control in red.
 - If any unreported income place red "D" on bottom of page 1 of return
 - Forward the original case for processing. Prepare a Form 3210, for Statutes (only on Statute years) to review and an additional Form 3210 so Statutes can forward the case.
 - Send a Letter 86-C to the primary TP informing them the case has been forwarded for processing to reflect their joint filing status.
- (3) Abusive Tax Avoidance Transactions (ATAT):
- An Abusive Tax Avoidance Transaction (ATAT) is any plan or transaction designed, sold, or promoted by an individual, promoter, or return preparer for the purpose of circumventing tax laws or evading tax obli-

gations, and offered to a person or entity with U. S. tax obligations to obtain tax benefits not allowed by law.

- Per IRM 5.20.11.3, Substitute for Return Reconsideration, SFR assessments with an Exam ATAT project code will have identifier “OPEN ATAT” on TXMOD history.
- Per IRM 5.20.11.3(6), Substitute for Return Reconsiderations, when a delinquent return with a History Item “OPENATAT” is received, the examiner will contact the ATAT Coordinator where the taxpayer is located to verify the “OPENATAT” identifier is correct. A listing of ATAT coordinators is located at: ATAT Collection Coordinator Contacts by State
- Process ATAT special condition returns as follows:

IF	THEN
The ATAT identifier isn't correct, and a revenue officer or ATAT Coordinator informs the examiner the “OPENATAT” control is incorrect	Process the delinquent return using existing procedures.
The ATAT identifier is correct	<ol style="list-style-type: none"> Contact the ATAT Coordinator to obtain the name, phone number, and fax number of the revenue officer assigned to the account. Provide a copy of the return to the revenue officer by facsimile. Suspend the case for 15 days until pertinent information is received from the revenue officer. If pertinent information isn't received within 15 business days, forward the return to Ogden: Internal Revenue Service Classification Team 101 Mailstop 47051973 N Rulon White Blvd Ogden, UT 84404. Prepare Special Handling Alert sheet and attach to the front of the case. Include a notation at the bottom of the ATAT Special Handling Alert “Pertinent information available but not received”. The name and telephone number for the assigned revenue officer will be included.

Note: All “OPENATAT” cases will be classified in Ogden.

- Any ATAT SFR returns accepted by Ogden Classification will be processed expeditiously.

4.13.1.5.3.5
(12-10-2025)
**Recalculating SFR
Penalties**

- (1) Computing the Failure to File a Penalty (FTF):
 - a. The FTF a penalty is assessed on balance due returns filed after the due date or the extended due date. See IRM 20.1.2, Failure to File/Failure to Pay Penalties, for complete information.
 - b. Exam SFR assessments usually post the FTF a penalty manually with a TC 160.
 - c. If the TC 300 has Priority code 9 or 3, input TC 162.00 for correct calculation.
 - d. If the TC 300 doesn't have Priority code 9 or 3, manually compute the FTF a penalty.
- (2) Computing the Failure to Pay Penalty:
 - a. The FTP a penalty is assessed on tax not paid by the due date of the return, without regards to any extension to file. See IRM 20.1.2, Failure to File/Failure to Pay Penalties, for complete information on calculating the FTP.
 - b. If the TC 300 has Priority code 9 or 3, the FTP will systemically calculate on tax decreases. If tax is being increased, the FTP must be manually computed.
 - c. If the TC 300 has no Priority code 9 or 3, manually compute the FTP. TC 272 won't be used if the Exam SFR assessment did not contain priority code 3 or 9. Instead, the penalty must be manually computed and adjusted.
- (3) Computing the Estimated Tax (ES) Penalty:
 - a. Taxpayers are required to have tax withheld as income is received or make estimated tax payments during the year. When a taxpayer fails to take one of these actions, they may be subject to the Estimated Tax Penalty (ETP). See IRM 20.1.3, Estimated Tax Penalties, for complete information on computing the ES penalty.
 - b. The ES penalty will always be manually computed.
 - c. Priority code 8 needs to be input when adjusting all withholding tax with a TC 806/807.
- (4) Previously Abated Penalties are cases that have penalty reversals that include a TC 290.00 with RC 065 and PRC 043 or 044 must not have the ES, FTF, or FTP penalties assessed on any balance due.

4.13.1.5.3.6
(12-10-2025)
Statute of Limitation

- (1) All returns must be reviewed to ensure protection of all statutes of limitation. See IRM 25.6, Statute of Limitations, for specific instructions on statute protection. See IRM 25.6.1.6.15, When a Document is Treated as Filed Under the IRC, to determine the return received date, and to determine the date the return is considered filed under the IRC.

Note: Per IRM 3.11.154.3.6, Statute Returns, no review for statute clearance is necessary for original returns secured by Compliance employees. Do not

route to the Statute Control Unit any original return secured, or any returns prepared under the authority of IRC 6020(b). Forward returns to files after input of adjustment.

(2) Refund Statute Expiration Date (RSED)

- a. The RSED is generally three years from the Return Due Date (RDD) for payments and prepaid credits if a return was filed, or two years from the payment date for other payments whichever is later. See IRM 25.6.1, Statute of Limitations Process and Procedures.
- b. SFR Reconsiderations are original returns. Generally, prepaid credits must be claimed within 3 years of the due date of the return with regard to extension. Therefore, if a SFR Reconsideration is received more than three years from the due date with regard to extensions, a refund of prepaid credits must not be made. There are conditions that extend the RSED, see IRM 25.6.1, Statute of Limitations Process and Procedures.
- c. Generally, the amount to be credited or refunded is limited to the tax paid during the three years immediately preceding the filing of a claim, plus the period of any extension of time to file. Therefore, even if prepaid credits are barred, available credits paid within three years of the received date of the SFR Reconsiderations are not barred.
- d. Do not allow any overpayment of prepaid credits or subsequent payments to refund or offset if the RSED has expired.

Note: Do not solely rely on the RSED posted to TXMODA to determine if credits will be offset or refunded. Follow disallowance procedures in IRM 25.6.1, Statute of Limitations Process and Procedures.

(3) When barring a refund, take the following actions:

- a. Use Hold Code 4 on the ADJ 54 on IDRS- Hold Code 4 will hold the credit on the module and suppress the Notice of Adjustment.
- b. Send Letter 105-C with Appeal Rights. The Letter 105-C explains the refund can't be released.
- c. Prepare Form 8758 with as much information as possible at the time the adjustment is input. Form 8758 is used to transfer the barred credit from the module to the Excess Collection File (XSF).
- d. A copy of the prepared Form 8758 must be included in the closed case released for PAS review.
- e. The Form 8758 must be submitted for processing with five (5) business days of the adjustment posting.

(4) When the overpayment is partially barred, take the following actions:

- a. Use Hold Code 4 on the ADJ 54 on IDRS - Hold Code 4 will hold the credit on the module and suppress the Notice of Adjustment.
- b. Send Letter 106-C with Appeal Rights. The Letter 106-C explains part of the refund can't be released.
- c. Prepare Form 8758.
- d. A copy of the prepared Form 8758 must be included in the closed case released for PAS review.
- e. The Form 8758 must be submitted for processing within five (5) business days of the adjustment posting.
- f. After the expired credits have been moved to XSF, initiate a manual refund per IRM 21.4.4.2, What is a manual Refund?, using the Integrated Automation Technologies (IAT) Tool.

Note: In the instance of a balance due return, where subsequent payments are barred, it won't be possible to complete box number 7 until the adjustment has posted.

- (5) See IRM 25.6.1.7.3.1, Transferring Credit to XSF, for additional instructions on transferring credits to XSF.
 - (6) Assessment Statute Expiration Date (ASED)
 - a. The general rule is an assessment of tax must be made within three years from the date a return is filed or the due date of the return whichever is later. Generally, this means tax must be posted or journalized to Master File within 3 years from the received date of the return. Additionally, the IRS has three years to assess additional tax due. See IRM 25.6.1, Statute of Limitations Process and Procedures, for exceptions to assessing additional tax within three years from the filing date or due date of a return, whichever is later.
 - b. SFR default assessments and the SFR dummy TC 150 do not start the running of the ASED. Therefore, the ASED must be set when processing SFR Reconsiderations.
 - c. SFR Reconsiderations are tax increases must be posted to Master File within three years of the received date.
 - d. If a return is received with an imminent ASED, see IRM 25.6.1.9.9.2, After Hours and Imminent Assessments. Imminent ASEDs are when the ASED is within 90 calendar days.
 - e. When processing SFR reconsiderations, determine the ASED. If the ASED isn't posted on IDRS or the ASED isn't correct on IDRS, input the ASED on IDRS. Generally, the ASED is set three years from the received date of the return. See IRM 25.6.1, Statute of Limitations Process and Procedures, to determine the date the return is considered filed under IRM when the return received isn't valid.
- Note:** Per IRM 3.11.154.3.6, Statute Returns, no review for statute clearance is necessary for original returns secured by Compliance employees. Do not route to the Statute Control Unit any original return secured or any returns prepared under the authority of IRC 6020(b). Forward returns to files after input of adjustment.
- f. To set the ASED input a TC 599 CC 89 using CC FRM49 with the received date of the return when processing.
 - g. To correct an ASED posted to IDRS, input a TC 560 using CC REQ77.

4.13.1.5.3.7
(12-10-2025)
**Corresponding to the
Taxpayer**

- (1) Correspondence may be issued to the taxpayer to:
 - a. Inform them the return was processed but subject to changes due to math error.
 - b. Inform them the return can't be processed as submitted or refunds not issued due to statute time frames such as filing status changes separate to joint, credits or refunds barred.
- (2) Disallowance letters based on statute time frames will contain the toll-free number. The taxpayer doesn't need to contact a specific employee to answer appropriately.

- (3) If the return processed contains both math error and statute barred credits/refund, a Letter 474-C, Math Error Explained (IMF), will be issued for the math error and the Letter 105-C will be issued for the barred credits/refund.
- (4) If the taxpayer replies to a Letter 105-C or Letter 106-C requesting an Appeal, an administrative file must be created and routed to Appeals. For administrative file case building guidelines see IRM 5.18.1.9.2.1.4.1, Appeals Case Building.

IF	SEND LETTER
Disallowance of separate to joint returns	Letter 916-C to non-filer and Letter 105-C to taxpayer who filed
Information is requested (missing Schedules, Forms, unreported income, etc.)	Letter 2416-C, SFR: Information Requested
Math error due to no reply from taxpayer for information requested	Letter 474-C
Appeals & Tax Court cases	Letter 916-C. Refer to,IRM 4.13.1.4.6, Cases Previously Closed by the IRS Independent Office of Appeals.
Disallowance of TETR credit	Letter 105-C
Refund barred	Letter 105-C
Joint filer back out	Letter 2358-C, TDI Closing.

4.13.1.5.3.8
(12-10-2025)

Referrals to Examination

- (1) All SFR Reconsiderations meeting local SFR Screening Matrix Criteria must be referred to Classification after the return has been processed and the adjustment posted to IDRS.
- (2) When Examination Classification referral is needed:
 - a. Input assessment
 - b. Retain source document (Taxpayer's Return)
 - c. Use IDRS CC ESTAB (T) to recharge to Exam
 - d. Use Form 5101, Examination Referral Slip, or local approved referral form to route cases to Exam
 - e. Close any open SFR Reconsideration controls base on IDRS
 - f. Attach a IRPTR or SUPOL pdf in RGS for both primary and secondary taxpayers when unreported income is an issue
- (3) Forward the closed case file to Exam Classification by use of Form 3210.
- (4) Returns secured in reply to the SFR Program may appear to have suspicious or questionable expenses/credits/deductions claimed. Refer to IRM 25.1.2.3, Indicators of Fraud, for examples of Fraud indicators and on how to refer to the Campus/Exam Fraud Coordinator. In general, returns must be processed prior to referral.

4.13.1.5.3.9
(12-10-2025)

Common Freeze Codes

- (1) See Document 6209 Section 8A and IRM 21.5.6.4, Freeze Code Procedures, for complete information.
- (2) Common Freeze Codes are:

IF	THEN
-W	Send email to *AP Inquiries for approval to process.
-V	Call Centralized Insolvency Operation (CIO) for approval to process.
-C	Combat Zone Balance Due: Give to lead to process Refund Due: Process following normal procedures Refer to IRM 5.19.10.6, Combat Zone Accounts.
-L	Forward to EGC/PBC located on SERP, Who/Where tab. Close control, leave history on IDRS & AMS. EXCEPTION: If there is a pending TC 300 it will be worked in SFR Reconsideration Unit.
-A	If the default assessment matches the return, input a TC 290 0.00 with a hold code 4, and a TC 599 cc 89. If return doesn't match, verify if this is reconsideration return. Check CIS for all TC 976/977 postings.
-Y	This master file freeze code identifies an account in offer status. The TC 480 identifies a pending offer. If the freeze is set due to TC 480, the return can continue being processed. If the freeze is set due to a TC 780 or TC 788, do not make any abatements or increases, these are barred with the offer acceptance. Input a TC 599 cc89 to establish ASER. Input TC 290 0.00 with blocking series 80. Issue Letter 916-C to taxpayer using language in the IRM 21.5.6.4.50, -Y Freeze, "Because your account reflects an accepted Office in Compromise, no further adjustments are permitted." Complete AMS history and send the return to files.

IF	THEN
-I	Restricted interest. Interest on adjustments input must be manually computed.
-E	If Project code is 311-313 on TXMOD Make a copy of the return. Input a TC 290 0.00 using xMend. Forward the original on a Form 3210, to Frivolous Filer Coordinator at Stop 613.
F-	Make a copy of the return. Input a TC 290 0.00 using xMend. Forward the original on a Form 3210 to the Frivolous Filer Coordinator at Stop 613.
-Z	Return can be processed. The adjustment will unpost and be routed to CI. CI will then receive direction from Special Agent.

Exhibit 4.13.1-1 (12-10-2025)**Routing of Campus and Area Office Reconsideration Requests**

CRU addresses, Telephone and Fax Numbers are now listed at: *Who/Where-Audit Reconsiderations Requests-Central Reconsideration Unit (CRU) Addresses.*

Using the PBC of the TC 420 (or if PBC is 6XX Appeals use TC 424) will assist with routing to the correct campus. See table below for a list of PBC's for the TS and SB/SE Campuses.

TS CAMPUS PBC'S	SB/SE CAMPUS PBC'S
190- Andover	295- Brookhaven
191- Atlanta	296- Cincinnati
192- Austin	297- Memphis
193- Fresno	298- Ogden
194- Kansas City	299- Philadelphia

Assessments made by SB/SE Area Office are sent to the servicing SB/SE Campus based on the PBC 201-207 in the table below:

Area Office PBC	201	202	203	204	205	206	207
Servicing Campus	BSC	CSC	PSC	CSC	MSC	OSC	OSC

Note: Cases worked in PBC 315 or 330 are LB&I cases. All LB&I cases are referred directly to the LB&I Reconsideration Team located at:

2970 Market Street

Philadelphia, PA 19104

Mail Stop 2-H08-200

The Audit Recon/Claims Coordinators can be found at: *Area Office/Campus Contacts.*

