



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.19.12

DECEMBER 6, 2023

EFFECTIVE DATE

(12-06-2023)

PURPOSE

- (1) This transmits revised IRM 4.19.12, Examining Process, Liability Determination, Classification Support.

MATERIAL CHANGES

- (1) The following changes were made:

Reference	Change Details
IRM 4.19.12	Retitled from “Centralized Files and Scheduling Program” to “Classification Support.”
IRM 4.19.12.1	Updated purpose to reflect focus on case building selected cases. Included general statement about identifying compliance or case issues. Updated audience to employees who provide Classification support.
IRM 4.19.12.1.1	Rewrote subsection to provide background information on Classification Support program and systems used. Provided general information regarding the obsoleted Centralized Files and Scheduling (CFS) program.
IRM 4.19.12.1.2	Updated to include additional Classification and Correspondence authority references.
IRM 4.19.12.1.3	Rewrote subsection to clarify CEFS oversight of Classification Support program operations.
IRM 4.19.12.1.4	Retitled subsection from “Program Management and Review” to “Program Controls.” Rewrote section with focus on reports that benefit Classification and Classification Support.
IRM 4.19.12.1.5	Updated table to include current acronyms.

Reference	Change Details
IRM 4.19.12.1.6	Updated Resource links to include current Classification Support resources.
IRM 4.19.12.2	Retitled from “Classification of Returns/Impact on CFS” to “Statute Considerations.” Rewrote subsection to delete all CFS information and to include general information about statutes.
IRM 4.19.12.2.1	Added subsection “Cases with Less than 13 Months to ASSED,” which includes special handling guidance on when the claim has less than 13 months to the ASSED.
IRM 4.19.12.3	Retitled from “AIMS Serial Number” to “Correspondence.” Rewrote subsection to delete all CFS information and to include guidance on aspects of a quality correspondence response.
IRM 4.19.12.4	Retitled from “Manual Orders” to “Accepts, Disallows, Rejects.” Rewrote subsection to delete all CFS information and to include background information on Classification decisions to accept, disallow, or reject a claim.
IRM 4.19.12.5	Retitled from “Surveys” to “Correspondence Exam Referral Selects.” Rewrote subsection to delete all CFS information and to include guidance on building cases selected for Correspondence Exam.
IRM 4.19.12.6	Retitled from “97X (Amended Returns)” to “Field Referral Selects.” Rewrote subsection to delete all CFS information and to include guidance on building cases selected for Field Exam.
IRM 4.19.12.6.1	Added subsection “Shared Drive Access” which provides guidance on accessing SB/SE PSP Claims shared drive.

Reference	Change Details
IRM 4.19.12.6.2	Added subsection “Electronic Delivery” which provides guidance regarding Area folders in the SB/SE PSP Claims shared drive and electronic claims delivery.
IRM 4.19.12.7	Retitled from “Updating and Foldering Selected Field Returns” to “Audit Reconsiderations.” Rewrote subsection to delete all CFS information and to include general information about audit reconsiderations relevant to Classification Support program.
IRM 4.19.12.7.1	Added subsection “IMF Audit Reconsideration Routing” with routing guidance relevant to Classification Support program.
IRM 4.19.12.7.2	Added subsection “BMF Audit Reconsideration Routing” with routing guidance relevant to Classification Support program.
IRM 4.19.12.7.3	Added subsection “Carryback Audit Reconsideration Routing” with routing guidance relevant to Classification Support program.
IRM 4.19.12.8	Retitled from “Closing Accepted Field and Office Returns” to “Rejected Referrals.” Rewrote subsection to delete all CFS information and to include guidance on case processing when a referral is rejected back to Classification.
IRM 4.19.12.9	Retitled from “Unlocatable Cases” to “Employee Returns.” Rewrote subsection to delete all CFS information and to include guidance on routing and delivering employee return case files.

Reference	Change Details
IRM 4.19.12.10	Retitled from “Statute Dates Pending” to “Classification Support Programs.” Rewrote subsection to delete all CFS information and to include general overview of other Classification Support programs.
IRM 4.19.12.10.1	Added subsection “Form 4810 and 5495 Intake” to address guidance for prompt assessment intake work. Moved Classification Support guidance from IRM 4.19.11.2.16.
IRM 4.19.12.10.1.1	Added subsection “Form 4810 and 5495 Intake Program Scope and Objectives” to outline the audience and purpose of the program.
IRM 4.19.12.10.1.1.1	Added subsection “Prompt Assessment Authority” to provide authority references.
IRM 4.19.12.10.1.1.2	Added subsection “Discharge from Personal Liability Authority” to provide authority references.
IRM 4.19.12.10.1.1.3	Added subsection “Statute Considerations” to provide statute information.
IRM 4.19.12.10.1.1.4	Added subsection “Related Resources” to provide resources not located within this IRM.
IRM 4.19.12.10.1.2	Added subsection “Initial Review” to address procedural guidance when reviewing forms during intake.
IRM 4.19.12.10.1.3	Added subsection “IDRS Research” to provide procedural guidance when researching IDRS during intake.
IRM 4.19.12.10.1.4	Added subsection “TC 150 Posted, Return Missing from Case” to provide procedural guidance during processing.
IRM 4.19.12.10.1.5	Added subsection “Missing TC 150” to provide procedural guidance during processing.

Reference	Change Details
IRM 4.19.12.10.1.6	Added subsection “Missing or Incomplete Information” to provide procedural guidance during processing.
IRM 4.19.12.10.1.7	Added subsection “Rejecting the Case” to provide procedural guidance during processing.
IRM 4.19.12.10.1.8	Added subsection “Classification Referrals” to provide procedural guidance for sending built cases to Classification.
IRM 4.19.12.10.1.9	Added subsection “Classification Responses” to provide procedural guidance for working cases received back from Classification.
IRM 4.19.12.10.1.9.1	Added subsection “Accept” to provide procedural guidance for working accepted cases received back from Classification.
IRM 4.19.12.10.1.9.2	Added subsection “Reject” to provide procedural guidance for working rejected cases received back from Classification.
IRM 4.19.12.10.1.9.3	Added subsection “Select” to provide procedural guidance for working selected cases received back from Classification.
IRM 4.19.12.10.2	Added subsection “Form 8282/ 8283 Match Program” to address guidance for Form 8282 processing and database input. Moved Classification Support guidance from IRM 4.19.11.2.24.
IRM 4.19.12.10.2.1	Added subsection “Form 8282/ 8283 Match Program Scope and Objectives” to outline the audience and purpose of the program.
IRM 4.19.12.10.2.1.1	Added subsection “Authority” to provide authority references.

Reference	Change Details
IRM 4.19.12.10.2.1.1.1	Added subsection “Filing Requirements” to provide authoritative filing requirement information related to the program. Moved Classification Support guidance from IRM 4.19.11.2.24.1.
IRM 4.19.12.10.2.1.1.2	Added subsection “Deduction Criteria” to provide authoritative deduction criteria information related to the program. Moved Classification Support guidance from IRM 4.19.11.2.24.
IRM 4.19.12.10.2.1.2	Added subsection “Related Resources” to provide helpful resources not located within this IRM. Moved Classification Support guidance from IRM 4.19.11.2.24.5.
IRM 4.19.12.10.2.2	Added subsection “Intake” to address procedural guidance when processing forms during intake.
IRM 4.19.12.10.2.3	Added section “Initial Review of Incoming Requests” to address procedural guidance when reviewing forms during intake.
IRM 4.19.12.10.2.4	Added subsection “Missing or Incomplete Information” to provide procedural guidance during processing.
IRM 4.19.12.10.2.5	Added subsection “Form 8282 Database” to provide procedural guidance during processing. Moved Classification Support guidance from IRM 4.19.11.2.24.3.
IRM 4.19.12.10.2.6	Added subsection “Case Closure” to provide procedural guidance during processing. Moved Classification Support guidance from IRM 4.19.11.2.24.2.
IRM 4.19.12.10.3	Added subsection “Collection Centralized Case Processing (CCP)” to address support SB/SE provides to Collection CCP.

Reference	Change Details
IRM 4.19.12.11	Added subsection “Cross-functional Support” to address guidance for case handling and routing for other BODs and programs.
IRM 4.19.12.11.1	Added subsection “Worker Opportunity Credit (WOTC) Support” to address guidance for the WOTC program.
IRM 4.19.12.11.2	Added subsection “State Audit Report Program (SARP) Support” to address guidance for the SARP program.
IRM 4.19.12.11.3	Moved subsection “Low-Income Housing Credit (LIHC)” from IRM 4.19.11.2.19 to reorganize Classification Support guidance into the appropriate intake IRM.
IRM 4.19.12.11.3.1	Moved subsection “Form 8610, Annual Low-Income Housing Credit Agencies Report” from IRM 4.19.11.2.19.1 to reorganize Classification Support guidance into the appropriate intake IRM.
IRM 4.19.12.11.3.2	Moved subsection “Form 8609, Part II (Taxpayers)” from IRM 4.19.11.2.19.2 to reorganize Classification Support guidance into the appropriate intake IRM.
IRM 4.19.12.11.3.3	Moved subsection “Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition” from IRM 4.19.11.2.19.3 to reorganize Classification Support guidance into the appropriate intake IRM.
IRM 4.19.12.11.3.4	Moved subsection “Form 8693, Low-Income Housing Credit Disposition Bonds” from IRM 4.19.11.2.19.4 to reorganize Classification Support guidance into the appropriate intake IRM.

Reference	Change Details
IRM 4.19.12.11.3.5	Moved subsection “Evaluations for Audit Potential” from IRM 4.19.11.2.19.5 to reorganize Classification Support guidance into the appropriate intake IRM.
IRM 4.19.12.11.3.6	Moved subsection “Contact Information” from IRM 4.19.11.2.19.6 to reorganize Classification Support guidance into the appropriate intake IRM.

- (2) The IRM was revised to review and clarify language throughout. All references and websites were also updated.

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 4.19.12 dated June 19, 2020.

AUDIENCE

This IRM is intended for use by SB/SE employees who support Campus and Field Exam.

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Small Business/Self- Employed

4.19.12

Classification Support

Table of Contents

4.19.12.1 Program Scope and Objectives

4.19.12.1.1 Background

4.19.12.1.2 Authority

4.19.12.1.3 Responsibilities

4.19.12.1.4 Program Controls

4.19.12.1.5 Acronyms

4.19.12.1.6 Related Resources

4.19.12.2 Statute Considerations

4.19.12.2.1 Cases with Less than 13 Months to ASED

4.19.12.3 Correspondence

4.19.12.4 Accepts, Disallows, Rejects

4.19.12.5 Correspondence Exam Referral Selects

4.19.12.6 Field Referral Selects

4.19.12.6.1 Shared Drive

4.19.12.6.2 Electronic Delivery

4.19.12.7 Audit Reconsiderations

4.19.12.7.1 IMF Audit Reconsideration Routing

4.19.12.7.2 BMF Audit Reconsideration Routing

4.19.12.7.3 Carryback Audit Reconsideration Routing

4.19.12.8 Rejected Referrals

4.19.12.9 Employee Returns

4.19.12.10 Classification Support Programs

4.19.12.10.1 Form 4810 and Form 5495 Intake

4.19.12.10.1.1 Form 4810 and Form 5495 Intake Program Scope and Objectives

4.19.12.10.1.1.1 Prompt Assessment Authority

4.19.12.10.1.1.2 Discharge from Personal Liability Authority

4.19.12.10.1.1.3 Statute Considerations

4.19.12.10.1.1.4 Related Resources

4.19.12.10.1.2 Initial Review

4.19.12.10.1.3 IDRS Research

4.19.12.10.1.4 TC 150 Posted, Return Missing from Case

4.19.12.10.1.5 Missing TC 150

4.19.12.10.1.6 Missing or Incomplete Information

4.19.12.10.1.7 Rejecting the Case

4.19.12.10.1.8 Classification Referrals

-
- 4.19.12.10.1.9 Classification Responses
 - 4.19.12.10.1.9.1 Accept
 - 4.19.12.10.1.9.2 Reject
 - 4.19.12.10.1.9.3 Select
 - 4.19.12.10.2 Form 8282/8283 Match Program
 - 4.19.12.10.2.1 Form 8282/8283 Match Program Scope and Objectives
 - 4.19.12.10.2.1.1 Authority
 - 4.19.12.10.2.1.1.1 Filing Requirements
 - 4.19.12.10.2.1.1.2 Deduction Criteria
 - 4.19.12.10.2.1.2 Related Resources
 - 4.19.12.10.2.2 Intake
 - 4.19.12.10.2.3 Initial Review of Incoming Requests
 - 4.19.12.10.2.4 Missing or Incomplete Information
 - 4.19.12.10.2.5 Form 8282 Database
 - 4.19.12.10.2.6 Case Closure
 - 4.19.12.10.3 Collection Centralized Case Processing (CCP)
 - 4.19.12.11 Cross-functional Support
 - 4.19.12.11.1 Work Opportunity Credit (WOTC) Support
 - 4.19.12.11.2 State Audit Report Program (SARP) Support
 - 4.19.12.11.3 Low-Income Housing Credit (LIHC)
 - 4.19.12.11.3.1 Form 8610, Annual Low-Income Housing Credit Agencies Report
 - 4.19.12.11.3.2 Form 8609, Part II (Taxpayers)
 - 4.19.12.11.3.3 Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition
 - 4.19.12.11.3.4 Form 8693, Low-Income Housing Credit Disposition Bonds
 - 4.19.12.11.3.5 Evaluations for Audit Potential
 - 4.19.12.11.3.6 Contact Information

4.19.12.1
(12-06-2023)
Program Scope and Objectives

- (1) **Purpose:** This IRM section contains guidelines for campus personnel who assist in the identification of possible compliance issues by providing case building and selection support to Campus Classification and Field Exam.
- (2) **Audience:** These guidelines and procedures apply to SB/SE exam employees who support Campus and Field Exam in the identification, selection, and delivery of campus examination classification workload.
- (3) **Policy Owner:** Small Business/Self-Employed (SB/SE) Campus Examination and Field Support (CEFS) Policy.
- (4) **Program Owner:** Small Business/Self-Employed (SB/SE) Campus Examination and Automated Underreporter (CEA)
- (5) **Primary Stakeholders:** Small Business/Self-Employed Division (SB/SE)
- (6) **Program Goals:** The program goals are to ensure support of Area Office identification and classification of tax returns for examination to promote voluntary compliance.

4.19.12.1.1
(12-06-2023)
Background

- (1) Classification Support compiles case building data that helps determine whether a case should be selected for audit, what issues should be audited, and how the audit should be conducted. Case building data can also be used to corroborate items on the return, so they don't have to be raised with the taxpayer.
- (2) Classification Support assists classifiers with identifying CAT-A referrals with audit potential.
 - a. When Classification determines a case has audit potential and selects the case, Classification Support compiles case data and routes it to Correspondence or Field Exam.
 - b. Classification Support also compiles taxpayer information for some specialty programs that classifiers use to identify possible compliance issues and determine if the case should be selected. Note: These cases are not typically housed in Account Management Services (AMS)/Correspondence Imaging Inventory (CII).
- (3) Most Classification inventory is received through and housed in AMS/CII until it is selected. Typically, Classification Support only assists with CII Classification inventory once it is selected in Classification.
- (4) When a case is received outside of AMS/CII, it should be accompanied by a Form 3210, Document Transmittal, to ensure proper inventory control.
- (5) The Centralized Files and Scheduling (CFS) program is now obsolete. CFS was created to physically store Office Exam returns ordered and classified through the Compliance Data Environment (CDE) system. Returns identified as "Specials" via Audit Codes were placed on the return during processing based on special features on the return and automatically sent to CFS for Exam. CFS gathered all the necessary components for the examination case files.

4.19.12.1.2
(12-06-2023)
Authority

- (1) IRM 1.1.16.3.5.1.5, Campus Exam and Field Support
- (2) IRM 1.1.16.3.5.3, Exam Case Selection

- (3) IRM 1.2.1.2.36, Policy Statement 1-236, Fairness and Integrity in Enforcement Selection
- (4) IRM 1.2.1.5.10, Policy Statement 4-21, Selection of returns for examination
- (5) IRM 1.2.1.5.7, Policy Statement 4-9, Highest Integrity Expected
- (6) IRM 4.1.5.3.1, Classification Overview
- (7) IRM 1.2.1.13.3, Policy Statement P-21-3, Timeliness and Quality of Taxpayer Correspondence, also located in IRM 21.3.3.4.2, Policy Statement P-21-3 Procedures
- (8) IRM 10.5.1, Privacy Policy

4.19.12.1.3
(06-19-2020)
Responsibilities

- (1) Examination Field and Campus Policy (EFCP) is responsible for leading the development and delivery of policy and guidance that impacts SB/SE taxpayers and SB/SE Campus and Field examination processes.
- (2) Campus Exam and Field Support (CEFS) is responsible for providing policy on compliance processes that relate to campus examination classification support operations for Correspondence, Field, and Specialty Exam programs.
- (3) The IRS formally adopted a Taxpayer Bill of Rights in June 2014, which provides the nation's taxpayers with a better understanding of their rights and helps reinforce the fairness of the tax system. In 2015, Congress charged the Commissioner with ensuring IRS employees are familiar with and act in accord with the taxpayer rights as afforded by the IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights.

4.19.12.1.4
(12-06-2023)
Program Controls

- (1) **Program Reports:** The following reports may be used to monitor inventory assigned in Classification:
 - AMS/CII Category A (CAT-A) Claim referrals
 - Business Objects Enterprise (BOE) Crystal Reports
 - Case Control Activity (CCA) 4243/ Overage Report Compiler and Sorter (ORCAS)
 - Headquarters (HQ) CEFS Classification SharePoint Reports
 - Statistical Sample Inventory Validation Listing (SSIVL)
 - AIMS Centralized Information System (A-CIS)

4.19.12.1.5
(12-06-2023)
Acronyms

- (1) The following table lists commonly used acronyms and their definitions used throughout this IRM.

Acronym	Definition
A-CIS	AIMS Centralized Information System
AAR	Administrative Adjustment Request
ACTC	Additional Child Tax Credit

Acronym	Definition
AIMS	Audit Information Management System
AM	Account Management
AMS	Account Management Services
AOTC	American Opportunity Tax Credit
ASFR	Automated Substitute for Return
AUR	Automated Under Reporter
BMF	Business Master File
BOD	Business Operating Division
BOE	Business Objects Enterprise
CAT-A	Category A (Examination Criteria)
CC	Command Code
CCA	Case Control Activity
CDE	Compliance Data Environment
CEA	Campus Examination and Automated Underreporter
CF&S	Centralized Files and Scheduling
Corr	Correspondence Exam
CII	Correspondence Imaging Inventory
CWA	Contemporaneous Written Acknowledgment
DBA	Doing Business As
DDB	Dependent Data Base
DIF	Discriminant Function
DLN	Document Locator Number
EBE	Employee Business Expense
EFCP	Examination Field and Campus Policy
EFTPS	Electronic Federal Tax Payment System
EGC	Examination Group Code
EIN	Employer Identification Number
EITC	Earned Income Tax Credit

Acronym	Definition
EQTS	Exam Quality and Technical Support
ET	Employment Tax
EUP	Employee User Portal
FCS	Field Case Selection
FRP	Frivolous Return Program
GII	Generalized IDRS Interface
HQ	Headquarters
IAC	Interest Abatement Coordinator
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
IRA	Individual Retirement Account
IRDM	Information Reporting Document Matching
IRMF	Information Return Master File
IRP	Information Reporting Program
IRSS	Information Return Selection System
IRP	Information Reporting Program
IVL	Individual Validation Listing (of accounts on AIMS)
LBI	Large Business & International
LIHC	Low Income Housing Credit
MeF	Modernized E-File
MF	Master File
MFT	Master File Tax
MOU	Memo of Understanding
OFP	Organization Function Program
PBC	Preliminary Business Code
PDT	Potentially Dangerous Taxpayer
POA	Power of Attorney
POD	Post of Duty
PSP	Planning and Special Programs
PTC	Premium Tax Credit

Acronym	Definition
QRDT	Questionable Refund Detection Team
RA	Revenue Agent
RGS	Report Generating Software
SARP	State Audit Report Program
SBC	Secondary Business Code
SB/SE	Small Business Self-Employed
SEP	Simplified Employee Pension
SFR	Substitute for Return
SP	Submission Processing
SSIVL	Statistical Sample Inventory Validation Listing
SSN	Social Security Number
TC	Transaction Code
TCO	Tax Compliance Officer
TE	Tax Examiner
TE/GE	Tax Exempt/Government Entities
TIN	Taxpayer Identification Number
TPI	Total Positive Income
WI	Wage and Investment

4.19.12.1.6
(12-06-2023)

Related Resources

- (1) IRM 2.8, Audit Information Management System (AIMS)
- (2) IRM 3.10.72-1, Routing Guide/Local Maildex
- (3) IRM 3.11.3.5.2.1, Correspondence When Sending Return Back to the Taxpayer
- (4) IRM 4.1.1.7.3, Automatics, Specials and Campus Identified Work.
- (5) IRM 4.1.2, Workload Identification and Survey Procedures
- (6) IRM 4.1.5, Case Building, Classification, Storage and Delivery
- (7) IRM 4.1.5.3.1, Classification Overview
- (8) IRM 4.4, AIMS Procedures and Processing Instructions
- (9) IRM 4.13, Audit Reconsideration
- (10) IRM 4.19.14, Liability Determination, Refundable Credits Strategy
- (11) IRM 4.19.15, Discretionary Programs

- (12) IRM 4.103, Compliance Data Environment (CDE)
- (13) IRM 21.3.3, Incoming and Outgoing Correspondence/Letters
- (14) IRM 21.5.1.4.2.4, Received Date – Determination
- (15) IRM 21.5.2.4.23.6, Discriminant Index Function (DIF) SCORE or Classification Send Return(s) to Examination for Review
- (16) IRM 21.5.3, General Claims Procedures
- (17) Exhibit 21.5.3-2, Examination Criteria (CAT-A)- General
- (18) Exhibit 21.5.3-3, Examination Criteria (CAT-A)- Credits
- (19) Exhibit 21.5.3-4, First-Time Home buyer Credit-Additional CAT-A Criteria
- (20) IRM 21.5.6.4, Freeze Code Procedures
- (21) IRM 21.7.4.4.2.9, Form 1065 and 1065X, Amended Return, Administrative Adjustment Request (AAR) and Bipartisan Budget Act (BBA)
- (22) IRM 21.8.1.2.10, Examination Criteria CAT-A International
- (23) IRM 21.8.2.2.12, Examination Criteria
- (24) IRM 25.6, Statute of Limitations
- (25) Exhibit 25.6.23-3, Instructions for Updating the Statute on AIMS
- (26) IRM 25.23, Identity Protection and Victim Assistance

4.19.12.2
(12-06-2023)

Statute Considerations

- (1) Statute awareness is vital and required to minimize barred assessments and erroneous abatements.
- (2) Statute information, including conditions which may extend the Assessment Statute Expiration Date (ASED), Refund Statute Expiration Date (RSED), or Collection Statute Expiration Date (CSED), can be found in IRM 25.6 , Statute of Limitations.
- (3) A “bundled claim” is an amended return with both an increase and a decrease (for example, a tax decrease and a credit decrease or a credit increase and a tax increase).
- (4) Each campus will ensure bundled claims within 60 days of the ASED are identified in Classification Support inventory and worked on a priority basis.

4.19.12.2.1
(12-06-2023)

Cases with Less than 13 Months to ASED

- (1) Refer to IRM 4.4.33.2.6, Statute of Limitations, for AIMS base transfer information.
- (2) Classification Support will update AIMS bases and communicate with the Area PSP Claims Coordinators and Campus Correspondence Exam as needed.
- (3) See IRM 25.6, Statute of Limitations, for additional information about Assessment Statutes, and IRM 25.6.23-3, Instructions for Updating the Statute on AIMS, for information on statute alpha codes.

Note: Alpha Code **ZZ** is a transfer statute that requires the receiving party to update the statute back to a numeric statute upon receipt (see IRM 25.6.23-3, Instructions for Updating the Statute on AIMS).

If	And	Then

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- (1) Follow the guidelines in IRM 21.3.3.4.2, Policy Statement P-21-3 Procedures, when working taxpayer correspondence cases that meet Policy Statement P-21-3 criteria to ensure timely and quality responses to taxpayer correspondence.
 - a. 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.
 - b. A quality response is timely when initiated within 30 calendar days of the IRS received date.

- c. When a quality response can't be issued timely, an interim response must be sent by the 30th calendar day from the IRS received date.
- d. All interim letters must inform the taxpayer when a final response can be expected and will include a name and telephone number to contact to resolve additional inquiries.

4.19.12.4
(12-06-2023)
**Accepts, Disallows,
Rejects**

- (1) This section includes general and background information on Classification work processes that may affect Classification Support case decisions.
- (2) When a CII case meets CAT-A criteria and is referred to Exam Classification, a determination will be returned to Accounts Management (AM) indicating whether the issue is allowable, whether the amended return has audit potential, and how the case should be handled.
- (3) Cases referred to Exam Classification remain under AM adjustment function control until a determination is made. If a case is selected, Exam assumes control of the case and responsibility for ensuring the case/claim is worked.
- (4) Claims are returned to AM via CII, which reassigns the IDRS control base activity back to the AM originator and returns the CII case back to their active inventory.
- (5) Classification responses will not contradict Exhibit 21.5.3-1, Claims Processing with Examination Involvement, which AM follows when they receive a response from CAT-A Classification.
- (6) This table only applies to complete cases containing the necessary returns and taxpayer documentation to make a determination. If the case is not complete and can't be classified, it will be returned to the requestor/originator as "No Consider" with an explanation of why it can't be classified. If the case is incorrectly referred it will be returned to the requestor/originator as "Not Category A" with an explanation of why it doesn't meet CAT-A criteria.

If Classification Determines	Accounts Management Will	Classification Support Will
<p>The amended return/claim lacks enough information or documentation to properly consider the items, and the case should be Rejected/No Considered.</p>	<p>Resolve the reason for rejection and resubmit the claim as Category A</p> <p>Note: If additional information is needed from the taxpayer, AM will reject the claim and request the information. Refer to IRM 21.5.34.3, Tax Decrease and Statute Consideration, for information on processing statute year claims.</p> <p>Note: If the Examination Classifier notifies AM to “No Consider” a claim for additional information or missing supporting documentation, refer to IRM 21.5.3.4.6.3, No Consideration Procedures. Refer to IRM 21.5.3.4.3, Tax Decrease and Statute Consideration, for information on processing statute year claims.</p>	<p>Take no action.</p>
<p>The amended return/claims should be Accepted as filed by the taxpayer and no examination should be started.</p>	<ol style="list-style-type: none"> 1. Input the necessary actions to adjust the account and release any overpayment. Note: If the amount of the claim is not computed or is computed incorrectly re-compute the allowable amount, correct if necessary, and advise the taxpayer of any changes to the amount claimed. 2. Release the TC 470 (if appropriate). Note: Most adjustments will release the TC 470. Refer to the Document 6209, IRS Processing Codes and Information, for exceptions. 3. Notify the taxpayer the adjustment has been made. 	<p>Take no action.</p>

If Classification Determines	Accounts Management Will	Classification Support Will
The amended return/claim can't be processed as filed (the issue is not allowable) and the claim must be Disallowed in part or in full	<ol style="list-style-type: none"> 1. Input the disallowance adjustment 2. Send the appropriate disallowance letter. Use the explanation and citation of the law provided by the classifier. <p>Note: Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.</p>	Take no action.
The amended return/claim should not have been sent to Classification and returns it as Not Category A Criteria	Take necessary actions to resolve the CII case.	Take no action.

4.19.12.5
(12-06-2023)
**Correspondence Exam
Referral Selects**

- (1) This IRM section provides procedures for the delivery of IMF and BMF Category A cases selected in Exam Classification to Correspondence Exam.
- (2) Classifiers forward a completed classification sheet to Classification Support to initiate the case assembly process.
- (3) Classification Support will use the table below to process cases selected for Correspondence Exam.

If Classification Determines	Accounts Management Will	Classification Support Will
<p>The amended return/claim has audit potential, and the case has been Selected in Exam for potential audit.</p> <p>Note: When Exam Classification “selects” a claim, Exam assumes responsibility for the claim. Exam will establish AIMS and proceed with auditing or processing the claim .</p>	<ol style="list-style-type: none"> 1. Input the necessary audit trail with a TC 971 and Action Code (AC) 013 (use the received date of the amended return for the transaction date) 2. Input any required letters to the taxpayer. Refer to IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office. 3. Route the case if necessary. 4. Close the CII case. 	<ol style="list-style-type: none"> 1. Build the selected case by assembling all needed documents (for example, the classification sheet, original return, amended return, etc.). 2. Open an AIMS base (which establishes a TC 420) with the following information: <ol style="list-style-type: none"> a. Source Code: 30 b. Status Code: 08 c. Project Code: 0126 d. Employee Group Code: 5000 3. Create a Form 3210. 4. Deliver the case to the colocated Correspondence Exam via interoffice mail, email, or other locally approved delivery method.

4.19.12.6
(12-06-2023)

Field Referral Selects

- (1) This IRM section provides procedures for the electronic delivery of IMF and BMF Category A cases selected in Exam Classification to Field Case Selection (FCS) via local area Planning and Special Programs (PSP).
- (2) Classifiers forward a completed classification sheet to campus Classification Support to initiate the case assembly process.
- (3) Classification Support will use the table below to process cases selected for Field Exam.

If Classification Determines	Accounts Management Will	Classification Support Will
<p>The amended return/claim has audit potential, and the case has been Selected in Exam for potential audit.</p> <p>Note: When Exam Classification “selects” a claim, AM transfers claim resolution liability to the Exam function. Appropriate Exam functions are then responsible for establishing AIMS, and proceeding with auditing or processing the claim..</p>	<ol style="list-style-type: none"> 1. Input the necessary audit trail with a TC 971 and Action Code (AC) 013 (use the received date of the amended return for the transaction date) 2. Input any required letters to the taxpayer. Refer to IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office. 3. Route the case if necessary. 4. Close the CII case. 	<ol style="list-style-type: none"> 1. Build the selected case by assembling all needed documents (for example, the classification sheet, original return, amended return, etc.). 2. Open an AIMS base (which establishes a TC 420) with the following information: <ol style="list-style-type: none"> a. Source Code: 30 (claims) or appropriate source code b. Status Code: 06 <p>Note: Once the AIMS base is fully established, update to 07.</p> <ol style="list-style-type: none"> c. Project Code: 0000 (Exception: Open Joint Committee Cases in 0077) 3. Create a Form 3210. 4. Deliver the case electronically to the correct Area PSP office. <ol style="list-style-type: none"> a. Use CC AMSOC to transfer the case to the correct AIMS Assignee Code (AAC) using Employee Group Codes 1998 for RA cases and 2998 for TCO cases.

4.19.12.6.1
(12-06-2023)
Shared Drive

- (1) In March 2018, the President’s Management Agenda established multiple goals to transition federal agencies’ business processes and record keeping to a fully electronic environment.
- (2) The PSP shared drive was created to establish an electronic case delivery process and is available to stakeholders involved in Field case delivery.
- (3) Whenever possible, Classification Support will transfer cases to PSP electronically via the designated PSP shared drive.

4.19.12.6.2
(12-06-2023)
Electronic Delivery

- (1) Each site will establish and follow local procedures for sending selected cases from Exam Classification to Classification Support.

- a. The Classification folder in the shared drive is designated for Classifiers. It can be used by sites for pre-referral coordination between classifiers and Classification Support.
- (2) Classification Support will combine the case documents from the Classifier into one PDF document and save it with the following naming convention: 1234 = Last 4 Digits of TIN, NMCL = Name Control, FFFF = Original Return Form Number, ST = State of Taxpayer, EGC = 1998 or 2998 (for example, 1234NMCL1040CA1998).
- (3) Original returns will only be included in the case if they are filed on paper and not available in MeF. If the original return was filed on paper, input Command Code (CC) ESTAB to order the return. When the original return is received, scan it to create a PDF document and add the scanned document to the previously created PDF document. If the return can't be secured, include the Form 4251, Return Charge Out, in the previously created PDF document.

Note: If a response is not received from FRC, the Form 2275, Records Request, Charge and Recharge, can be used in place of the Form 4251, Request Charge Out.

- (4) Open on AIMS using CC AM424.
- (5) When AIMS is fully established and the case is ready for delivery to PSP, Classification Support will transfer the final file to the appropriate Area Office PSP folder. There are seven PSP area folders on the shared drive. Each area consists of a group of states/areas.
 - a. Identify the Area folder that corresponds with the state the taxpayer resides in.
 - b. Create a folder with today's date in the appropriate Area folder on the shared drive.
 - c. Copy the PDF document consisting of all the combined case documents and paste it into the appropriate Area folder.
 - d. Verify the PDF document transfer to the Area folder was successful.
 - e. Complete a Form 3210 and save it in the dated folder.
 - f. Send an email to the appropriate Areas contact with the Form 3210 and request receipt confirmation.
 - g. Retain Form 3210 for one year as required in Document 12990, IRS Records Control Schedule (RCS) 23, Item 36.
 - h. Destroy or dispose of SBU data when it is no longer required for business use.

4.19.12.7
(12-06-2023)

Audit Reconsiderations

- (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.
- (2) See IRM 4.13.3.13, Statute of Limitations, for information on statute considerations specific to audit reconsiderations.

4.19.12.7.1
(12-06-2023)

IMF Audit Reconsideration Routing

- (1) Area Office (AO) Exam Audit Reconsiderations are routed to the Central Reconsideration Unit (CRU) at each Campus per *Central Reconsideration Unit Addresses* and Exhibit 4.13.7-3, Routing of Area Office Reconsideration Requests.

- (2) Campus Exam Audit Reconsiderations are routed to the campus that conducted the original audit per IRM 4.13.2.2 and IRM 4.13.7-2, Routing of Campus Reconsideration Requests.
 - (3) The appropriate SB/SE campus can be identified based on the alignment to AIMS Principal Business Code (PBC) in the TC 420.
- 4.19.12.7.2
(12-06-2023)
BMF Audit Reconsideration Routing
- (1) Both AO Exam Audit Reconsiderations and Campus Exam Audit Reconsiderations are routed to the Ogden Service Center (Mail Stop 6552) and are then routed through Accounts Management to CAT-A Classification per IRM 4.13.2.2, Both Cincinnati and Ogden classifiers review BMF audit reconsiderations.
 - (2) Classification will determine if the original exam assessment needs to be adjusted based on the new information/return received from the taxpayer.
 - (3) Per IRM 21.5.10.4.3, BMF Audit Reconsiderations are worked by Accounts Management if they are not selected.
 - (4) If Classification selects a BMF Audit Reconsideration, it will be sent to the appropriate Field group.
 - (5) If a BMF Audit Reconsideration in IDRS Status 26 (assigned to an RO) is received outside of AMS/CII, the classifier will classify the case and return the determination to the originator.
- 4.19.12.7.3
(12-06-2023)
Carryback Audit Reconsideration Routing
- (1) Per IRM 5.1.15.5.3, all Carrybacks (including Audit Reconsiderations for IMF and BMF) are routed to Collection CCP (FORT) for processing toAM.
- 4.19.12.8
(12-06-2023)
Rejected Referrals
- (1) PSP will communicate when a case must be returned because it was sent in error. Example: An invalid claim (missing signature, not timely filed, etc.) was sent to PSP..
 - (2) Classification will ensure the claim is surveyed using Disposal Code (DC) 34. See IRM 4.4.12.3, Surveyed Claims, Disposal Code 34.
 - a. Closing a case with DC-34 (Surveyed Claim) will process the claim via AMCLS. Local procedures will need to be established to identify who will complete and process the Form 5344 , which will input a TC 30X on the module. The rejected selection will **not** be routed to an SP Batching Function.
- Caution:** Classifiers will not take these case closing actions.
- (3) Campus will not accept a case from PSP if it has already been surveyed.
- 4.19.12.9
(12-06-2023)
Employee Returns
- (1) To ensure impartiality, independence, and employee privacy, subordinates, associates or co-workers of an employee will not classify or examine that employee's return..
 - (2) IDRS CC IMFOL with definer "E" shows the IRS Employee Indicator. See *SERP Command Codes IMFOL Definer E*.

- (3) Send all employee returns selected for examination to the PSP area office closest to where the employee lives.

Caution: Do not route employee returns to Campus Correspondence Examination.

- (4) Secure the original return from Files and ship the case file electronically or in a confidential envelope.
 - a. If a Form 3198, Special Handling Notice for Examination Case Processing, is included with the case file notate "Employee Return" on the Other Instructions line in the Special Features box.
- (5) For additional information reference IRM 4.1.1.6.7, Employee Audits and IRM 4.2.6, Examination of Employee Returns.

4.19.12.10
(12-06-2023)
Classification Support Programs

- (1) Classification support programs assist in the identification of possible compliance issues by providing selection support to various Exam functions.

4.19.12.10.1
(12-06-2023)
Form 4810 and Form 5495 Intake

- (1) IRM 4.19.12.10.1.1, Form 4810 and Form 5495 Program Scope and Objectives
- (2) IRM 4.19.12.10.1.2, Initial Review
- (3) IRM 4.19.12.10.1.3, IDRS Research
- (4) IRM 4.19.12.10.1.4, TC 150 Posted, Return Missing from Case
- (5) IRM 4.19.12.10.1.5, Missing TC 150
- (6) IRM 4.19.12.10.1.6, Missing or Incomplete Information
- (7) IRM 4.19.12.10.1.7, Rejecting the Case
- (8) IRM 4.19.12.10.1.8, Classification Referrals
- (9) IRM 4.19.12.10.1.9, Classification Responses

4.19.12.10.1.1
(12-06-2023)
Form 4810 and Form 5495 Intake Program Scope and Objectives

- (1) **Purpose:** To provide processing guidelines for the case building of cases involving Requests for Prompt Assessment under IRC 6501(d) (Form 4810) and Requests for Discharge from Personal Liability under IRC 2204 or IRC 6905 (Form 5495).
- (2) **Audience:** The primary users of this IRM are IRS employees in SB/SE Exam Classification Support who process Form 4810, Request for Prompt Assessment, and Form 5495, Request for Discharge from Personal Liability under Internal Revenue Code Section 2204 or 6905.

4.19.12.10.1.1.1
(12-06-2023)
Prompt Assessment Authority

- (1) Ordinarily, the Internal Revenue Service has 3 years after an income tax return is filed to assess additional tax or to begin a court action to collect the tax. A decedent's estate, or a corporation which has dissolved, is contemplating dissolution, or is in the process of dissolution, can file a written request for a prompt assessment to shorten the assessment statute. The assessment period is decreased to eighteen months from the date of the written request, but not

beyond three years from the time the return at issue was filed. There are specific requirements for making such request which are found in Treas. Reg. 301.6501(d)-1. This 18-month statute does not apply to the exceptions of IRC 6501(c), IRC 6501(e), or IRC 6501(f).

- (2) A prompt assessment is requested by filing Form 4810, Request for Prompt Assessment, under IRC 6501(d), with the Service Center where the return was filed for which they are requesting prompt assessment. The Form 4810 must be filed separately from any other return and should not be filed until after the tax return listed on the form has been filed. A Prompt Assessment may also be submitted in letter format but must include all the information listed on the Form 4810.
- (3) A Letter 621C, Prompt Assessment Request; Acknowledgement/Reply/Additional Information Requested, is mandatory in the processing of the prompt assessment requests, as it is used to obtain missing or incomplete information and to close the case by providing a closing/release date.

4.19.12.10.1.1.2

(12-06-2023)

Discharge from Personal Liability Authority

- (1) A Personal Representative may also request a discharge of personal liability under IRC 6905. This application is made on Form 5495, Request for Discharge from Personal Liability under Internal Revenue Code Section 2204 or 6905. A Discharge from Personal Liability may also be submitted in letter format but must include all the information listed on the Form 5495.
- (2) If Form 5495 is properly filed, the IRS has nine months in which to notify the Personal Representative of any deficiency for the decedent's applicable income or gift tax returns. If the Personal Representative pays the additional tax, or if no notice is received from the IRS within nine months from the date of filing Form 5495, the Personal Representative is then discharged from personal liability.
- (3) If the Personal Representative is released from personal liability for any such income or gift tax, the IRS may still assess deficiencies against the Personal Representative in his or her fiduciary (not individual) capacity and may collect the taxes due from assets of the estate (provided the limitations period for assessment and collection has not expired).
- (4) A Letter 738C, Decedent Income/Gift Tax Return; Personal Liability Discharge Request, is mandatory in the processing of the prompt assessment requests, as it is used when resolving Discharge from Personal Liability cases to obtain missing or incomplete information and to close the case by providing a closing/release date.

4.19.12.10.1.1.3

(12-06-2023)

Statute Considerations

- (1) The ASER 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.
- (2) A prompt assessment is requested by filing Form 4810, Request for Prompt Assessment under Internal Revenue Code 6501(d). When written request for a prompt assessment is approved the assessment period is decreased to eighteen months from the received date of the written request, but not beyond three years from the time the return at issue was filed.

4.19.12.10.1.1.4
(12-06-2023)

Related Resources

- (1) IRM 3.10.72-1, Routing Guide/Local Maildex
- (2) IRM 3.11.3.5.2.1, Correspondence When Sending Return Back to the Taxpayer
- (3) IRM 4.25.2.5.7, Form 5495
- (4) IRM 21.3.3.3.4, Quality and Timely Responses
- (5) IRM 21.3.3.4.2.2, Interim Responses
- (6) IRM 21.3.3.4.2.2.1, Required Information for Interim Letters and Closing Letters
- (7) IRM 21.3.3.4.2.3, Correspondence Date (Corr. Date)
- (8) IRM 21.3.3.4.17.1, Preparing Outgoing Manually Generated Correspondence
- (9) IRM 21.3.3.4.17.3, Issuing Outgoing Correspondence
- (10) IRM 21.5.1.4.2.4, Received Date – Determination
- (11) IRM 21.5.6.4, Freeze Code Procedures
- (12) IRM 21.7.1.4.9, Fiduciary Name/Address Change
- (13) IRM 25.6.1.9.6.1, Request for Prompt Assessment
- (14) *UPTIN Histories IAT Job Aid*

4.19.12.10.1.2
(12-06-2023)

Initial Review

- (1) Form 4810, Request for Prompt Assessment, and Form 5495, Request for Discharge from Personal Liability under Internal Revenue Code Section 2204 or 6905, are routed at intake per IRM 3.10.72-1, Routing Guide/Local Maildex. If Classification Support receives a Form 4810 or Form 5495 that does not align with the routing guide, Classification Support will treat as a misroute and send to an appropriate campus.
- (2) Complete the initial review of the Form 4810 and/or Form 5495. Use the chart below if you determine the form is a duplicate request.

If	Then
The form is a duplicate request and does not contain any new or additional information	Issue a Letter 621C (Form 4810) or Letter 738C (Form 5495). Enclose all documents sent by the taxpayer with the letter.
The form is a duplicate request and contains new or additional information	Continue processing to determine if changes to the original closing date are needed.

- (3) Review the boxes on the Form 4810 and Form 5495 that indicate if the requestor attached related documents. Review case contents for applicable forms, copies of the returns, letters of administration, letters of testamentary, or other related documents.
- (4) The request must specify the period(s) and type of tax covered. Verify the type of tax and tax periods involved, ensure the form is filed for an acceptable

return. If the return is not an acceptable return, refer to IRM 4.19.12.10.1.7, Rejecting the Case.

Note: If the taxpayer did not indicate or input the incorrect tax period on the form and you can clearly identify the correct tax period, update the form with the correct tax period, in red.

- a. Form 4810 acceptable returns include: Form 709, Form 1040, Form 1041, and Form 1120 (all series, excluding 1120S). Forms 94X (Form 940, Form 941, Form 943, Form 944, and Form 945) are acceptable returns if they are required returns filed in relation to a corporation (Form 1120) contemplating dissolution, in the process of dissolving, or has already been dissolved.

Note: Email Form 990-T to *Manager EO Classification with "Please Expedite – Form 990-T Prompt Assessment Request" in the subject line.

Note: If a Form 706 is attached to a Form 1041, process the Form 1041 portion of the request. Send a Letter 86C and route the case with a Form 3210 to CSC (7940 Kentucky Dr., Florence, KY 41042)

- b. Form 5495 acceptable returns include: Form 1040 and Form 1041.
- c. Refer to IRM 3.10.72-1, Routing Guide/Local Maildex, when addressing mis-routed forms.

(5) Confirm the following information is present:

- a. The request must be in writing and clearly show that it is a request for prompt assessment under IRC 6501(d).
- b. The name and social security number (SSN) or employer identification number (EIN) are shown on the return.
- c. The date and location of the IRS office where the returns are filed.
- d. The Dissolution check box is required if corporate income tax returns are included.
- e. Date of Death (Form 5495 only)
- f. A valid Letter of Administration (LOA), Letter of Testamentary, etc.

(6) A valid Letter of Administration, Letter of Testamentary, etc. is required to verify authority to act on behalf of the taxpayer. Authorization may be granted by a court document signed by a court official with a state or county seal. Consider the following information when deciding if an authorization is valid:

- a. The request is made by an executor, administrator, or other fiduciary representing the estate of the decedent or a fiduciary representing a dissolved corporation or one contemplating dissolution.
- b. DO NOT accept Form 2848 or Form 8821 as valid Letters of Administration/Testamentary.
- c. A Form 56 is acceptable for a Trust/Estate (Form 1041).
- d. A Schedule K-1 is acceptable for a Corporation.
- e. Form 5495 request MUST list a Decedent and SSN. The name of the Trust or Estate can't be listed in place of the Decedent.

(7) Thoroughly review all other case documents.

(8) Reject the request if it is made by a corporation, a dissolving corporation, or a corporation contemplating dissolution currently in a bankruptcy status. Bank-

ruptcy status may be identified by a -V freeze code, a TC 520 with a bankruptcy closing code, for example 83/85/88, or it may be stated in the Letters of Testamentary or other court documents sent by the taxpayer. Under the US Bankruptcy IRC 505b, prompt assessment is not available for chapter 13, chapter 7, or chapter 11. Refer to IRM 4.19.12.10.1.7, Rejecting the Case.

- (9) If any of the required information is missing or incomplete, refer to IRM 4.19.12.10.1.6, Missing or Incomplete Information.

4.19.12.10.1.3
(12-06-2023)
IDRS Research

- (1) Research IDRS CCs: SUMRY, ENMOD, INOLES, BMFOL/IMFOL, TXMOD, and any other applicable CCs.
- (2) Confirm the IDRS control was opened correctly when assigned. For example, the activity code accurately reflects the form(s) received, the received date indicates the oldest IRS received date, etc. Make corrections as needed.
- (3) Research entity information on CC ENMOD/ INOLES.
 - a. If the taxpayer's entity information has been modified, update case documentation to reflect the new information. Leave notes in the case documentation outlining the change(s) made.
 - b. DO NOT update entity information in IDRS.
 - c. If the entity information does not match at all, refer to IRM 4.19.12.10.1.7, Rejecting the Case.
- (4) Verify all returns referenced have been filed and the TC 150 (original return) is posted.

Note: The request must be filed after the return(s) at issue have been filed.

- a. If the TC 150 is not present, research ENMOD and/or TXMOD to determine if an extension was filed (TC 460) and the new due date of the return. Refer to IRM 4.19.12.10.1.5, Missing TC 150, if it is past the applicable due date.
- b. If the TC 150 unposted, research *Document 6209 Code Retriever* for the unpostable code. This will explain why the return unposted and the appropriate actions to take.

Note: The UP Histories IAT Tool can be used to update.

- c. If the TC 150 posted but is missing from the case file, refer to IRM 4.19.12.10.1.4, TC 150 Posted, Return Missing from Case.
- (5) Determine if a TC 976/977 (duplicate return) is present on TXMOD.
 - a. Research to determine if an unresolved TC 976/977 (duplicate return) has posted to any tax forms/periods. The TC 976/ 977 may be the original return posted to an incorrect form/period. A duplicate return condition will often occur when a return is filed on the wrong years tax form or filed late. If TXMOD shows a TC 976/ 977, research CC BMFOLI/ IMFOLI for missing returns and use the information on the Form 4810 /Form 5495 to determine where the TC 976/977 should have posted.
 - b. If it is determined the TC 976/977 belongs to the tax period in question, see lead or manager for further instructions.

Note: If the TC 976/977 belongs to the tax period in question and has unposted, correct the unpostable situation (the UP Histories IAT Tool may be used).

(6) Identify balance due accounts.

- a. Form 4810: If there is a balance due on the account, continue processing the case as usual. When issuing taxpayer correspondence, ensure the balance is included in the letter. Use CC INSTA (with a 30-day payoff) to obtain the accurate balance.
- b. Form 5495: If there is a balance due on the account, research CC ENMOD/ INOLES for the most recent balance due notice date. If the most recent balance due notice was issued within the last 30 days, allow additional time for the taxpayer to respond. Suspend the case for 45 days from the date the last balance due notice was issued. Notate "balance due" in the case documentation and update the IDRS control base activity to SUSPNDMMDD. Hold case in designated location. If the most recent balance due notice was issued more than 30 days ago, notate "balance due" on the Form 5495, and reject the case back to the taxpayer. Refer to IRM 4.19.12.10.1.7, Rejecting the Case.

(7) Review the ASED.

- a. If the ASED on CC TXMOD has expired or will expire within 9 months (Form 5495) or 18 months (Form 4810) refer to IRM 4.19.12.10.1.9.1, Accept.

(8) Research Freeze Codes.

- a. Refer to IRM 21.5.6.4, Freeze Code Procedures, to research freeze code conditions that may need to be resolved prior to referral.

Note: If there is a -L or a -Z freeze on the account, do not disclose to the taxpayer they may be under investigation or have an open audit.

(9) Research other Transaction Codes (TC's).

- a. Research the Document 6209 Code Retriever to identify unknown TCs and determine if additional research is necessary.

Note: The CSI IAT Tool can be used.

(10) Resolve Multiple IDRS Control Bases.

- a. Identify if contact is required prior to referring the case. If placing a control into "B" status prior to inputting an adjustment, ensure the control is placed back into "A" status after actions have been taken.
- b. If a multiple control contacts you, ensure a timely response to their inquiry is provided. Consult the lead or manager if unsure of what actions can be taken on the case.

4.19.12.10.1.4
(12-06-2023)
**TC 150 Posted, Return
Missing from Case**

- (1) If the TC 150 posted to the account but the taxpayer did not include a copy of their return with their prompt assessment request, access the Employee User Portal (EUP) to locate the return using Modernized e-File (MeF).

- (2) If the return is not available on EUP/ MeF research AMS/ CII to locate the return.
- (3) If the return is not available electronically, request the TC 150 from files using CC ESTAB.

Note: The eClerical IAT Tool can be used.

- a. Update the IDRS control base activity to ESTABMMDD (MMDD is 60 days from the date ESTAB request was made).

Note: The ACTON IAT Tool can be used.

- b. Place the case on the suspense wall according to the month the case was received. If the original return is not received from files within 60 days, print CC BRTVU, include it with the case file and continue processing.
- (4) Document all actions taken in the case documentation section of the database.

4.19.12.10.1.5
(12-06-2023)
Missing TC 150

- (1) If a TC 976/977 (duplicate return) is present on IDRS refer to IRM 4.19.12.10.1.3, IDRS Research.
- (2) If a Form 4810 and/or Form 5495 is received and there is no TC 150 on IDRS, refer to the table below.
- (3) Use a Letter 621C when corresponding for a Form 4810 and a Letter 738C when corresponding for a Form 5495.

Note: If both forms were filed, either letter can be sent if both forms are referenced in the letter, but **do not send both letters**.

If	And	Then
The taxpayer provided the date they filed their original return on the form	It has been less than 45 days since that date	<ol style="list-style-type: none"> 1. Send a letter to acknowledge receipt of the request. Note: The Letters IAT Tool can be used. 2. Suspend the case for 45 days from the date provided by the taxpayer. 3. Update the IDRS Control Base activity to SUS-PNDMMDD. Note: The ACTON IAT Tool can be used. 4. Keep a copy of the letter and place in the designated location. 5. If the return hasn't posted within the 45-day suspense period, reject the case back to the taxpayer. Refer to IRM 4.19.12.10.1.7, Rejecting the Case.
The taxpayer provided the date they filed their original return on the form	It has been more than 45 days since that date, or it has been more than 45 days since that date and the TC 460 extension has expired	<ol style="list-style-type: none"> 1. Reject the case back to the taxpayer. 2. Send a letter. Note: The Letters IAT Tool can be used. 3. Attach a new Form 4810 and/or Form 5495 with instructions and a copy of applicable records. Refer to IRM 4.19.12.10.1.7, Rejecting the Case.
If the taxpayer did NOT provide the date they filed their original return on the form	It has been more than 45 days since the due date of the return or the due date of the TC 460 extension date	<ol style="list-style-type: none"> 1. Reject the case back to the taxpayer. 2. Send a letter. Note: The Letters IAT Tool can be used. 3. 3. Attach a new Form Form 4810 with instructions and a copy of applicable records. Refer to IRM 4.19.12.10.1.7, Rejecting the Case.

If	And	Then
If the taxpayer included a copy of the original return with their form	It has been more than 45 days since the date their form was received and the return has not posted to IDRS	<ol style="list-style-type: none"> 1. If your site doesn't have a Submission Processing (SP) center, route the return to an SP center with Form 3210. Write "Process as Original" on the top of the return. 2. If your site does have a Submission Processing center, use local routing forms, such as the Form 12634, OIRSC Campus Document Transmittal, to route the return to Receipt & Control, Batching. Write "Process as Original" on the top of the return. 3. Keep a copy of Form 3210 and a copy of the return with the case and suspend for 60 days in the designated location. 4. Access CC REQ77 to input TC 599 with Closing Code (CC) 094 (taxable return secured) or CC 096 (non-taxable return secured). 5. Send a letter to acknowledge receipt of the request. Note: The Letters IAT Tool can be used. 6. Update the IDRS control base activity to RTN2PROCSS. Note: The ACTON IAT Tool can be used. 7. Review the account weekly and leave notes in the case documentation until the TC 150 posts. 8. Refer to IRM 4.19.12.10.1.2, Initial Review of Incoming Requests, when TC 150 posts. Note: If FRC function turnaround timeframes are systematically delayed, the suspense period may need to be longer than 60 days.

- (4) When the original return is secured:
 - a. If other missing or incomplete information was also requested and has not been received, refer to IRM 4.19.12.10.1.6, Missing or Incomplete Information.
 - b. If all required case contents are present, refer to IRM 4.19.12.10.1.8, Classification Referrals.
 - c. Leave case notes in the case documentation to indicate the return has been secured.
- (5) Summarize actions taken and letters sent in the case documentation section of the database.

4.19.12.10.1.6
(12-06-2023)
**Missing or Incomplete
Information**

- (1) If the request is incomplete or invalid for any reason and a determination could not be made through research, use the IAT Letters Tool, to send a Letter 621C, (Form 4810) or Letter 738C (Form 5495) to request the missing or incomplete information.

Note: The Letters IAT Tool can be used.

- (2) Suspend the case for 60 days.
- (3) Update the IDRS control base activity to SUSPNDMMDD.

Note: The ACTON IAT Tool can be used.

- (4) When all required contents are received, review for accuracy, notate in case documentation and continue processing. Refer to IRM 4.19.12.10.1.8, Classification Referrals.
- (5) If the taxpayer does not respond reject the case. Refer to IRM 4.19.12.10.1.7, Rejecting the Case.
- (6) If the taxpayer responds to the inquiry after the suspense has expired and the case has been closed, work the case as a new request. Refer to IRM 4.19.12.10.1.2, Initial Review of Incoming Requests.

4.19.12.10.1.7
(12-06-2023)
Rejecting the Case

- (1) Send a Letter 621C (Form 4810) or Letter 738C (Form 5495) to reject the case back to the taxpayer. Provide an explanation of why the form is being rejected.
- (2) Circle out the received date and any other IRS notations in red and attach a copy of the Form 4810 and/or Form 5495 to the letter.
- (3) Detach copies of envelopes, duplicate IRS letters, copies of electronic returns and/or IDRS prints. Identify they can be destroyed by writing a large "X" on the top page of the prints and placing them in a classified waste bin.

Note: Classified waste is documentation containing taxpayer entity or account information that is not part of the case and is not needed for audit trail purposes. Refer to IRM 21.5.1, General Adjustments, for guidance on handling classified waste to prevent inadvertent/unlawful destruction of records.

- (4) Update the IDRS control base activity to RJECT for each affected tax period.

Note: The ACTON IAT Tool can be used.

- (5) Enter case notes in the case documentation section of the database summarizing case actions, identify/mark which letter was sent, and press the close button for each tax form and period addressed.
- (6) Ensure any original returns included with the request or previously requested from files are sent to processing or refiled.

4.19.12.10.1.8
(12-06-2023)

Classification Referrals

- (1) Ensure the case is completely built before sending to Classification to be classified as Accept/Reject/Select.
- (2) Update the IDRS control base activity to FULLPKG.

Note: The ACTON IAT Tool can be used.

- (3) Follow local routing procedures to route to Classification.

4.19.12.10.1.9
(12-06-2023)

Classification Responses

- (1) Classification will classify the case and return it to Classification Support with a determination.
- (2) Classification Support will take the following actions based on the Classifier's determination:
 - a. Accept: Accept the form as filed.
 - b. Reject: Reject the form back to the taxpayer.
 - c. Select: Open AIMS and build the case.

4.19.12.10.1.9.1
(12-06-2023)

Accept

- (1) Use the Form 4810 received date and the chart(s) below to determine the closing/release date for the closing letter.

If the Form 4810 is received in: (For example: If received on 01/15/2023)	Provide a closing date 18 months from that date in: (provide the date of 07/15/2024)
January	July
February	August
March	September
April	October
May	November
June	December
July	January
August	February
September	March
October	April
November	May
December	June

Exception: If the ASED on CC TXMOD has expired or will expire within 18 months, enter the ASED for each tax period in your closing letter. For example, if the Form 4810 was received on 05/15/2023 for tax period ended December 31, 2019 and the ASED expired on 04/15/2023, provide a closing date of 04/15/2023.

- (2) Use the Form 5495 received date and the chart(s) below to determine the closing/release date for the closing letter.

If the Form 5495 is received in: (For example: If received on 01/15/2023)	Provide a closing date 9 months from that date in: (provide the date of 10/15/2024)
January	October
February	November
March	December
April	January
May	February
June	March
July	April
August	May
September	June
October	July
November	August
December	September

Exception: If the ASED on CC TXMOD has expired or will expire within 9 months, enter the ASED for each tax period in your closing letter.

- (3) For Form 4810, input CC REQ77 to input a TC 560 to shorten the ASED. Input the closing date in the EXTENSION-DT> field, today's date in the TRANS-DT> field and enter "Shorten Statute" in the remarks field.

Note: DO NOT input a TC 560 for Form 5495. This is only done when the taxpayer submits a request for a prompt assessment under IRC section 6501(d) with a Form 4810.

Caution: An unpostable condition will be created if an ASED date is input that is earlier than the masterfile ASED date. To bypass this, input blocking series 99 in the DLN field.

- (4) Send a Letter 621C (Form 4810) or Letter 738C (Form 5495).

Note: The Letters IAT Tool can be used.

Note: Send a separate letter for each return filed (for example, if both Form 1120 and 941 are listed on the Form 4810). A letter can include multiple tax periods for the same return type.

Reminder: Keep two copies of the letter; one for Classification Support records and the other to attach to the case that goes to files.

(5) Update the database by inputting the letter that was sent (identify the closing date provided to the taxpayer in the case notes) and closing all open tax years and forms.

(6) Update the control base activity to ACCEPT and close all open controls.

Note: The ACTON IAT Tool can be used.

(7) If the return was filed on paper take the following actions:

- a. Print CC TXMOD and highlight the DLN of the TC 150 on the second line of the CC TXMOD print.
- b. Assemble all relevant documents (for example, the original paper return, Form 4810/ 5495, all documents sent with the original request, and a copy of all letters.)
- c. Attach the CC TXMOD print to top of the documents and place the package in the teams designated location to be refiled.

(8) If the return was filed electronically take the following actions:

- a. Detach copies of electronic returns and/or IDRS prints.
- b. Identify they can be destroyed by writing a big X on the top page of the prints and placing them in a classified waste bin.
- c. Input a TC 290 for .00, Hold Code 3 (Hold Code 2 if there are credits on the account), with the remarks "SD ATTACH TO DLN," using CC REQ54.
- d. Ensure the Source Doc box is populated with a "Y" before transmitting the adjustment. Attach the adjustment transmittal print to the copies of the Form 4810/5495, all documents sent with the original request and all letters sent.
- e. Place the package in the team's designated location to be refiled.

4.19.12.10.1.9.2
(12-06-2023)

Reject

(1) Reject the case back to the taxpayer by sending a Letter 621C, (Form 4810) or Letter 738C (Form 5495). Provide an explanation of the reason the form is being rejected. The selecting classifier may provide an open paragraph to be used in the closing letter. Circle out the received date and any other IRS notations in red and attach a copy of the Form 4810 or Letter 5495 and all other documents sent with the request to the letter.

(2) If any of the case documents need to be sent to files and the return was filed on paper take the following actions:

- a. Detach copies of envelopes, duplicate IRS letters, electronic returns and/or IDRS prints. Identify they can be destroyed by writing a large "X" on the top page of the prints and placing them in a classified waste bin.
- b. Print CC TXMOD and highlight the DLN on the second line of the CC TXMOD print.
- c. Attach the CC TXMOD print to the original paper return, copies of the Form 4810/5495, and all letters sent.

- d. Place the package in your area's designated location to be refilled.
- (3) If any of the case documents need to be sent to files and the return was filed electronically take the following actions:
- a. Detach copies of electronic returns and/or IDRS prints. Identify they can be destroyed by writing a big X on the top page of the prints and placing them in a classified waste bin.
 - b. Input a TC 290 for .00, Hold Code 3 (Hold Code 2 if there are credits on the account), with the remarks "SD ATTACH TO DLN," using CC REQ54.
 - c. Ensure the Source Doc box is populated with a "Y" before transmitting the adjustment. Attach the adjustment transmittal print to the copies of the Form 4810 or Form 5495, all documents sent with the original request and all letters sent.
- (4) Update the IDRS control base activity to REJECT and close all open IDRS control bases.

Note: The ACTON IAT Tool can be used.

4.19.12.10.1.9.3
(12-06-2023)
Select

- (1) A Classifier will provide a Form 6754, Examination Classification Checksheet (IMF) or a Form 10264, Revenue Agent – Classification Checksheet (BMF) if they determine the case should be selected for an issue such as unreported income.
- a. Review the classification checksheet and Form 895, Notice of Statute Expiration for direction from the Classifier on if and how to address the ASED.
 - b. If directed to shorten the statute, use CC REQ77 to input a TC 560. For detailed instructions, refer to IRM 14.1.
- Caution:** An unpostable condition will be created if an ASED date is input that is earlier than the masterfile ASED date. To bypass this, input a blocking series of 99 into the DLN field.
- (2) Send a Letter 621C (Form 4810) or Letter 738C (Form 5495). The selecting classifier may provide an open paragraph to be used in the closing letter.

Caution: DO NOT inform the taxpayer that their return was selected for examination.

Note: The Letters IAT Tool can be used.

- (3) Control AIMS to the appropriate area office.
- (4) Build the case to include the following case contents:
- a. Request for Prompt Assessment (Form 4810) and/or Request for Discharge from Personal Liability (Form 5495)
 - b. Letter of Administration
 - c. Relevant paper tax returns
 - d. Form 6754, Examination Classification Check Sheet (IMF) or Form 10264, Revenue Agent – Classification Checksheet (BMF)
 - e. Form 895, Notice of Statute Expiration

- (5) Update the IDRS control base to SELECTED and close all open controls.

Note: The ACTON IAT Tool can be used.

- (6) Update the database by inputting the letter that was sent, documenting the case was selected for examination, and closing all open tax years and forms.
- (7) Route the case.

4.19.12.10.2
(12-06-2023)
Form 8282/8283 Match Program

- (1) IRM 4.19.12.10.2.1, Form 8282/8283 Match Program Scope and Objectives
- (2) IRM 4.19.12.10.2.2, Intake
- (3) IRM 4.19.12.10.2.3, Initial Review of Incoming Requests
- (4) IRM 4.19.12.10.2.4, Missing or Incomplete Information
- (5) IRM 4.19.12.10.2.5, Form 8282 Database
- (6) IRM 4.19.12.10.2.6, Case Closure

4.19.12.10.2.1
(12-06-2023)
Form 8282/8283 Match Program Scope and Objectives

- (1) **Purpose:** The instructions in this subsection are used to process Form 8282, Donee Information Return, as part of the Form 8282 /Form 8283 , Non-cash Charitable Contribution match program. The program screens for potential selection for audit. Cases are selected when non-cash contribution deductions do not meet the criteria established for substantiation. Cases may be selected for Area Office or Campus Exam.
- (2) **Audience:** CEFS Classification Support executes the Form 8282 / Form 8283 Match Program under direction from Exam Quality and Technical Support (EQTS). CEFS Policy HQ analyst has oversight for the program and coordinates technical issues with EQTS.
- (3) **Reporting:** Process cases under Organization Function Program (OFP) 91717, Form 8282 Cases.

4.19.12.10.2.1.1
(12-06-2023)
Authority

- (1) IRC 170, Charitable Contributions and Gifts, IRC 6050(L), Returns Relating to Certain Donated Property; and Treasury Regulation 1.170A-16, Substantiation and Reporting Requirements for Noncash Charitable Contributions; and Deficit Reduction Act of 1984 (DEFRA), sec. 155, Pub. L. No. 98-369, provide authority for processing non-cash charitable contributions.

4.19.12.10.2.1.1.1
(12-06-2023)
Filing Requirements

- (1) Original and successor donee organizations must file Form 8282, Donee Information Return, with the Ogden IRS Campus for dispositions of certain charitable deduction property if the donee sells, exchanges, consumes, or otherwise disposes of the contribution within three years after the date the original donee received the property.
- (2) Taxpayers mail Form 8282 to Internal Revenue Service, Ogden, UT 84201-0027 CCP at M/S 4140(SCOW).
- (3) Form 8283, Non-Cash Charitable Contribution, is filed by individuals, partnerships, and corporations. Individual taxpayers are required to file Form 8283 when non-cash charitable contributions reported on Form 1040 Schedule A exceed \$500. C corporations, other than personal service corporations and

closely held corporations, must file Form 8283 only if the amount claimed as a deduction is more than \$5,000. Partnerships and S corporations that claim deductions for non-cash gifts of more than \$500 must file Form 8283 with Form 1065, or Form 1120S. Note: The partnership or S corporation must give a completed copy of Form 8283 to each partner or shareholder receiving an allocation of the contribution deduction. The partnership or S corporation Form 8283 should be attached to the partner's or shareholder's tax return.

- (4) The Form 8282 / Form 8283 Match Program compares information from both Form 8282 and Form 8283 to ensure that appropriate deductions are being allowed on both IMF and BMF filings.

Note: Items valued at \$500 or less and items consumed or distributed for charitable purpose without consideration do not require completion of the Form 8282. See Instructions to Form 8282 for additional information.

- (5) Donees are instructed to file Form 8282 within 125 days after the date donated property is disposed.

Note: Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, is used to report charitable contributions of motor vehicles, boats, and airplanes after December 31, 2004 as required by Section 884 of the American Jobs Creation Act of 2004 (Public Law 108-357) which added new IRC 170(f)(12). A donee organization may use Form 1098-C to provide a contemporaneous written acknowledgment to the donor and must use it when reporting the same information to the IRS. Form 1098-C are filed in accordance with the instructions for Form 1096 which is a transmittal document.

4.19.12.10.2.1.1.2
(12-06-2023)

Deduction Criteria

- (1) Non-cash contributions larger than \$250 made to an organization eligible to receive tax deductible contributions are not tax deductible unless the donee organization supplied the donor with a Contemporaneous Written Acknowledgment (CWA). The contribution acknowledgements must include a description (but not value) of any property other than cash contributed, a statement as to whether the donee organization provided any goods or services in consideration, in whole or in part, for any property, a description and good faith estimate of the value of any goods or services donee provided, and, if such goods or services donee provided consist solely of intangible religious benefits, a statement to that effect. An acknowledgment shall be considered contemporaneous if the taxpayer obtains the acknowledgment on or before the earlier of the date on which the taxpayer files the original return for the taxable year in which the contribution was made, or the due date (including extensions) for filing such return.:

Note: Form 8282 or Form 8283 is often supplied as the acknowledgment but is not a substitute for a CWA.

- (2) For noncash charitable contributions more than \$5,000 but not more than \$500,000, the donor must provide a qualified written appraisal of the property upon request and a complete Form 8283 must be attached to the return. For noncash charitable contributions of more than \$500,000, the donor must attach a qualified written appraisal of the property and a completed Form 8283 must be attached to the return.

- (3) Generally, a contribution of clothing or a household item must be in good used condition or better at the time of the contribution and the donor must meet the substantiation requirements of Treas. Reg. 1.170A-16. If the noncash charitable deduction is a single item of clothing or household item, the item is not in good used condition or better at the time of the donation, and the claimed value is more than \$500, then a qualified appraisal and a Form 8283 must be attached to the return. Household goods include furniture, furnishings, electronics, appliances, linens and similar items. They do not include food, paintings, antiques, and other objects of art, jewelry, gems, and collections.
- (4) The donee organization must sign the Form 8283, Non cash Charitable Contribution Part IV, Donee Acknowledgement, acknowledging receipt of the property and awareness of the subsequent filing requirement, in the event they dispose of the asset within three years or the donor submits a detailed explanation of why it was impossible to get the donee's signature.

4.19.12.10.2.1.2
(12-06-2023)

Related Resources

- (1) Form 8282, Donee Information Return and Instructions
- (2) Form 8283, Non cash Charitable Contribution and Instructions
- (3) IRM 3.11.3.18.1.7, Gifts to Charity
- (4) IRM 4.19.15.21.3, Cash and Non-Cash Contributions
- (5) IRM 21.6.4.4.1.7, Acceptable Documentation for Charitable Contributions
- (6) Pub 526, Charitable Contributions

4.19.12.10.2.2
(12-06-2023)

Intake

- (1) Process new receipts of Form 8282, Donee Information Return, as follows:
 - a. Remove staple and envelopes from Form 8282 ensuring any correspondence remains with the form.
 - b. Stamp the bottom of the form with current date.
 - c. Scan the form and save it to an SBU folder.
 - d. Upload the form to the SharePoint database and create a case in the appropriate year's folder.
 - e. Delete the form document(s) out of the folder on your computer after verifying they successfully saved to the database. See IRM 10.5.1, Privacy Policy, for privacy policies and practices.
- (2) If a Form 8283 is received by itself, associate it with the original return.

4.19.12.10.2.3
(12-06-2023)

Initial Review of Incoming Requests

- (1) In accordance with IRC 6050L(a), if a charitable organization sells, exchanges, or otherwise disposes of charitable deduction property within 3 years after its receipt, the organization must file a Form 8282, Donee Information Return, containing the following information:
 - a. The name, address, and Employer Identification Number (EIN) of the donee filing the return
 - b. The name, address, and Taxpayer Identification Number (TIN) of the donor
 - c. A description of the property
 - d. The date of the contribution
 - e. The amount received on the disposition
 - f. The date of such disposition

- g. A description of the donee's use of the property
- h. A statement indicating whether the use of the property was related to the purpose or function constituting the basis for the donee's exemption under IRC 501

4.19.12.10.2.4
(12-06-2023)

**Missing or Incomplete
Information**

- (1) If the TIN is missing or incomplete take the following actions:
 - a. Research IDRS command codes NAMES and NAMEI for IMF or NAMEE or NAMEB for BMF to locate missing TINs.
 - b. If you are unable to locate the missing TIN on IDRS, research online resources.
 - c. If you are unable to locate the missing TIN in IDRS, research the Form 8282 database. If the TIN is not found in the 8282 database, research using web-based public record tools.
- (2) If the Form 8282 is incomplete or invalid for any reason and a determination could not be made through research, send a letter to request the missing or incomplete information.
 - a. Ensure the letter is reviewed and approved prior to sending.
 - b. To ensure timely and quality responses to taxpayer correspondence refer to IRM 4.19.12.3, Correspondence.
- (3) Create an IDRS Control Base with an activity code of FORM8282.

Note: The ACTON IAT Tool can be used.
- (4) Suspend the case for 30 days by updating the IDRS control base activity code to SUSPNDMMDD (MMDD = 30 days from the date the letter was generated).
- (5) If response to the letter is not received within 30 days, send a second letter requesting the information and update the IDRS control base activity code to SUSPNDMMDD (MMDD = 30 days from the date the letter was generated).
- (6) If no response is received, close the IDRS control base with activity code NO-RESPONSE.
- (7) If all required contents are received, review for accuracy and continue processing.

4.19.12.10.2.5
(12-06-2023)

Form 8282 Database

- (1) Enter Forms 8282 that have been verified as accurate and complete into the Form 8282 database.
- (2) Form 8282 database entry must include the following information:
 - a. TIN
 - b. Primary Name
 - c. Secondary Name
 - d. Charity TIN
 - e. Property Donated
 - f. Year Received
 - g. Date Disposed
 - h. Disposition Amount

4.19.12.10.2.6
(12-06-2023)
Case Closure

- (3) The Form 8282 database is a local database maintained by the Ogden Campus Exam. Access is approved through Ogden Campus Exam Planning and Analysis staff.
- (1) Classification is completed in EQTS. If EQTS contacts Classification Support to build selected cases, take the actions outlined in this IRM.
- (2) The EQTS classifier will provide Classification Support with a completed Form 6754, Examination Classification Checksheet.
- (3) Research IDRS to identify if an AIMS base is open.
 - a. If there is an open AIMS base, use the AIMS data to route the Form 8282 case file to the Area Office or Campus Exam.
 - b. If the case is NOT open on AIMS, use CC AM424 to open an AIMS base.
- (4) Verify completeness of the Form 6754, Examination Classification Checksheet, by ensuring the following notations are present:
 - a. PC 0075 and SC 85 at top of the form
 - b. Cases selected for office audit (Campus Exam) should have Box 3 checked in Section B
 - c. Cases selected for field audit (Area Office) should have Box 4 checked in Section B
 - d. Check Box 18, Contributions
 - e. Remarks should state "See 8282 and stuffer"
- (5) After verifying the completeness of the Form 6754, Examination Classification Checksheet, take the following actions:
 - a. Enclose Stuffer 0075, Non-Cash Contributions, with Form 8282 Filed by Donee, with the built case.
 - b. Prepare Form 3210, Document Transmittal
 - c. Route to the appropriate area
- (6) When the retention period expires, complete Form 11671, Certificate of Records Disposal for Paper or Electronic Records, to obtain approval to destroy or delete the data, form, etc.

Note: When you scan a form into a system the scanned form on the system then becomes the original. The paper document then becomes a copy and can be destroyed.

4.19.12.10.3
(12-06-2023)
**Collection Centralized
Case Processing (CCP)**

- (1) SB/SE Exam Classification teams provide support to Collection CCP when claims meeting Category A criteria are received in the field (refer to IRM 5.1.15.5, Adjustments - General Procedures Form 3870).
- (2) Philadelphia assists with the processing of IMF cases meeting Category A criteria received in Collection CCP.
- (3) Ogden assists with the processing of 1040X IMFX K-1 cases meeting Category A criteria received in Collection CCP.
- (4) Cases in IDRS Status 26 (assigned to a Revenue Officer) often need to be worked outside of the AMS/CII system.

- (5) When Exam Classification determines the case should be selected, they notify Classification Support to build and refer the case.
- (6) Classification Support ensures AIMS is opened and appropriate case actions are taken to refer the selected case to the corresponding Exam area or Field PSP.

4.19.12.11
(12-06-2023)
**Cross-functional
Support**

- (1) Systemic limitations within the AMS/CII system require SB/SE Exam Classification to receive and house CAT-A inventory for other Business Operating Divisions (BODs) and SB/SE functions.
 - a. SB/SE Exam CAT-A Classification does not assume responsibility for monitoring and/or managing inventory held in CII for other BODs/ functions, including statute repercussions.
- (2) The following work types are automatically designated as “International” when AM identifies they meet CAT-A criteria and refers them. They are housed in Classification IDRS numbers/CII inventory and are worked by both SB/SE and Large Business & International (LBI).
 - a. LBI works IMF International from Andover’s IMF International queue and Philadelphia’s IMF International queue in CII.
 - b. LBI works some BMF International from Ogden’s and Cincinnati’s BMF International queues in CII.
- (3) The following HQ Reserved numbers (AM identifies and refers to CAT-A with the appropriate HQ Reserved number) are housed in SB/SE Classification IDRS numbers/CII inventory, but they are NOT worked by SB/SE CAT-A classifiers:
 - a. HQ Reserved 3 (certain LBI cases only worked by LBI)
 - b. HQ Reserved 5 (certain LBI cases only worked by LBI)
 - c. HQ Reserved 18 (all Tax Exempt/Government Entities (TE/GE) cases only worked by TE/GE)
 - d. HQ Reserved 10 (certain Employment Tax (ET) cases only worked by SB/SE ET)
- (4) Classification ensures cases referred under the incorrect CII referral reason are returned to AM to be referred under the correct referral reason.
- (5) Follow IRM 4.1.26.3.5.1.1, Process to Create/Modify CAT-A criteria to coordinate with stakeholders when modifying referral criteria in Exhibit 21.5.3-2.

4.19.12.11.1
(12-06-2023)
**Work Opportunity Credit
(WOTC) Support**

- (1) Related Resources
 - a. IRM 21.5.3-3. Examination Criteria (CAT-A) – Credits
 - b. IRM 21.7.4.4.8.3.2, Form 5884, Work Opportunity Credit
- (2) **Background:** An employee can request their employer complete a Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit, and send it to the state workforce agency within 28 days of the beginning of work. The agency verifies the form sends certification to the employer advising they can claim the WOTC. When a revocation is made, the State Workforce Agency (SWA) sends a Notice of Revocation (NOR) letter to the employer and one to the IRS.

- (3) The WOTC Coordinator sends NOR letters (received from state agencies) to the campus via EEFax to complete general research.
- (4) Classification Support researches IDRS to identify the Business Operating Division (BOD) for each NOR and sorts the NORs by BOD.
- (5) Classification Support saves the NOR PDF documents based on the BOD and state on a shared drive.
- (6) If the taxpayer has BOD code "SB," Classification Support sends a notification email to the designated SB/SE WOTC coordinator.
- (7) If the taxpayer has BOD code "LM," Classification Support sends a notification email to the designated LBI WOTC coordinator.

4.19.12.11.2
(12-06-2023)
**State Audit Report
Program (SARP)
Support**

- (1) Under the State Audit Report Program (SARP) state agencies submit electronic referrals to the campus to complete general research. Classification Support researches taxpayer TINs using IDRS Command Codes NAMES, NAMEE, and INOLES and populates a SARP spreadsheet with basic entity information.
- (2) If the taxpayer has BOD code "SB," Classification Support emails the spreadsheet to the Area contact and the designated SB/SE PSP SARP analyst contact.
- (3) If the taxpayer has BOD code "LM," Classification Support emails the spreadsheet to the designated LBI PSP SARP analyst contact.
- (4) If the submitting state agency is Massachusetts or California, Classification Support saves the spreadsheet to the SARP shared drive and emails the designated SB/SE PSP SARP analyst contacts that the spreadsheet has been completed for Massachusetts or California.

4.19.12.11.3
(12-06-2023)
**Low-Income Housing
Credit (LIHC)**

- (1) The Low-Income Housing Credit (LIHC) under IRC 42 provides an incentive for taxpayers to invest in affordable housing. The taxpayer receives tax credits for ten years (credit period). To keep the credit, the taxpayer must provide affordable housing for fifteen years (compliance period). After IRS jurisdiction ends, the taxpayer must continue to provide affordable housing under the terms of the extended use agreement, which is at least another fifteen years. Altogether, the taxpayer is obligated to provide affordable housing for at least thirty years.
- (2) The LIHC credit is co-administered by the IRS and state agencies. The state agencies receive a specific amount of credit each year (based on population) and are responsible for determining which housing projects will receive credits, and how much credit. They are also responsible for monitoring the housing projects to ensure that taxpayers remain compliant throughout the 15 year compliance period and reporting any identified noncompliance to the IRS.
- (3) A centralized LIHC Unit is located at the Philadelphia Campus, and is responsible for the following:
 - a. Receiving, processing and storing files consisting of forms and documentation submitted by state agencies and taxpayers as required under IRC 42,

- b. Maintaining the LIHC database; including transcribing data from submitted forms, correcting errors, and preparing analyses,
- c. Providing customer service to state agencies and taxpayers,
- d. Supporting examination's classification of tax returns for audit, and
- e. Providing technical support to IRS personnel.

4.19.12.11.3.1
(12-06-2023)

**Form 8610, Annual
Low-Income Housing
Credit Agencies Report**

- (1) State agencies file Form 8610, Annual Low-Income Housing Credit Agencies Report, to
 - a. transmit Form 8609, Low-Income Housing Credit Allocation and Certification, and Forms 8610, Schedule A,
 - b. report the dollar amount of credit allocated during the year under IRC 42(h)(1), or credit allowed under IRC 42(h)(4) for projects financed by tax-exempt bonds subject to the volume caps under IRC 146, (see IRC 142(d) also),
 - c. provide reconciliation of the state agency's credit ceiling and allocations, and
 - d. report compliance with compliance monitoring requirements under Treas. Reg. 1.42.5.
- (2) Form 8610 Schedule A, Carryover Allocation of Low-Income Housing Credit, is used by state agencies to report carryover allocation of LIHC. It is reviewed for accuracy, completeness and timeliness.
- (3) Form 8609, Low-Income Housing Credit Allocation and Certification, Part I, Allocation of Credit is completed by the state agency to document allocations of credit. It is reviewed for accuracy, completeness, and timeliness.
- (4) Form 8610 is reviewed to:
 - a. ensure the summary in Part I reconciles with the attached Forms 8609 and 8610 Schedule A,
 - b. ensure the unused LIHC carryover from the prior year and credit allocated from the national pool is accurately reported, and
 - c. ensure the state agency has not allocated more credit than it is authorized to allocate during the year. Failure to comply with the compliance monitoring requirements is reported to the SB/SE program analyst assigned to the LIHC program.
- (5) The state agency must file Form 8610 and attachments by February 28th of the year following the end of the calendar year for which the form is filed.
- (6) Forms 8610 are to be made available to Statistics of Income and IRS Chief Counsel upon request.
- (7) Information from Form 8610, 8610 Schedule A, and Form 8609 Part I is maintained in a database.

4.19.12.11.3.2
(12-06-2023)

**Form 8609, Part II
(Taxpayers)**

- (1) Form 8609, Low-Income Housing Credit Allocation and Certification, Part II, First-Year Certification, is completed by taxpayers and filed with the LIHC Compliance Unit to comply with the one-time certification requirement under IRC 42(I).
- (2) Form 8609 is reviewed to ensure:
 - a. Part I has been completed and signed by a state agency official,

- b. All line items in Part II have been completed, and
 - c. The taxpayer signed the form and the signature date is annotated.
- (3) If Part II is incomplete or otherwise flawed, the form should be returned to the taxpayer for correction.
 - (4) If the taxpayer has submitted a Form 8609 without Part I completed or signed by the state agency, the forms should be reviewed for audit potential.
 - (5) Information from Form 8609, Part II is maintained in a database.

4.19.12.11.3.3
(12-06-2023)

**Form 8823, Low-Income
Housing Credit Agencies
Report of
Noncompliance or
Building Disposition**

- (1) State agencies file Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, to notify the IRS of noncompliance with IRC 42 or to report a low-income building disposition. The forms are analyzed upon receipt.
 - a. If the form was filed solely to report previously reported noncompliance has been corrected, no further action is required.
 - b. If the form reports noncompliance or a building disposition, the taxpayer receives notification Letter 3464, Taxpayer Correspondence for Low Income Housing Credit Program, or Letter 3467, Taxpayer Correspondence for Low Income Housing Credit Program - Disposition of Buildings, specific to the type of noncompliance (or building disposition) that explains noncompliance may result in the loss and/or recapture of the tax credit. The taxpayer is advised to contact the state agency to resolve the noncompliance issue.
- (2) Follow-up communication with state agencies or taxpayers (or their representatives) may occur.
- (3) Forms 8823 are evaluated for audit potential. See IRM 4.19.11.2.19.5, Evaluations for Audit Potential.
- (4) Form 8823 information is maintained in a database.

4.19.12.11.3.4
(12-06-2023)

**Form 8693, Low-Income
Housing Credit
Disposition Bonds**

- (1) For dispositions before July 31, 2008, taxpayers could file Form 8693, Low-Income Housing Credit Disposition Bond, to place surety bonds or Treasury Direct accounts upon disposition of a low-income building (or interest therein) to avoid the credit recapture provisions under IRC 42(j). The taxpayer qualified for a disposition bond if it was reasonably expected the building would continue to be operated as a qualified low income building for the remainder of the 15-year compliance period.
- (2) For dispositions after July 30, 2008, taxpayers are not required to recapture the accelerated portion of the credit if it is reasonably expected that the building will continue to be operated as a qualified low-income building for the remaining compliance period and therefore, are not required to place a bond or pledge collateral at the time of the disposition.
- (3) Form 8693 bonds or Treasury Direct Accounts timely posted for dispositions before July 31, 2008, are maintained until:
 - a. The bond period expires. The bond will then be cancelled and returned to the taxpayer or the funds in the Treasury Direct will be returned to the taxpayer, or

- b. The taxpayer elects to be treated as if the disposition took place after July 30, 2008, which results in the cancellation of the bond or return of the funds held in a Treasury Direct Account. Instructions for making the election are included in Rev. Proc. 2008-60. The taxpayer can make the election at any time.

4.19.12.11.3.5
(12-06-2023)
**Evaluations for Audit
Potential**

- (1) The LIHC Unit supports the classification of returns for audit by evaluating the information submitted on forms and documents submitted to the unit by state agencies and taxpayers.
- (2) The evaluation will include consideration of:
 - a. Large, unusual, or questionable items.
 - b. Predetermined criteria intended to identify specific noncompliance issues. Criteria may be established based on current trends or known noncompliance strategies. These criteria may be documented by internal memoranda.
 - c. Fact patterns requiring evaluation.
- (3) Large, unusual and questionable items are defined as:
 - a. Comparative nature of the issue: two of a hundred of a building's rental units out-of-compliance for a month is not as important as a project failing the 40/60 minimum set-aside.
 - b. Absolute nature of the issue: violations of the physical conditions standards should be evaluated based on the severity of the noncompliance, as well as the number of units impacted. Consideration must also be given to the documentation provided by the state agency.
 - c. Inherent nature of the issue: a permanent decrease in the eligible basis of the property is more significant than two units that are not available for rent for two months.
 - d. Evidence of intent to mislead; which includes missing, misleading or incomplete documentation.
 - e. Extenuating circumstances: the issue cited is very temporary or quickly remedied once identified.
- (4) The following instances always require evaluation of audit potential:
 - a. Form 8609, Low-Income Housing Credit Allocation and Certification, Part II, if Part I of the form is not completed and signed by a state agency.
 - b. Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, if a state agency determines the building (or project) is no longer in compliance and is no longer participating in the program or reports a disposition of a building (or interest therein).
- (5) Once it is determined further consideration of audit potential is needed, a classification package will be prepared. The file will include
 - a. Classification checksheet,
 - b. Master file research,
 - c. Copies of Form 8609, Parts I and II,
 - d. Copies of Form 8823, and
 - e. Other relevant information.
- (6) The information in the classification package is reviewed for audit potential.

- (7) IRS personnel may contact the LIHC Compliance Unit for database research by calling 215-941-4496, faxing request to 215-516-1293, or writing to:
Internal Revenue Service
Attn: LIHC Compliance Unit, Mail Stop 4-E08.142
2970 Market St.
Philadelphia, PA 19104
- (8) Files selected for audit potential will be forwarded to SB/SE's IRC 42 Program Analyst and Technical Advisor for classification.

4.19.12.11.3.6
(12-06-2023)

Contact Information

- (1) Information about the LIHC program is also available on the Examination Knowledge Management page for *Low-Income Housing Credit*.
- (2) Technicians within the LIHC Compliance Unit are assigned specific states; the agencies are provided contact information.
- (3) Taxpayers and other external customers are provided contact information on correspondence as needed.