



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.19.26

OCTOBER 24, 2022

EFFECTIVE DATE

(10-24-2022)

PURPOSE

- (1) This transmits new IRM 4.19.26, Liability Determination, Campus Backup Withholding Return Compliance Program Procedures. This is a new IRM that will address (1) backup withholding (BWH) liabilities resulting from information returns filed with no payee Taxpayer Identification Numbers (TIN) and no BWH deposited and/or reported on Form 945, Annual Return of Withheld Income Tax, and (2) Federal Income Tax Withholding (FITW) liabilities resulting from information returns reporting FITW that was not deposited and/or reported on Form 945.

MATERIAL CHANGES

- (1) This is a new IRM.
- (2) Incorporated the outline provided in IGM SBSE-04-0622-0051, Memorandum For Campus Backup Withholding Program Employees at the Small Business/Self-Employer Site, effective June 16, 2022.

EFFECT ON OTHER DOCUMENTS

This material incorporates IGM SBSE-04-0622-0051, Memorandum For Campus Backup Withholding Program Employees at the Small Business/Self-Employer Site, effective June 16, 2022.

AUDIENCE

Campus Backup Withholding Return Compliance program employees at the Small Business/Self-Employed site.

Wanda R. Griffin
Director, Specialty Exam Policy
Small Business/Self Employed Division

4.19.26

Campus Backup Withholding Return Compliance Program Procedures

Table of Contents

4.19.26.1 Program Scope and Objectives

- 4.19.26.1.1 Background/Overview
- 4.19.26.1.2 Authority
- 4.19.26.1.3 Roles and Responsibilities
- 4.19.26.1.4 Program Reports
- 4.19.26.1.5 Terms
- 4.19.26.1.6 Acronyms
- 4.19.26.1.7 Related Resources

4.19.26.2 Backup Withholding

- 4.19.26.2.1 Reportable Payments
- 4.19.26.2.2 Backup Withholding Rates
- 4.19.26.2.3 Backup Withholding for a Missing TIN
- 4.19.26.2.4 Backup Withholding for an Incorrect TIN
- 4.19.26.2.5 Reporting and Depositing Requirements

4.19.26.3 Other Nonpayroll Income Tax Withholding

- 4.19.26.3.1 Voluntary Income Tax Withholding Agreements
- 4.19.26.3.2 Gambling Winnings Subject to Regular Gambling Withholding
- 4.19.26.3.3 Indian Gaming Profits
- 4.19.26.3.4 Annuities, IRA Distributions, and Pensions
- 4.19.26.3.5 Taxable Military Retirement Benefits

4.19.26.4 Campus Backup Withholding Process

- 4.19.26.4.1 Sources of Work
- 4.19.26.4.2 Potential Large Dollar Assessments
 - 4.19.26.4.2.1 Potential Assessment of \$1 Million or More
 - 4.19.26.4.2.2 Potential Assessment of \$10 Million or More
 - 4.19.26.4.2.3 Sensitive Case Report (SCR) Required for Potential Assessment of \$10 Million or More
- 4.19.26.4.3 General Guidelines for Case Management
 - 4.19.26.4.3.1 Integrated Data Retrieval System (IDRS)
 - 4.19.26.4.3.2 ORCAS Report
 - 4.19.26.4.3.3 Electronic case files on BWH Shared Drive "Z"
 - 4.19.26.4.3.4 BWH Database Data Collection Instrument (DCI)
 - 4.19.26.4.3.5 CBWH Templates
 - 4.19.26.4.3.6 Case Management Guidelines
 - 4.19.26.4.3.7 Maintain Activity Record
 - 4.19.26.4.3.8 Communicating with the Taxpayer

-
- 4.19.26.4.3.9 CBWH Case Compliance Steps
 - 4.19.26.5 Step 1: Receive Case Assignment
 - 4.19.26.5.1 Initial Case Assignment
 - 4.19.26.5.1.1 Manager's Responsibilities
 - 4.19.26.5.1.2 Clerk's Responsibilities
 - 4.19.26.5.1.3 TE's Responsibilities
 - 4.19.26.5.1.3.1 Verify IDRS Open Control Base
 - 4.19.26.5.1.3.2 Check for Duplicate TXMODA MFT 16 Controls
 - 4.19.26.5.2 Refer Cases with -L Freeze to Field Exam
 - 4.19.26.5.3 Consider Referral to Employment Tax Policy
 - 4.19.26.5.4 Consider Referral for Fraud or Identity Theft
 - 4.19.26.5.4.1 Referral to Campus Fraud Coordinator
 - 4.19.26.5.4.2 Referral to Identity Theft Victims Assistance Specialized Teams (IDTVA)
 - 4.19.26.5.4.3 Customer Service Related to IRS Impersonation Fraud
 - 4.19.26.5.5 Consider Referral to Taxpayer Advocate Service
 - 4.19.26.6 Step 2: Consider Tax Due
 - 4.19.26.6.1 Consider and Document Potential Adjustment
 - 4.19.26.7 Step 3: Case Building
 - 4.19.26.7.1 Review List of Payees (LOPs)
 - 4.19.26.7.1.1 Computed Backup Withholding and/or Computed Federal Income Tax Withholding
 - 4.19.26.7.2 Perform IDRS Research
 - 4.19.26.7.2.1 Run IDRS reports for case EIN
 - 4.19.26.7.2.2 Check for PDT / CAU
 - 4.19.26.7.2.3 Verify Payer's name and address
 - 4.19.26.7.2.4 Notify the manager if the Payer is deceased
 - 4.19.26.7.2.5 Check for identity theft indicator
 - 4.19.26.7.2.6 If case TIN is an SSN, search for EIN
 - 4.19.26.7.2.7 If case has more than one EIN, consider consolidation
 - 4.19.26.7.2.8 Verify Form 945 was not filed
 - 4.19.26.7.2.9 Review Payer's compliance history
 - 4.19.26.7.2.10 Check for concurrent Employment Tax examination (L-Freeze)
 - 4.19.26.7.2.11 Check for Federal Disaster or Emergency Freeze ("-O" Freeze / "-S" Freeze)
 - 4.19.26.7.2.12 Check for Bankruptcy Freeze ("-V" or "-W" with TC 520 CC 81)
 - 4.19.26.7.2.13 Check for Litigation Freeze ("-W" with TC 520 and CC Other Than 81)
 - 4.19.26.7.2.14 Check for Criminal Investigation (CI) Freeze (-Z or Z- Freeze)
 - 4.19.26.8 Step 4: Issue Letter 6112 - First Notice
 - 4.19.26.8.1 Prepare Letter 6112

#

- 4.19.26.8.2 Print Letter 6112
- 4.19.26.8.3 Print Letter 937 if applicable
- 4.19.26.8.4 Update Activity Record
- 4.19.26.9 Step 5: Issue Letter 6112-A - Second Notice
 - 4.19.26.9.1 Prepare Letter 6112-A and Letter 937
 - 4.19.26.9.2 Verify withholding reported on PMFOLS
 - 4.19.26.9.3 Verify deposit information reported on BMFOLT
 - 4.19.26.9.4 Prepare Explanation of Backup Withholding (EOB)
 - 4.19.26.9.5 Prepare Form 945 under IRC 6020(b)
 - 4.19.26.9.6 Form 945 / 945-A Liability Schedule
 - 4.19.26.9.7 Update Activity Record
 - 4.19.26.9.8 Update IDRS Activity Code to Monitor Case
 - 4.19.26.9.9 Update Case File and Process Letter 6112-A for mailing
 - 4.19.26.9.10 Revise Form 945 and the EOB Due to Payer Responses
- 4.19.26.10 Step 6: Review Payer's Responses and Make Determination
 - 4.19.26.10.1 General Requirements for Payer or Representative Contact
 - 4.19.26.10.1.1 Ensure the Contact is Authorized
 - 4.19.26.10.1.2 Telephone Calls
 - 4.19.26.10.1.3 Written Correspondence
 - 4.19.26.10.2 Requests for copies of correspondence or transcripts
 - 4.19.26.10.2.1 Guidelines for EEFax and Fax
 - 4.19.26.10.3 Undeliverable Mail
 - 4.19.26.10.3.1 Treatment of Undeliverable First-Class Mail
 - 4.19.26.10.3.2 Handling of Undeliverable Mail
 - 4.19.26.10.4 Processing Change of Address Requests
 - 4.19.26.10.4.1 Taxpayer's Last Known Address
 - 4.19.26.10.4.2 "Clear and Concise Notification"
 - 4.19.26.10.4.3 Preventing Identity Theft
 - 4.19.26.10.4.4 General Procedures for Processing a Change of Address
 - 4.19.26.10.4.4.1 BNCHG Remarks Section
 - 4.19.26.10.4.5 Change of Address on Received Returns
 - 4.19.26.10.4.6 Written Requests for Change of Address
 - 4.19.26.10.4.7 Evaluation of Written Requests for Change of Address
 - 4.19.26.10.4.8 Oral Requests for Change of Address
 - 4.19.26.10.5 Request for Delay (Extension of Time to Respond)
 - 4.19.26.10.6 Payer Responses
 - 4.19.26.10.6.1 Requirement for Written Responses
 - 4.19.26.10.6.2 Incomplete Payer Response
 - 4.19.26.10.6.3 Processing Additional Return Information

- 4.19.26.10.6.4 Timeliness - Policy Statement P-21-3
- 4.19.26.10.6.5 Payer Responses Received in Customer Account Services
- 4.19.26.10.7 Common Payer Responses
 - 4.19.26.10.7.1 Payer is Not An Employer
 - 4.19.26.10.7.2 Payer had the Missing TIN at the Time of the Reportable Payment
 - 4.19.26.10.7.2.1 Incomplete Form W-9
 - 4.19.26.10.7.3 Payees or Payments Were Exempt
 - 4.19.26.10.7.4 Failure to enter the payee's TIN on the information return was a "clerical error"
 - 4.19.26.10.7.5 Payer withheld federal income tax in error or incorrectly reported federal income tax as withheld on the information return
 - 4.19.26.10.7.6 Payer asserts the information on the Information Return is the result of a transmission error or IRS Submission Processing error
 - 4.19.26.10.7.7 Payer files corrected information returns with CCBWH
 - 4.19.26.10.7.8 Voluntary FITW is Sufficient to Offset the Liability for Backup Withholding
 - 4.19.26.10.7.9 Payer Filed Form 945 Under a Different EIN
 - 4.19.26.10.7.10 Payer declines to cooperate with the compliance check
 - 4.19.26.10.7.11 Payer Submits Form 945 Prepared by Payer
 - 4.19.26.10.7.11.1 Incomplete Form 945 Procedures
 - 4.19.26.10.7.11.1.1 Payer Response to Letter 21-C
 - 4.19.26.10.7.12 Payer submits Form 945 Prepared by TE
 - 4.19.26.10.7.13 Payer submits Form 4669 for Relief of Liability Under IRC 3402(d)
 - 4.19.26.10.7.13.1 Evaluation of Forms 4669/4670
 - 4.19.26.10.7.13.2 Incomplete IRC 3402(d) Request
 - 4.19.26.10.7.13.3 Processing a Complete IRC 3402(d) Request
 - 4.19.26.10.7.13.3.1 Two Step Assessment Process
 - 4.19.26.10.7.13.3.2 Prevent Duplicate Abatements
 - 4.19.26.10.7.13.3.3 Forward to Employment Tax - Workload Selection and Delivery for Compliance Review
 - 4.19.26.10.7.14 Payee out of business or no longer doing business with Payer
 - 4.19.26.10.7.15 Payer out of business and/or is in bankruptcy
 - 4.19.26.10.7.16 Payer's or Payee's records were destroyed or are missing
 - 4.19.26.10.7.17 Payer claims hardship and/or asks for a referral to Taxpayer Advocate Service
 - 4.19.26.10.7.18 Payer's Appeal of Backup Withholding Tax Liability
 - 4.19.26.10.7.19 Payer provides payment to CBWH
 - 4.19.26.10.7.20 Payer provides an installment agreement to CBWH
 - 4.19.26.10.7.21 Payer provides a late response and expresses concern regarding collection notices
 - 4.19.26.10.7.22 Payer or Payer's owner is deceased
 - 4.19.26.10.7.23 No Payer response
- 4.19.26.11 Step 7: Consider Penalties and Interest

- 4.19.26.11.1 Consideration of Penalties
 - 4.19.26.11.1.1 No Return Filed
 - 4.19.26.11.1.2 Secured Delinquent Returns and IRC 6020(a) Returns
 - 4.19.26.11.1.3 Withholding Not Deposited
 - 4.19.26.11.1.4 Penalty Consideration
 - 4.19.26.11.1.5 Penalty Criteria – Failure-To-File and Failure-To-Pay
 - 4.19.26.11.1.6 Penalty Computation
 - 4.19.26.11.1.7 Managerial Approval of Penalties
- 4.19.26.11.2 Consideration of Penalty Relief
 - 4.19.26.11.2.1 Penalty Relief
 - 4.19.26.11.2.2 Penalty Computation
 - 4.19.26.11.2.3 Statutory and Regulatory Exceptions
 - 4.19.26.11.2.4 First Time Abatement of Penalties
 - 4.19.26.11.2.5 Reasonable Cause
 - 4.19.26.11.2.6 Document Penalty Relief Consideration and Results
 - 4.19.26.11.2.7 Process the Penalty Waiver or Adjustment
 - 4.19.26.11.2.7.1 Penalty Abatement is Disallowed
 - 4.19.26.11.2.7.2 Penalty Abatement is Allowed
- 4.19.26.11.3 Interest
 - 4.19.26.11.3.1 Interest Computation
- 4.19.26.11.4 Consider Penalty and Interest Hold Codes
- 4.19.26.11.5 Abatement and Suspension of Underpayment Interest
- 4.19.26.12 Step 8: Assess Tax, Penalties, and Interest
 - 4.19.26.12.1 Pre-Assessment Review
 - 4.19.26.12.2 Normal Assessment
 - 4.19.26.12.2.1 Delinquent Return Procedures
 - 4.19.26.12.2.2 Form 945 6020(b) Substitute for Return
 - 4.19.26.12.2.3 DLN Assignment to No Change Cases
 - 4.19.26.12.3 Quick Assessment
 - 4.19.26.12.3.1 Pre-Assessment Review
 - 4.19.26.12.3.2 Preparation of Form 2859, Request for Quick or Prompt Assessment
 - 4.19.26.12.3.2.1 Form 2859 - Reason for Request
 - 4.19.26.12.3.2.2 Form 2859 - Part A: Taxpayer Information
 - 4.19.26.12.3.2.3 Form 2859 - Part B: Requester Information
 - 4.19.26.12.3.2.4 Form 2859 - Part C: Assessment Information
 - 4.19.26.12.3.2.5 Form 2859 - Part D: Account Adjustment Information
 - 4.19.26.12.3.2.6 Completed Form 2859
 - 4.19.26.12.3.3 Preparation of Form 3210, Document Transmittal
 - 4.19.26.12.3.4 Combine Form 3210 and Signed Forms 2859

-
- 4.19.26.12.3.5 Upload the Form 3210/2859 Package to Ogden Manual Assessments
 - 4.19.26.12.3.6 Verify Ogden Received and Pulled the Submission for Processing
 - 4.19.26.12.3.7 Monitor for Posting and Return of Form 3210 with DLN
 - 4.19.26.12.3.8 Associate Form 945 6020(b) Substitute for Return to Quick Assessment
 - 4.19.26.12.4 Duplicate Return Procedures
 - 4.19.26.12.4.1 Original and Duplicate Filing Transactions Codes
 - 4.19.26.12.4.2 Reasons for Duplicate or Amended Returns
 - 4.19.26.12.4.3 Correspondence Imaging System (CIS) Documents
 - 4.19.26.12.4.4 Resolving Duplicate Returns
 - 4.19.26.12.4.5 Document Resolution of Duplicate Returns
 - 4.19.26.13 Step 9: Close Case
 - 4.19.26.13.1 Pre-Closing Procedures
 - 4.19.26.13.1.1 Prioritize Closing Work
 - 4.19.26.13.1.2 Verify Posting of Assessment
 - 4.19.26.13.1.3 Input Rework Adjustment
 - 4.19.26.13.1.4 Check TXMODA for Conditions That Would Prevent Closing
 - 4.19.26.13.1.5 Verify Electronic Case Documents
 - 4.19.26.13.1.6 Assemble Case File
 - 4.19.26.13.1.6.1 Inside Left of Case File
 - 4.19.26.13.1.6.2 Inside Right - Report Package
 - 4.19.26.13.1.6.3 Inside Right - Tax Return Package
 - 4.19.26.13.1.6.4 Inside Right- Administrative Papers
 - 4.19.26.13.2 Close Case - Screen Out
 - 4.19.26.13.3 Close Case - Any Non-Appealed Case (Excluding Screen Outs)
 - 4.19.26.13.4 Close Case - Appealed Case
 - 4.19.26.14 Step 10: Perform Rework When Appropriate
 - 4.19.26.14.1 Authority to Adjust and Abate Tax, Penalties, and Interest
 - 4.19.26.14.2 Rework Guidelines
 - 4.19.26.14.2.1 Definition of Rework
 - 4.19.26.14.2.2 Assignment of Rework
 - 4.19.26.14.3 Inputting a Collection Hold (STAUPS)
 - 4.19.26.14.3.1 Collection Status Codes (SC)
 - 4.19.26.14.3.2 Legal Significance of CP504 Final Notice (SC 58)
 - 4.19.26.14.3.3 How to Determine if Collection is Assigned to Your Case
 - 4.19.26.14.3.4 Work Process for BMF Taxpayer
 - 4.19.26.14.3.5 Discussion and Coordination with ACS Liaison
 - 4.19.26.14.3.5.1 Finding the ACS Liaison
 - 4.19.26.14.3.6 Discussion and Coordination with Field Collection - Revenue Officer
 - 4.19.26.14.3.7 Purpose and Function of CC STAUP, Notice Status

-
- 4.19.26.14.3.8 How to Input CC STAUPS
 - 4.19.26.14.4 Rework Process
 - 4.19.26.14.4.1 General Guidelines
 - 4.19.26.14.4.2 Coordination with Collections
 - 4.19.26.14.4.3 Specific Guidelines for Abatement
 - 4.19.26.14.4.3.1 Notice to Taxpayer to Explain Abatement Actions
 - 4.19.26.14.4.4 Specific Guidelines for Tax Increases
 - 4.19.26.14.4.5 Specific Guidelines for Form 12412, Operations Assistance Request (OAR) from Taxpayer Advocate Service (TAS)
 - 4.19.26.14.5 Processing Rework Adjustments
 - 4.19.26.14.5.1 Post Adjustments on TXMOD
 - 4.19.26.14.5.1.1 Required Inputs for the IAT Adjustment Calculator
 - 4.19.26.14.5.2 Special Procedures - First Time Abatement
 - 4.19.26.14.5.3 Post-Adjustment Procedures
- Exhibits
- 4.19.26-1 Activity Record
 - 4.19.26-2 Data Collection Instrument (DCI) Form - Workstream 1
 - 4.19.26-3 Letter 288-C - Notification of Abatement (Full or Partial)
 - 4.19.26-4 Letter 3064-C – Notification of Tax Increase
 - 4.19.26-5 File Naming Conventions
 - 4.19.26-6 Timely Actions
 - 4.19.26-7 Inputs for Letter 6112
 - 4.19.26-8 Inputs for Letter 6112-A
 - 4.19.26-9 Inputs for Letter 937
 - 4.19.26-10 IRC Section 6020(b) Certification Form for BWH
 - 4.19.26-11 TXMOD/ACTON Codes
 - 4.19.26-12 (CC) BNCHG – Change of Address
 - 4.19.26-13 Form 945 Deposit Transaction Codes
 - 4.19.26-14 ORCAS Report

4.19.26.1
(10-24-2022)
Program Scope and Objectives

- (1) **Purpose:** This IRM section provides guidance for performing Campus Backup Withholding (CBWH) compliance checks for Forms 1099, W-2G, Certain Gambling Winnings, and Form 945, Annual Return of Withheld Income Tax.
- (2) **Audience:** This IRM is intended for the use of Cincinnati Campus Backup Withholding (CCBWH) employees who are responsible for completing compliance checks for the CBWH Program.
- (3) **Policy Owner:** Director, SB/SE, Headquarters Examination - Speciality Exam Policy
- (4) **Program Owner:** Director, Campus Examination Cincinnati
- (5) **Program Goals:** The program goals are to address and enforce Payer non-compliance for backup withholding and nonpayroll income tax withholding under the authority of IRC 6020(b).

4.19.26.1.1
(10-24-2022)
Background/Overview

- (1) TIGTA made recommendations in TIGTA reports 2016-40-078, Due to the Lack of Enforcement, Taxpayers Are Avoiding Billions of Dollars in Backup Withholding, 2019-40-022, Billions of Dollars in Non- Payroll Tax Withholding Discrepancies Are Not Being Addressed, and 2021-40-030, Backup Withholding Noncompliance and Underreported Employment Taxes Continue to Contribute Billions of Dollars to the Tax Gap. As a result of these recommendations, the CBWH program was created to address Payer noncompliance for backup withholding and nonpayroll income tax withholding under the authority of IRC 6020(b).
- (2) The purpose of the CBWH Program is to review Information Returns (IRs) and Form 945, and to inquire if taxpayers filed Form 945 where IRs filed by the taxpayers indicate Form 945 is required.
- (3) This program is centralized and worked by the CCBWH group located in Covington, KY.
- (4) After an initial inquiry, if it appears that a taxpayer is required to file Form 945 but does not provide it, a CBWH employee will prepare a return under IRC 6020(a) and solicit the taxpayer's signature.
- (5) If the taxpayer does not voluntarily sign and return the Form 945 prepared by CBWH, the IRS may prepare substitute returns under IRC 6020(b).
- (6) In general, CBWH will follow IRM 1.2.1.6.18, Policy Statement 5-133, Delinquent returns—enforcement of filing requirements, which specifies that all delinquent returns submitted by a taxpayer, whether upon their own initiative or at the request of an IRS representative, will be accepted.
- (7) However, CBWH will adjust tax liability based on a comparison between the Form 945 and information returns filed by the taxpayer. In addition, significantly questionable returns may be referred to the Campus Fraud Coordinator. The Campus Fraud Coordinator will coordinate with the Office of Fraud Enforcement and Criminal Investigation.
- (8) The CBWH process is a compliance check -- neither an inspection under IRC 7605(b) nor an audit under Section 530 of the Revenue Act of 1978. IRS personnel will not ask to examine any books and records during a compliance

check. Instead, only *missing return information* will be requested. However, if a taxpayer voluntarily submits documents, they may be considered by CBWH personnel. The Tax Examiner's consideration of the taxpayer's voluntarily submitted documents will not constitute an audit within the meaning of Section 530 of the Revenue Act of 1978.

4.19.26.1.2
(10-24-2022)
Authority

- (1) Income tax withholding provisions are found at IRC 3401 through 3406.
- (2) The authority to prepare tax returns for any person or business that fails to submit a tax return required by law or regulation at the time prescribed is found at IRC 6020.
- (3) The CBWH Program is governed by Policy Statements and other internal guidance that apply to all Service personnel regardless of operating division. The Policy Statements found in IRM 1.2.1, Servicewide Policies and Authorities, Servicewide Policy Statements apply to all employment tax issues and compliance activities. Examiners should review these Policy Statements to properly perform their compliance duties.
- (4) A website, Search Servicewide Delegation Orders, located at <http://irm.web.irs.gov/imd/del/search.aspx> provides a searchable list of Servicewide Delegation Orders issued by the Commissioner of the Internal Revenue, or on their behalf by either of the deputy commissioners. Delegation Orders pertaining to each IRS business process can be found in IRM 1.2.2, Servicewide Policies and Authorities, Servicewide Delegations of Authority.

4.19.26.1.3
(10-24-2022)
Roles and Responsibilities

- (1) Director, SB/SE, Specialty Exam Policy is responsible for the procedures and updates addressed in this IRM.
- (2) Director, Campus Examination Cincinnati is the executive responsible for the CBWH program.

4.19.26.1.4
(10-24-2022)
Program Reports

- (1) Program Reports: Information regarding the reporting of program objectives are included on, but not limited to, the following reports:
 - CA 4243 Report
 - CBWH DCI Reports
 - BWH Weekly Report
 - Headquarters Examination Monthly Briefing
 - Program Manager Monthly Briefing
 - Examination Operational Review
 - Business Performance Reviews

4.19.26.1.5
(10-24-2022)
Terms

- (1) The following terms are applicable within the CBWH program:

Term	Definition
Agreed	Case closed with adjustment and taxpayer agreed to adjustment.
EEFax	Is an electronic fax solution that allows you to receive, route and deliver faxes directly to and from your computer

Term	Definition
No Change	Case closed with no adjustment after taxpayer is contacted.
Payee	The person receiving a reportable payment. May be an individual person, business, or entity.
Payer	A taxpayer who makes reportable payments to a payee and who is subject to information return reporting requirements. Used interchangeably with "taxpayer."
Rework	"Rework" is any adjustment to increase or abate tax, penalty, and/or interest, that is made after the original return assessment due to consideration of Forms 4669, late response, and other reasons.
Screen Out	Case closed with no adjustment before taxpayer is contacted.
Secured Delinquent Return	Any taxable return that is requested by an IRS employee and signed by a Taxpayer, including a return prepared by and signed by a Taxpayer or a return prepared under the authority of IRC 6020(a) by an IRS employee based on information available to the IRS and signed by a Taxpayer.
Substitute For Return (SFR)	A return prepared under the authority of IRC 6020(a) by an IRS employee based on the information available to the IRS, and signed and filed by the IRS on behalf of the taxpayer under the authority of IRC 6020(b). Also known as a "6020(b) return" or "Substitute for Return (SFR)."
Unagreed	Case closed with adjustment and taxpayer did not agree to the adjustment or did not respond.
Z: Drive	Shared drive on which electronic case records are maintained. Electronic case records on the Z Drive should be managed per the instructions in IRM 1.15.6.6(3), under all employee responsibilities, as outlined in the Creation Use, and Maintenance of Unstructured Electronic Data.

4.19.26.1.6
(10-24-2022)

Acronyms

- (1) Below are common acronyms used in this IRM section. Acronyms not listed below may be found in the *Acronym Database*.

Acronym	Definition
AC	Action Code
ACL	Automated Collections Liaison
ACS	Automated Collection System
AMS	Account Management System
ASED	Assessment Statute Expiration Date
BMF	Business Master File
BNF	BMF Nonfiler related inventory
BNFC	BMF Nonfiler Correspondence relate inventory

Acronym	Definition
BOD	Business Operating Division
BS	Blocking Series
BWH	Backup Withholding Tax
CAU	Caution Upon Contact Taxpayer
CBWH	Campus Backup Withholding Program
CC	Command Code
CCA	Case Control Activity
CCBWH	Cincinnati Campus Backup Withholding Unit
CCC	Computer Condition Code
CFC	Campus Fraud Coordinator
CSC	Collection Status Code
CSCO	Service Center Collection Operations
DCI	Data Collection Instrument
DLN	Document Locator Number
DM	Department Manager
ECS	Exam Case Selection
EEFax	Enterprise Electronic Fax
EGC	Employee Group Code
EIN	Employer Identification Number
EOB	Explanation of Backup Withholding
ET-WSD	Employment Tax – Workload Selection and Delivery
F	Form
FITW	Federal Income Tax Withholding
FLM	Front-line Manager
FTA	First Time Abatement
FTD	Failure to Deposit
FTF	Failure to File
FTP	Failure to Pay
IAT	Integrated Automation Technologies
IDRS	Integrated Data Retrieval System
IDT	Identity Theft
IDTI	Identity Theft Indicator
IDTVA	Identity Theft Victims Assistance Specialized Teams

Campus Backup Withholding Return Compliance Program

Procedures 4.19.26

page 5

Acronym	Definition
IPSU	IMF Identity Protection Specialized Unit
IR	Information Return
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
L	Letter
LOP	List of Payees
N	Notice
NCTL	Name Control
NEC	Nonemployee Compensation
ORCAS	Overage Report Compiler And Sorter
OSC-R&C	Ogden Service Center (OSC) Submission Processing Receipt and Control (R&C).
PBC	Primary Business Code
PC	Priority Code
PDT	Potentially Dangerous Taxpayer
PR	Payer
PRC	Penalty Reason Code
Pub	Publication
RCVD	Received Date
RO	Revenue Officer
SBC	Secondary Business Code
SC	Status Code
SCR	Sensitive Case Report
SFR	Substitute for Return
SPOC	Single Point of Contact
SSN	Social Security Number
TA	Technical Advisor
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TC	Transaction Code
TE	Tax Examiner
TIGTA	Tax Inspector General for Tax Administration
TIN	Taxpayer Identification Number

Acronym	Definition
TTIN	Truncated Taxpayer Identification Number
TY	Tax Year
WS1	Workstream 1
WS2	Workstream 2

4.19.26.1.7
(10-24-2022)

Related Resources

- (1) The following additional IRMs and publications or documents are listed when the CCBWH function determines in-depth research is required to resolve unusual technical issues not covered in this IRM. When references to one of the related IRMs is required for CCBWH function processing, the complete IRM reference will be stated in this IRM.

Note: Technical issues occurring frequently should be brought to the attention of the IRM 4.19.26, Campus Backup Withholding Return Compliance Program Procedures, author for consideration for inclusion in this IRM.

Resource	Title
IRM 2.3	IDRS Terminal Responses
IRM 2.4	IDRS Terminal Input
IRM 3.13.222	BMF Entity Unpostable Correction Procedures
IRM 3.42.4	Electronic Tax Administration - IRS e-file for Business Tax Returns
IRM 5.9	Bankruptcy and Other Insolvencies
IRM 5.19.3	Backup Withholding Program
IRM 10.5	Privacy and Information Protection
IRM 10.8.1	Information Technology (IT) Security, Policy and Guidance
IRM 11.3	Disclosure of Official Information
IRM 13.1.7	Taxpayer Advocate Case Processing - Taxpayer Advocate Service (TAS) Case Criteria
IRM 20.1	Penalty Handbook
IRM 20.2	Interest
IRM 21.1.1	Accounts Management and Compliance Services Operations - Accounts Management & Compliance Services Overview
IRM 25.1.2.3	Fraud Handbook - Recognizing and Developing Fraud, Indicators of Fraud
IRM 21.1.3.18	Operational Guidelines Overview, Taxpayer Advocate Service (TAS) Guidelines
IRM 21.3.3	Taxpayer Contacts - Incoming and Outgoing Correspondence/Letters
IRM 21.3.7	Processing Third Party Authorizations onto the Centralized Authorization File (CAF)

Resource	Title
IRM 21.5	Account Resolution
IRM 21.5.1	General Adjustments
IRM 21.5.5	Unpostables
IRM 21.6	Individual Tax Returns
IRM 21.7	Business Tax Returns and Non-Master File Accounts
IRM 21.7.9	BMF Duplicate Filing Conditions
IRM 21.7.2.4.10	Form 945, Annual Return of Withheld Federal Income Tax
IRM 25.6	Statute of Limitations
IRM 25.16	Disaster Assistance and Emergency Relief
IRM 25.25.10	Revenue Protection - Frivolous Return Program
Publication 1220	Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G
Document 6209	IRS Processing Codes and Information

- (2) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR refer to <https://www.irs.gov/taxpayer-bill-of-rights>
- (3) The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS), led by the National Taxpayer Advocate. Its job is to protect taxpayers' rights by striving to ensure that every taxpayer is treated fairly and knows and understands their rights under the TBOR. TAS offers free help to taxpayers, including when taxpayers face financial difficulties due to an IRS problem, when they are unable to resolve tax problems, they haven't been able to resolve on their own, or when they need assistance to address an IRS system, process, or procedure that is not functioning as it should. TAS has at least one taxpayer advocate office located in every state, the District of Columbia, and Puerto Rico.
- (4) CBWH tax examiners should consider the disclosure provisions when preparing correspondences with taxpayers case reports. For further information refer to the Privacy, Governmental Liaison and Disclosure (PGLD) maintained knowledge base at <https://portal.ds.irsnet.gov/sites/vl003/pages/default.aspx> or PGLD home page at <https://irssource.web.irs.gov/PGLD/Pages/Home.aspx>.

4.19.26.2
(10-24-2022)
Backup Withholding

- (1) A congressional study focusing on income and Social Security tax compliance in the fall of 1978 identified three areas of concern: failure of payers to file Forms 1099, incorrect TIN being used for identification, and non-reporting of income by independent contractors.

- (2) Congress enacted the Tax Equity and Fiscal Responsibilities Act of 1982 (TEFRA) and the Interest and Dividend Tax Compliance Act of 1983 in part to combat these failures. IRC 3406 was one of the remedies. This section of the code requires payers to deduct withholding taxes, called “backup withholding”, from certain reportable payments.
- (3) The purpose of BWH is to make sure that the Government is able to collect taxes on all appropriate income, particularly income that is not usually subject to withholding.
- (4) IRC 3406 requires payers to withhold income tax on reportable payments of interest, dividends, and other payments under certain conditions. IRC 3406(a) also provides for BWH on certain reportable payments, if:
 - a. The payee fails to furnish a TIN to the payer in the manner required,
 - b. The Secretary notifies the payer that the TIN furnished by the payee is incorrect,
 - c. There has been a notified payee under-reporting described in IRC 3406(c), or
 - d. There has been a payee certification failure described in IRC 3406(d).

4.19.26.2.1
(10-24-2022)

Reportable Payments

- (1) BWH can apply to most kinds of payments that are reported on the following informational returns, including:
 - Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, - brokers' transactions with customers and certain other transactions (required under IRC 6045)
 - Form 1099-DIV, Dividends and Distributions - dividend payments (required under IRC 6042(a))
 - Form 1099-G, Certain Government Payments - Box 6, Taxable grants, and Box 7, Agricultural payments (required under IRC 6041(a))

Note: Form 1099-G is also issued under IRC 6050B for payments of unemployment compensation, under IRC 6050E for state and local income refunds, and under IRC 6041(a) for certain crop disaster payments and Commodity Credit Corporation loans, but these payments are exempt from BWH. However, recipients of these payments (excluding state and local income tax refunds) may elect nonpayroll income tax withholding. See IRC 3402(p).

 - Form 1099-INT, Interest Income - interest payments reduced by early withdrawal penalty, interest on U.S. Savings Bonds and Treasury obligations, and tax-exempt interest (required under IRC 6049(a))
 - Form 1099-K, Payment Card and Third Party Network Transactions – Gross amount of payment card/third party-network transactions (required under IRC 6050W)
 - Form 1099-MISC, Miscellaneous Income - direct sales of \$5,000 or more (required under IRC 6041A(b)), royalty payments (required under IRC 6050N), payments to certain fishing boat operators (required under IRC 6050A), and certain payments of \$600 or more such as rents, commissions, gross proceeds paid to attorneys, and other fixed or determinable gains, profits, or income payments (required under IRC 6041(a)).

#

Note: Payments for remuneration of services of \$600 or more were reported on Form 1099-MISC with respect to calendar years before 2020, and on Form 1099-NEC in calendar year 2020 and thereafter.

- Form 1099-NEC, Nonemployee Compensation – payments for remuneration of services of \$600 (required under IRC 6041A), attorney's fees (required under IRC 6041(a) and IRC 6045(f))
- Form 1099-PATR, Taxable Distributions Received From Cooperatives – Patronage dividends, nonpatronage distributions, per-unit retain allocations, taxable distributions received from cooperatives, and redemption of nonqualified notices and retain allocations to the extent such payments are in cash or qualified check (required under IRC 6044)
- Form 1099-OID, Original Issue Discount – Original issue discount (reduced by early withdrawal penalty), other periodic interest (reduced by early withdrawal penalty), and original issue discount on U.S. Treasury obligations but limited to cash paid on these obligations (required under IRC 6049(d)(6))
- Form W-2 G, Certain Gambling Winnings – Reportable gambling winnings unless subject to regular gambling withholding (required under IRC 6041(a)).

- (2) BWH does *not* apply to wages (except for wages paid to H-2A agricultural employees), pensions, annuities, IRAs (including simplified employee pension (SEP) and SIMPLE retirement plans), section 404(k) distributions from an employee stock ownership plan (ESOP), medical savings accounts (MSAs), health savings accounts (HSAs), long-term-care benefits, real estate transactions, or cash purchases for fish.

4.19.26.2.2 (10-24-2022) Backup Withholding Rates

- (1) Under IRC 3406(a)(1)(A), the BWH tax rate is equal to the fourth lowest rate of tax applicable under IRC 1(c).

For Reportable Payments Made During:	The Backup Withholding Rate is:
12/31/98 - 08/06/01	31.0%
08/07/01 - 12/31/01	30.5%
01/01/02 - 12/31/02	30.0%
01/01/03 - 12/31/17	28.0%
01/01/18 - Present	24.0%

4.19.26.2.3 (10-24-2022) Backup Withholding for a Missing TIN

- (1) IRC 3406(a)(1) requires certain payers to perform BWH by deducting and withholding income tax from a reportable payment, regardless of any threshold amount otherwise applicable to such payment, if the payee fails to furnish the payee's TIN or furnishes an incorrect TIN to the payer.

- (2) 26 CFR 31.3406(a)-4(a)(1) provides that the payer must withhold at the time it makes the payment to the payee or to the payee's account that is subject to BWH. Amounts are considered paid when they are credited to the account of, or made available to, the payee.
- (3) 26 CFR 31.3406(d)-1(d) provides that the payee may furnish the payee's TIN to the payer either orally or in writing.
- (4) IRC 3406(h)(10) requires BWH to be treated as if it is withholding from wages paid by an employer to an employee under IRC 3402. Under IRC 3402(d), if the payer fails to deduct BWH, the payer is nevertheless liable for the tax. The payer may be relieved of the liability if the payer can show that the payee reported the income and paid the tax, by providing a Form 4669, Statement of Payments Received, signed under penalties of perjury by the payee, along with Form 4670, Request for Relief of Certain Withholding Taxes. Provision of Form 4669 does *not* provide relief from penalties and interest.

4.19.26.2.4
(10-24-2022)
**Backup Withholding for
an Incorrect TIN**

- (1) Unlike information returns with missing TINs that require payers to immediately BWH, payers submitting information returns with an incorrect TIN (also called a "mismatched TIN") are not required to BWH on payments to the payee until 30 business days after the IRS notifies the Payer of the incorrect payee TIN. If the IRS sends a second notice in a three calendar-year period to the Payer, BWH must begin 30 business days after the notice is sent and the Payer does not receive a copy of the payee's Social Security card or IRS letter validating the TIN from the payee.

4.19.26.2.5
(10-24-2022)
**Reporting and
Depositing
Requirements**

- (1) A Payer files Form 945, Annual Return of Withheld Federal Income Tax, with the IRS to report BWH that was withheld or required to have been withheld and any nonpayroll income tax that was withheld from payments (for example, because of a voluntary income tax withholding agreement between the Payer and Payee. The filing due date is January 31st for the previous calendar year. If the Payer deposited all taxes when due, then the Payer has 10 additional calendar days to file. See Pub 15, (Circular E) Employer's Tax Guide, for more information.
- (2) A Payer deposits BWH (and voluntary withholding) under the monthly or semi-weekly deposit schedule. See Pub 15 for more information.

4.19.26.3
(10-24-2022)
**Other Nonpayroll
Income Tax Withholding**

- (1) Other types of nonpayroll federal income tax withholding that is reported on information return Forms 1099 and W-2 G must also be reported on taxable return Form 945.
- (2) Nonpayroll federal income tax withholding, other than BWH, is provided under the following code sections:
 - a. Voluntary income tax withholding agreements on certain government payments, reported as applicable on Forms 1099-G, CCC-1099-G, 1099-MISC, SSA-1099, or RRB-1099. See IRC 3402(p).
 - b. Gambling winnings subject to regular gambling withholding, reported on Form W-2 G . See IRC 3402(q).
 - c. Indian gaming profits, reported on Form 1099-MISC. See IRC 3402(r).
 - d. Annuities, IRA distributions, and pensions (including distributions from tax-favored retirement plans, for example, section 401(k), section 403(b), and governmental section 457(b) plans). Reported on Form 1099-R, Dis-

tributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See IRC 3405.

- e. Taxable military retirement benefits. Considered an employer-provided retirement plan under IRC 3405, subject to the exclusions under IRC 122. Reported on Form 1099-R.

4.19.26.3.1
(10-24-2022)
**Voluntary Income Tax
Withholding Agreements**

- (1) Prior to the enactment of the Tax Reform Act of 1969 (Public Law 91-172), the Internal Revenue Code made no provision for withholding on certain types of non-wage remuneration. Voluntary withholding was unavailable even if the payer and Payee agreed to the additional withholding, and even though withholding was advisable in the case of annuities and other non-wage type payments. Congress recognized that the inability of a Payee to have tax withheld on remuneration means that the Payee may have a substantial and possibly burdensome final tax payment.
- (2) In enacting IRC 3402(p), Congress provided for payer withholding on certain payments when a recipient requests such withholding. If a recipient requests withholding (or the termination of withholding) on these payments, the payer is required to comply with the request.
- (3) The general types of payments that may be covered by a voluntary withholding agreement include:
 - a. Social security benefits under IRC 86(d). Reported on Form SSA-1099. See IRC 3402(p)(1)(C)(i) and IRC 6050F.
 - b. Certain crop insurance proceeds under IRC 451(d). Reported on Form 1099-MISC. See IRC 3402(p)(1)(C)(i) and IRC 6041(a).
 - c. Commodity credit loans under IRC 77(a). Reported on Form 1099-G or CCC-1099-G. See IRC 3402(p)(1)(C)(ii) and IRC 6041(a).
 - d. Unemployment benefits under IRC 85(b). Reported on Form 1099-G. See IRC 3402(p)(2) and IRC 6050B.
 - e. Remuneration for services under IRC 61 which do not constitute wages, if voluntary withholding is authorized by regulations. If withholding is authorized, it will be reported on Form 1099-NEC. See IRC 3402(p)(3)(A) and IRC 6041A(a).
 - f. Other payments as deemed appropriate by the Secretary. See IRC 3402(p)(3)(B). Currently this includes dividends and other distributions by an Alaska Native Corporation (ANC) that are reported on Form 1099-MISC. See Notice 2013-77, 2013-50 I.R.B. 632, available at https://www.irs.gov/irb/2013-50_IRB#NOT-2013-77.
- (4) Payees request voluntary income tax withholding on Form W-4 V, Voluntary Withholding Request. The same form is used to request a stop to voluntary income tax withholding.

4.19.26.3.2
(10-24-2022)
**Gambling Winnings
Subject to Regular
Gambling Withholding**

- (1) Federal income tax withholding referred to as “regular gambling withholding” is required under IRC 3402(q) if the amount of winnings minus the amount of the wager are more than \$5,000 and are from-
 - Sweepstakes,
 - Wagering pools,
 - Lotteries (but not state-conducted lotteries), or

- Wagering transactions in a pari-mutuel pool with respect to horse races, dog races, or jai alai, if the winnings are at least 300 times the amount wagered.
- (2) Regular gambling withholding does not apply to winnings from bingo, keno, or slot machines, nor does it apply to winnings from other wagering transactions if the winnings are \$5,000 or less. However, gambling winnings reportable on Form W-2 G that are not subject to regular gambling withholding under IRC 3402(q) will be subject to BWH if the criteria under IRC 3406 are met (Payee TIN not furnished and so on). See IRC 6041(a).
- (3) Regular gambling withholding is figured on the total amount of gross proceeds (the amount of winnings minus the amount wagered), not merely on the amount in excess of \$5,000.
- (4) The regular gambling withholding rate is 24%, effective January 1, 2018 (formerly 25% through calendar year 2017).
- (5) Payees may use Form W-9, Request for Taxpayer Identification Number and Certification, to provide their TINs to payers. Use of Form W-9 is not mandatory.
- (6) Gambling winnings subject to regular gambling withholding, and the amount withheld, are reported on information return Form W-2 G. Regular gambling withholding is reported on taxable return Form 945.

4.19.26.3.3
(10-24-2022)
Indian Gaming Profits

- (1) Amounts distributed from net gaming revenue are subject to withholding. IRC 3402(r) provides that "Every person, including an Indian tribe, making a payment to a member of an Indian tribe from the net revenues of any Class II or Class III gaming activity conducted or licensed by such tribe, shall deduct and withhold from such payment a tax in an amount equal to such payment's proportionate share of the annualized tax." The amount to withhold is provided in Withholding Tables found in Pub 15-T, Federal Income Tax Withholding Methods.
- (2) If the Indian tribe anticipates making a distribution of any kind, the tribal members' Social Security number is needed by the Indian tribe before the distribution is made. If an Indian tribe does not know a tribal member's Social Security number at the time of distribution, the distribution is subject to backup withholding.
- (3) Both BWH and income tax withholding from Indian gaming profits is reported on Form 1099-MISC.
- (4) Any compliance issue involving FITW and BWH of Indian Gaming Profits under IRC 3402(r) is currently handled by Tax Exempt and Governmental Entities and not CCBWH.

4.19.26.3.4
(10-24-2022)
**Annuities, IRA
Distributions, and
Pensions**

- (1) Under IRC 3405, any distributions or payments from or under an employer deferred compensation plan, individual retirement plan, or commercial annuity, is subject to FITW, with certain exceptions.
- (2) These items are not subject to federal income tax withholding:
 - a. Any amount which is wages (such as certain deferred compensation payments);

- b. The portion of a distribution or payment which it is reasonable to believe is not includible in gross income;
 - c. Certain amounts subject to withholding of tax on nonresident aliens and foreign corporations, or to the provisions of a tax treaty; and
 - d. Certain distributions from Employee Stock Ownership Plans described in IRC 404(k)(2).
- (3) The maximum withholding allowable is the amount of the money and fair market value of the property (other than securities of an employer corporation) received in distribution.
- (4) If the Payee fails to furnish a TIN to the Payer in the manner required or the Service notifies the Payer before any payment or distribution that the TIN furnished by the payee is incorrect, then backup withholding applies and not federal income tax withholding. See IRC 3405(e)(12).
- (5) Payees submit Form W-4 P, Withholding Certificate for Pension or Annuity Payments, to Payers to specify withholding allowances and marital status and an additional amount to withhold (if any), or to opt out of federal income tax withholding on pensions or annuities.
- (6) Distributions and payments from or under an employer deferred compensation plan, individual retirement plan, or commercial annuity, are reportable on information return Form 1099-R. Federal income tax withholding and backup withholding from the distributions and payments are reportable on taxable return Form 945.

4.19.26.3.5
(10-24-2022)
**Taxable Military
Retirement Benefits**

- (1) Military retirement pay is subject to federal income tax withholding. Military retirees submit Form W-4, Employee's Withholding Certificate (not Form W-4 P or Form W-4 V) to specify marital status, the number of exemptions, and additional withholding. Generally, military retirees cannot claim exemption from withholding.
- (2) Military retirement pay is treated in the same manner as regular pay for income tax withholding purposes, even though it is treated as a pension or annuity for other tax purposes. Payments and withholding are reported on information return Form 1099-R and withholding is reportable on taxable return Form 945.

4.19.26.4
(10-24-2022)
**Campus Backup
Withholding Process**

- (1) The CBWH process is a compliance check -- neither an inspection under IRC 7605(b) nor an audit under Section 530 of the Revenue Act of 1978. IRS personnel will not ask to examine any books and records during a compliance check. Instead, only "missing return information" will be requested. However, if a taxpayer voluntarily submits documents, they may be considered by CBWH personnel. The Tax Examiner's consideration of the taxpayer's voluntarily submitted documents will not constitute an audit within the meaning of Section 530 of the Revenue Act of 1978.
- (2) After an initial inquiry, if it appears that a taxpayer is required to file Form 945 but does not provide it, a CBWH employee will prepare a return under IRC 6020(a) and solicit the taxpayer's signature.
- (3) If the taxpayer does not voluntarily sign and return the Form 945 prepared by CBWH, the IRS may prepare substitute returns under IRC 6020(b).

4.19.26.4.1
(10-24-2022)

Sources of Work

- (1) Workstream 1: The payers are selected because they filed information returns for a payee without a TIN but did not report BWH withheld from payees and failed to report the tax on a Form 945. Since the Payer did not report the payees TIN on the information return and made reportable payments, the Payer should have backup withheld from the payments made to these payees and file a Form 945. Payers in this workstream will be asked to provide a signed Form 945 reflecting the unreported tax or provide written information showing that BWH tax does not apply.
- (2) Workstream 2: The payers are selected because they filed information returns that reported FITW from payees but failed to report the withheld tax on a Form 945. Payers in this workstream will be requested to file a Form 945 reflecting the unreported tax that was withheld or to provide written information showing that the liability for FITW does not apply.

4.19.26.4.2
(10-24-2022)

Potential Large Dollar Assessments

- (1) A potential large dollar assessment for CBWH is any potential assessment of BWH of \$1 million or more.

4.19.26.4.2.1
(10-24-2022)

Potential Assessment of \$1 Million or More

#

4.19.26.4.2.2
(10-24-2022)

Potential Assessment of \$10 Million or More

- (1) Each year the Government Accountability Office (GAO) audits the Service's financial statements. As a part of this audit, they review documentation for taxpayers whose balance due (including interest and penalties) is over \$10 million.
- (2) For each tax period where the balance due (including penalties and interest) is \$10 million or more, the following documentation must be sent to the Office of Unpaid Assessments Accounting and Analysis when the case is closed.
 - Form 945 signed by Payer or Manager; and
 - For 6020(b) returns, the completed 6020(b) certificate.
- (3) The information should be submitted via email to ***IRS Financial Audit**.

Note: Note on the Activity Record for a case with a \$10 million or more balance due that the information was forwarded to IRS Financial Audit.

4.19.26.4.2.3
(10-24-2022)

Sensitive Case Report (SCR) Required for Potential Assessment of \$10 Million or More

- (1) Director Exam issued Memorandum "Sensitive Case Report Guidelines" dated March 4, 2022 advising an SCR is needed for every case when the balance due including penalties and interest is \$10 million or more per tax year.
- (2) For CBWH employees this includes cases for potential assessment.

#

- (4) CBWH Management will follow the SCR Memorandum for actions needed.

4.19.26.4.3
(10-24-2022)
**General Guidelines for
Case Management**

- (1) The primary CBWH case control tools are the following:
- Integrated Data Retrieval System (IDRS)
 - Overage Report Compiler And Sorter (ORCAS) Report
 - BWH Shared Drive "Z" ("Z Drive")(containing electronic case files)
 - SBSE Exam BWH Policy SharePoint Site (containing job aids, templates and training materials)
 - BWH Database Data Collection Instrument (DCI) for TY 2018
 - CBWH DCI SharePoint for TY 2019 and subsequent years

4.19.26.4.3.1
(10-24-2022)
**Integrated Data Retrieval
System (IDRS)**

- (1) IDRS is a system which enables employees to have access to taxpayers tax accounts.
- (2) Capabilities of the system include:
- Researching account information and requesting returns
 - Entering transactions such as adjustments, entity changes, and so on
 - Automatically generating notices, correspondence, and other outputs
- (3) Cases may be controlled on IDRS in several ways. Under IDRS, any type of case may be controlled. TEs may control a case by entering the IDRS Command Code (CC) ACTON into IDRS. Follow the concept of only one TE assigned to an account.
- (4) If you receive a call from a taxpayer on the BWH toll-free line and the case is assigned to another CBWH employee, take the information stated by the taxpayer and forward that information via email to the assigned employee. Copy your manager and the employee's manager on the email. Remember to encrypt the email since it will have taxpayer's Personally Identifiable Information (PII) included to identify the case.

Note: Do not enter the taxpayer's name or TIN in the subject line.

Note: Do not work that employee's assigned case as they are most familiar with the case.

- (5) An open control base on a module indicates control for the purpose of initiated correspondence, and adjustment or other action. An open control base retains the module on IDRS indefinitely. Update it when necessary to reflect changes in status or in action taken. Once the control base closes, it drops from the IDRS data base provided no other criteria exists for retaining the module.
- (6) Cases are controlled by various IDRS CCs. Each control base contains several elements of data, fully explained in IRM 2.3.12, IDRS Terminal Responses. The control base and history information is a very important section of TXMODA. If updated properly, the control base and history information section can give you a complete account of what transpired on a case.
- (7) CBWH employees are required to use Integrated Automation Technologies (IAT) tools. IAT tools simplify taxpayer account processing by assisting the user

with IDRS research and input. The required use of mandated tools applies to all CBWH Program-related telephone and inventory work.

- (8) If an IAT tool is not available or an employee has a problem with the IAT Tool Manager, the case should be processed through IDRS following established procedures. It is important that employees follow their established business procedures to report problems with the IAT tools. CBWH employees should refer to the IAT Website for issues such as how to report problems with IAT tools or how to request enhancement to tools.
- (9) All IAT tool users can visit the IAT website <https://organization.ds.irsnet.gov/sites/WiMttlat/home/default.aspx> for known issues on tools, job aids and a variety of tool related issues. Copies of the IAT newsletter (iNews) are available on the website and provide helpful tool tips and information on upcoming IAT tool retirements, pilots and tool roll outs. This site provides the link to subscribe to the newsletters.

4.19.26.4.3.2
(10-24-2022)
ORCAS Report

- (1) This report contains all cases controlled to an IDRS employee number and can be used to:
 - Identify cases that require action
 - Identify specific cases for review
 - Monitor the size of the employees' inventories
 - Determine if employees are working inventory in the proper order
 - Set closure expectations
 - Identify cases that may need management intervention
- (2) This report is available on Control-D on Monday mornings, Report Name: "Overage Report", Job Name: ORCAS Report. The ORCAS coordinator will load the report through the ORCAS delivery database. Then the report will be available to the Manager and TEs.

Note: See Exhibit 4.19.26-14, ORCAS Report, for a list of items on the ORCAS report.

- (3) The Manager or Lead will provide TEs the page(s) of the report where the cases are controlled to their IDRS number. TEs will follow local procedures for using the ORCAS report, documenting case activities, and returning the ORCAS report to the Manager.
- (4) The TE should work cases in the following priority order:
 1. Cases that have received TAS OARs recommending actions the IRS should take.
 2. NLUN category cases, meaning the case is in Nullified Unpostable (NLUN) category over 14 days old.
 3. The statute will expire within 90 days; Quick Assessment procedures should be followed if applicable.
 4. Taxpayer was contacted and purge date has passed, therefore the case requires action.
 5. Remaining cases in the oldest received date order, meaning inventory is worked First In First Out (FIFO) order.

4.19.26.4.3.3 (10-24-2022)

Electronic case files on BWH Shared Drive “Z”

- (5) Each TE must perform a Quarterly Physical Inventory Review, to ensure their ORCAS Report is verified against each case assigned to them. The results of your quarterly physical inventory reviews must be maintained by your Operation for future reviews.
- (1) BWH Shared Drive “Z” gives CBWH examiners, managers, and other staff the ability to review and store information and documentation for the cases.
 - a. The shared drive includes a “Tax Year” (TY) folder.
 - b. Within the TY folder, there are subfolders by TY. Each individual TY folder has subfolders titled Payer (PR), LOP, Closed (No Change), and Closed (Resolved). Beginning with TY 2019 there is also a Closed (Screened Out) Folder. The PAYER (PR) folder has subfolders named by Employer Identification Number (EIN). The EIN folder is where all documents for that specific EIN (case) are stored.
- (2) When an employee needs access to the BWH Shared Drive “Z”, the manager will forward the employee’s name and their SEID to the Administrator of the BWH Shared Drive “Z”.
- (3) Employees granted access will be able to access the entire team folder. Access is only authorized to cases assigned to the employee and as needed to facilitate customer service when answering phone inquiries or performing work for another employee as delegated by management. Established unauthorized access (UNAX) restrictions apply.
- (4) Quarterly, the BWH Shared Drive “Z” Administrator contacts the manager for them to verify employee access. If new employees arrive in the group or other employees leave the group, the manager must email the BWH Shared Drive “Z” Administrator immediately.
- (5) The BWH common drive “S” is maintained by Cincinnati Campus Exam/AUR, Centralized Specialty Tax Operations Cincinnati. Contact that administrator when changes are needed to the “S” Drive.
- (6) The BWH SharePoint site where the TEs upload the correspondence numbers received each week is maintained by Exam HQ Performance Planning and Analysis (PPA) so contact them when changes are needed to this site.
- (7) Use approved naming conventions for electronic case files (see Exhibit 4.19.26-5, File Naming Conventions) and upload documents timely into the BWH Shared Drive “Z”.
- (8) Employees will comply with IRM 6.8002.6.2, Security Requirements, IRM 10.8.1, Information Technology (IT) Security, Policy and Guidance, and IRM 10.8.26, Information Technology (IT) Security, Government Furnished and Personally Owned Mobile Device Security Policy, by closing their computer’s connection to the BWH Shared Drive “Z” and any other IRS shared drives, IRS software, or internet browser windows, at the end of each workday.

4.19.26.4.3.4
(10-24-2022)**BWH Database Data
Collection Instrument
(DCI)**

- (1) The Data Collection Instrument (DCI) is used by management to document the compliance plan and business results. The employees use the DCI to document a case closure.

#

- (3) For TY2019 DCI, use CBWH DCI TY2019 WS1 or CBWH DCI TY2019 WS2 on SBSE Exam BWH Policy SharePoint Site to record the DCI information. Job Aids are available for each workstream of how to use and enter the data on SharePoint.

- (4) Prepopulated fields in the TY2018 Workstream 1:

Field	Description
Payer_EIN_or_SS	The Payer's nine-digit TIN without dashes.
Payer TIN Type	EIN or SSN
Form Type of Missing TIN IRs	The type of information return, for example "Only B", "Only DIV", "Only INT", "Only K", "Only MISC", or "Combo" where more than one information return form type is included.

- (5) Prepopulated fields in the TY2018 Workstream 1 from PMFOLB data:

Field
Number of Missing TIN IRs
Number of Invalid TIN IRs
Total Number of IRs Issued;
Number of Payees with Perfected SSN
Number of Payees with Perfected EIN
Number of Payee TINs Not Matched
Computed BWH

Note: Notify Lead if the computed BWH amount does not agree to the List of Payees (LOP) total Computed Backup Withholding amount

- (6) TY2018 Workstream 1 DCI fields to be completed by TE:

Field	Description of Entry
Letter 6112 Date	Enter the date on the top of the letter.
Letter 6112 Response Date	Enter the date that the CBWH Program received a written response to Letter 6112, Form 945 Non-Filer Request for Return.
Letter 6112-A Date	Enter the date on the top of the letter.

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 19

Field	Description of Entry
Letter 6112-A Response Date	Enter the date that the CBWH Program received a written response to Letter 6112-A, Form 945 Non-Filer Request for Return.
POA Yes/No (Check if Yes)	Check this box if CFINK shows the Payer has a representative, or if the Payer submitted either Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization.
Requested EIN	Check this box if the Payer has an SSN and the TE requested an EIN from the Payer.
Cross Reference EIN	If a requested EIN is received from the Payer, or a cross-reference EIN is found on INOLES or ENMOD, or an EIN was assigned to the Payer, enter the EIN here. If there is more than one cross-reference EIN, enter as many as will fit in the field with a comma separating each EIN. The Cross Reference EIN field is limited to 255 characters, and up to 23 EINs can be entered into the field if spaces are omitted.
Extension Requested (Check if Yes)	Check this box if the Payer requested an extension of time to respond.
Extension Date	Enter Payer's extended response due date.
Phone Call 1 Date (through Phone Call 5 Date)	Enter the dates of each phone call from the Payer or the Payer's Representative.
Over 5 calls	Check this box if the Payer or the Payer's Representative called more than five times.
Contact Made	Check this box if the TE was able to speak to the Payer or the Payer's Representative by telephone.
FITW (Form 945 Line 1)	Enter the dollar amount of federal income tax withholding shown on the information returns (if any).
Assessed BWH (F945 Line 2)	Enter the gross dollar amount of BWH assessed, before consideration of Form 4669.
Proposed Interest	Enter the amount assessed, as shown in IDRS.
Assessed Penalty	Enter the total penalties assessed, including failure-to-file, failure-to-pay, and failure-to-deposit, as shown in IDRS.
Penalty Waiver Indicator	Check this box if penalties were waived for reasonable cause. If Penalty Waiver Indicator is checked, \$0 should be entered in Assessed Penalty.
Referred to Appeals Indicator	Check this box if the taxpayer requested an appeal.
6020b Taxpayer Agreed Sent for Processing	Check this box if the Payer signed the TE-prepared Form 945.
6020b Unagreed Sent for Processing	Check this box if the Payer did not sign the prepared Form 945 enclosed with Letter 6112-A, did not request an appeal, and the 6020(b) return was signed by the Manager and forwarded to Submission Processing.

Field	Description of Entry
Taxpayer Submitted Form 945 Sent for Processing	Check this box if the Payer submitted a signed Form 945 that the Payer prepared (including one reporting no tax liability).
ASED Extension Indicator	Check this box if the Payer's Assessment Statute Expiration Date was extended.
No Change to Case After Letter 6112	Check this box if for any reason the case was closed "no change" after issuing Letter 6112 but before issuing Letter 6112-A.
No Change to Case After Letter 6112-A	Check this box if for any reason the case was closed "no change" after issuing Letter 6112-A but before assessment.
Pre-Notice Closure Screen Out	Check this box if for any reason the case was closed as a "screen out" before the Payer was contacted.
REWORK Received Date	Enter the date the case is reassigned to a TE for rework of additional information provided by Payer.
REWORK Abatement Amount	Enter the amount of tax abated.

Note: See Exhibit 4.19.26-2, Data Collection Instrument (DCI), for TY2018 Workstream 1 DCI Screen.

4.19.26.4.3.5
(10-24-2022)

CBWH Templates

- (1) The CBWH team uses PDF templates for the cases which are available on the SBSE Exam BWH Policy SharePoint site.
 - Prepopulated forms
 - CBWH letters that include the CBWH team's return address, contact information, and signature of the Operation Manager.
 - Explanation of Backup Withholding (EOB)
 - Form 945
 - IRC Section 6020(b) Certification Form for BWH
 - Activity Record

4.19.26.4.3.6
(10-24-2022)

Case Management Guidelines

- (1) Prioritize any statute imminent cases, unpostable conditions, and cases identified by the Manager or Lead for immediate action.
- (2) Use IDRS and IAT to perform IDRS actions.
- (3) Forward questions or clarification needed regarding procedures to the Lead.
- (4) Status for open IDRS controls-

Status	Description
A	Entered when the IDRS control is created. Means a case is assigned and actively being worked. The case should remain in "A" status unless the manager advises differently. Notifies other IRS employees to route case responses to the assigned CBWH employee.
B	Background and may only be used with Manager approval
C	Entered when the case is closed
S	Short-term delay and may only be used with Manager approval

Status	Description
M	Long-term delay and may only be used with Manager approval

- (5) The TE, Lead or Manager, will input the following activity code on the open IDRS control when a case question is referred, or the case is returned back to the assigned TE:

Referred to	Workstream 1	Workstream 2	Purge Period
Lead	RFRLDMMDD	2RFRLDMMDD	7 days
Manager	RFRMGRMMDD	2RFRMGRMMDD	7 days
Assigned TE (with specific instructions to complete within 7 days)	RTNTEMMDD	2RTNTEMMDD	7 days

Note: MMDD is the follow-up date often referred to as a purge date. If the question is not answered by the first purge date, the assigned TE should follow up with the lead or manager. The purge date may be updated as needed. When the case is returned to the TE with specific instructions, the Lead or Manager will input Activity Code RTNTEMMDD (for Workstream 1) or 2RTNTEMMDD (for Workstream 2), as shown above.

4.19.26.4.3.7
(10-24-2022)

Maintain Activity Record

- (1) The TE will document all actions taken on a CBWH case on the Activity Record including incoming correspondence received, telephone calls, discussions with the Payer, signed Form 945 sent to processing, adjustments input, referrals, and so on. Consider the Activity Record as the history record of all actions taken and reasons supporting your decision on the case that documents a good action trail. See Exhibit 4.19.26-1, Activity Record, for a sample activity record for a completed case.
- (2) If a case has to be referred to Appeals in the future, the Activity Record will be included as documentation to support the actions taken by the CBWH team.

4.19.26.4.3.8
(10-24-2022)

Communicating with the Taxpayer

- (1) Section 3705(a) of the IRS Restructuring and Reform Act of 1998 (RRA 98) provides that any “manually generated correspondence” shall include the name, telephone number and unique identifying number of an employee who can be contacted with respect to correspondence. Any other correspondence shall include a telephone number of a person who may be contacted with respect to the correspondence.

Note: The Taxpayer Bill of Rights (TBOR) adopted by the IRS in June of 2014, provides that taxpayers have the right to receive prompt, courteous and professional help in their dealings with the IRS. They are to be spoken to in a manner that is understood and any correspondence from the IRS must be clear and understandable. They have the right to speak to a supervisor whenever quality service is not received.

- (2) On tax-related matters employees are required to provide (at a minimum) the following information:
 - a. Telephone Contact - title (for example, Mr., Mrs., Ms., Miss), last name and badge identification (ID card) number
 - b. Correspondence - title (for example, Mr., Mrs., Ms., Miss); last name; IDRS, letter system or badge identification (ID card) number; and telephone number where the taxpayer's question can be answered

Note: IDRS numbers are automatically generated when sending Correspondence (CRX) letters and are considered identification numbers.
- (3) The term manually generated correspondence is defined as any correspondence issued that is non-systemically generated and must contain certain elements listed in (1) above. The IRS employee issuing the correspondence is:
 - a. Exercising judgment in working or resolving a specific taxpayer identified issue.
 - b. Requesting the taxpayer provide additional case-related information to resolve the issue and the corresponding employee is in the best position to respond to all issues raised in the taxpayer's correspondence. The Service must use sound business judgment to determine the provision's applicability.
- (4) Manually generated correspondence may include:
 - Correspondence Letters (C Letters)
 - Local letters
 - Form 5260, Quick notes
 - Computer generated Reasonable Cause Assistant (RCA) denial letters
- (5) If preparing a Form 5260, Quick Note, it must be reviewed and approved by the employee's manager or team leader. See IRM 21.3.3.4.22, Quick Notes and 3064C Letters (C-NOTES), for the requirements of a Quick Note (Form 5260).
- (6) Provide an accurate balance due in manually generated correspondence when requested by a taxpayer or the authorized representative. See IRM 21.3.3.4.2.2.1, Required Information for Interim Letters and Closing Letters, regarding accounts with an installment agreement (status 60).

4.19.26.4.3.9
(10-24-2022)

CBWH Case Compliance Steps

- (1) The 10 fundamental steps (or stages) of CBWH compliance cases are:
 1. Step 1: Receive Case Assignment (IRM 4.19.26.5)
 2. Step 2: Consider Tax Due (IRM 4.19.26.6)
 3. Step 3: Case Building (IRM 4.19.26.7)
 4. Step 4: Issue Letter 6112 - First Notice (IRM 4.19.26.8)
 5. Step 5: Issue Letter 6112-A - Second Notice (IRM 4.19.26.9)
 6. Step 6: Review Payer's Responses and Make Determination (IRM 4.19.26.10)
 7. Step 7: Consider Penalties and Interest (IRM 4.19.26.11)
 8. Step 8: Assess Tax, Penalties, and Interest (IRM 4.19.26.12)
 9. Step 9: Close Case (IRM 4.19.26.13)
 10. Step 10: Perform Rework When Appropriate (IRM 4.19.26.14)

- 4.19.26.5
(10-24-2022)
Step 1: Receive Case Assignment
- (1) This section provides the pertinent information and actions required when a case is initially assigned.
- 4.19.26.5.1
(10-24-2022)
Initial Case Assignment
- (1) This section provides the manager's, clerk's and TE's responsibilities when a case is initially assigned.
- 4.19.26.5.1.1
(10-24-2022)
Manager's Responsibilities
- (1) Manager's responsibility to prepare a case assignment list.
- (2) The manager will provide a case assignment list to the designated CBWH employee.
- 4.19.26.5.1.2
(10-24-2022)
Clerk's Responsibilities
- (1) Designated CBWH employee performing clerk's duties is responsible to assign cases.
- (2) For each case, the designated CBWH employee will:
- Open an IDRS control on MFT 16 for the assigned TE.
 - Create a dummy module if MFT 16 tax module does not exist. .
 - Create an electronic case folder on the BWH Shared Drive "Z": BWH > TAX YEAR > TY 20YY > PAYERS > NN-NNNNNNNN, where TY 20YY is the tax period and NN-NNNNNNNN is the EIN of the case.
 - Document case assignment on the Activity Record and save it in electronic PDF format in the electronic case file under the file name NN-NNNNNNN.ACT.
 - Send an email notification to the TE.
- 4.19.26.5.1.3
(10-24-2022)
TE's Responsibilities
- (1) TE's responsibilities upon receipt of new case assignment are:
- Verify IDRS open control base (see IRM 4.19.26.5.1.3.1)
 - Check for duplicate TXMODA MFT 16 Controls
- 4.19.26.5.1.3.1
(10-24-2022)
Verify IDRS Open Control Base
- (1) Verify an IDRS open control base assigned to TE's IDRS number is accurate. Review the following :
- MFT 16
 - Correct tax period
 - Activity Code is either NEWBWHCASE (Workstream 1) or 2NEWBWCASE (Workstream 2)
 - Case Status Code "A"
 - Category Code "BNF-" (BMF Nonfiler)
 - Correct received date of case
- 4.19.26.5.1.3.2
(10-24-2022)
Check for Duplicate TXMODA MFT 16 Controls
- (1) Check for multiple IDRS TXMODA MFT 16 controls in the current compliance tax year.
- (2) For duplicate controls *within* CBWH:

- a. If the current tax year's compliance case is assigned to more than one CBWH TE, the TE with the earliest IRS received date should work the case.
- b. If compliance cases for current and prior years are open and assigned to more than one CBWH TE, use the following decision tree to determine who should work the case.

If	And	Then
There are multiple years, and another TE has a control of those years,	the IRS received dates are different,	determine who has the earliest IRS received date. The TE with the earliest IRS received date will work all years. Forward or request the needed years.
There are multiple years, and another TE has control of those years,	the IRS received dates are the same, (could be a response from taxpayer for earlier year and a new case for a new year with the same received dates)	the TE with the earliest year will work all years. Forward or request the needed years.

(3) For duplicate controls *outside* of CBWH:

- a. Find the IRS employee's name and phone number by entering the IDRS number with CC FIEMP and contact that employee to discuss their activities with regard to backup withholding.
- b. If the open control indicates it is a CIS case (for example, CISXXXXXXX), contact Accounts Management and ask them to close their CIS case stating that Campus Backup Withholding is working the case. Remember to download a PDF copy of the CIS case from AMS and upload to your case.
- c. Discuss with the manager or lead the next action on case.
- d. If the other TXMOD control opens after Letter 6112 or Letter 6112-A is sent, and the CBWH case will have an adjustment, arrange with the other IRS employee to place the other TXMOD control in "B" status using the IAT ACTON tool. This will allow the adjustment to input. After the adjustment is input, place the other TXMOD control back in the prior status (for example, Case History Status Code A (active)).

4.19.26.5.2
(10-24-2022)

**Refer Cases with -L
Freeze to Field Exam**

(1) How to contact Field Exam.

- a. Review (CC) AMDISA to determine the Primary Business Code (PBC), Secondary Business Code (SBC) and Employee Group Code (EGC). Use the PBC, SBC and EGC to locate the correct Exam contact.
- b. Discuss case with Lead and provide the Exam contact. Manager will coordinate the discussion between CBWH and Field Exam Managers to determine if the case must be closed to Exam.

(2) How to determine whether to contact Field Exam.

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 25

If	And	Then
The examination is closed, as indicated by a pending TC 421 on TXMODA that will reverse the -L Freeze, or by CC AMDISA CURRENT-STATUS-CD / DATE 90 or 33/34 (for TEFRA taxpayers),	the -L Freeze is on MFT 01 (Form 941), MFT 10 (Form 940), MFT 11 (Form 943), and/or MFT 14 (Form 944), but "not" on MFT 16 (Form 945),	continue processing normally.
The examination is closed, as indicated by a pending TC 421 on TXMODA that will reverse the -L Freeze, or by CC AMDISA CURRENT-STATUS-CD / DATE 90 or 33/34 (for TEFRA taxpayers),	the -L Freeze is on MFT 16 (Form 945),	<ol style="list-style-type: none"> Contact Exam and inquire if Form 945 was examined. If Form 945 was examined, close the case as a screen-out if no Letter 6112 was sent and close as a no change if a CBWH letter was mailed. Close IDRS control base in both of these examples. If Form 945 was not examined (for example, because it was surveyed) continue processing normally.
The examination is not closed,	the -L Freeze is on MFT 01 (Form 941), MFT 10 (Form 940), MFT 11 (Form 943), and/or MFT 14 (Form 944), but "not" on MFT 16 (Form 945),	<ol style="list-style-type: none"> Contact Exam and ask to discuss the case. Input the appropriate Activity Code to monitor for Exam's response (either to accept or decline the case referral). If Exam wants the F945 case, see IRM 4.19.26.5.2 (3), How to Close a Case to Field Exam. If Exam does not want the case (Form 945 will not be examined), continue processing normally.
The examination is not closed,	the -L Freeze is on MFT 16 (Form 945),	Close the case to Exam. See IRM 4.19.26.5.2 (3), How to Close a Case to Field Exam.

(3) How to close a case to Field Exam.

If	Then
The Payer has been contacted (for example, you sent Letter 6112, Letter 6112-A, or any other correspondence to the Taxpayer),	<ol style="list-style-type: none"> Issue Letter 86-C, Referring Taxpayer Inquiry/Forms to Another Office, to inform the Payer that their case is being referred to Exam. Send a copy of the whole electronic case file to the Exam group with Form 3210, Document Transmittal. Update the Activity Code on IDRS and close the case.
The Taxpayer has not been contacted,	<ol style="list-style-type: none"> Do not issue Letter 86-C to the Taxpayer. Send a copy of the electronic case file to the Exam group with Form 3210. Update the Activity Code and close the case.

- (4) The case cannot be transferred while a response is pending from the Payer. You must wait for the Payer to respond, and then transfer the case file and the response to Exam. You do not have to review the response before sending it to Exam.
- (5) How to monitor -L freeze case.
 - When you contact Exam, input REFFLDMMD (for Workstream 1) or 2REFFLDMMD (for Workstream 2), Case History Status Code A, to monitor for 14 days. If Exam has not accepted or declined the case by the purge date, contact Exam again and re-input the Activity Code. If Exam has not responded by the second purge date, refer the case to the Lead to follow up with Exam.
 - When Exam accepts a case, input REFERFIELD (for Workstream 1) or 2REFERFIELD (for Workstream 2), Case History Status Code C.
 - Document your actions regarding the -L freeze and case referral (if applicable) in the case Activity Record on the BWH Shared Drive "Z".

4.19.26.5.3
(10-24-2022)
**Consider Referral to
Employment Tax Policy**

- (1) General guidelines for referral to Employment Tax Policy.
- (2) If a procedure or a process is failing to work as described in the CBWH Local Procedure Guide, contact the Employment Tax Policy Analyst assigned to the CBWH program.
- (3) Technical questions about how to apply a procedure to a case should be elevated to the CBWH Technical Advisor.
- (4) The CBWH Technical Advisor will contact the Employment Tax Policy Analyst if further guidance is needed.
- (5) If there are questions concerning a case for mailout or List of Payee information, refer the case to the Manager. The Manager will forward the question to the Department Manager to contact the Exam Case Selection/Document Matching and Case Selection analyst for assistance.

4.19.26.5.4
(10-24-2022)
**Consider Referral for
Fraud or Identity Theft**

- (1) Tax fraud is often defined as an intentional wrongdoing on the part of a taxpayer, with the specific purpose of evading a tax known or believed to be owing. To prove tax fraud, the IRS must prove the taxpayer acted deliberately and knowingly with the specific intent to violate the law. Tax fraud requires both a tax due and owing, and fraudulent intent.
- (2) The Campus Fraud Coordinator (CFC) is a fraud liaison assigned to each SB/SE Campus. The CFC coordinates with Office of Fraud Enforcement and Criminal Investigation.
- (3) During the course of CBWH case work, situations may be encountered involving potential fraud, referred to as indicators of fraud. It is essential to detect and report any potentially fraudulent activities. IRM 25.1.2.3, Indicators of Fraud, provides several lists of Fraud Indicators. Those pertinent to CBWH include, but are not limited to:

- Adjusted ANNUAL Return of Withheld Federal Income Tax or Claim for Refund)
- (Form 945 or Form 945-X, Adjusted ANNUAL Return of Withheld Federal Income Tax or Claim for Refund)

#

- (4) For guidance on civil fraud and the civil fraud penalty, see IRM 20.1.5.16.1, Indications of Fraud.

4.19.26.5.4.1
(10-24-2022)
**Referral to Campus
Fraud Coordinator**

- (1) If an indicator of fraud is identified, refer the case to the designated CFC for further development.
- (2) Discuss the indicators of fraud with the Manager. If the Manager concurs:
 1. Prepare Form 13549, Campus Fraud Lead Sheet, Sections I, II, III, and Section V Item 1.
 2. Forward package (Form 13549, IDRS research, and any outgoing and incoming correspondence related to the case) to the Front-line Manager (FLM).
 3. FLM will review the package and complete Section III, line 2 of Form 13549, and forward the package to the Department Manager (DM) for review.
 4. DM will review the package. If the DM agrees the case should be referred, the DM will forward the package to the Technical Advisor (TA). If the DM does not agree the case should be referred, the DM will return the package to the FLM with instructions to continue compliance procedures.
 5. The TA will review and approve the referral, completing Section III, line 3 of Form 13549. The TM will return the case to the FLM with instructions to forward the referral to the Campus Fraud Coordinator (if the TA agrees with the referral) or to continue compliance procedures (if the TA does not agree with the referral).

6. The FLM or a designee will prepare Form 3210 and email it with the Form 13549 package to the CFC. The list of CFC or Campus Fraud Examination Advisors can be found at <https://portal.ds.irsnet.gov/sites/vl019/Lists/FraudAwareness/DispltemForm.aspx?ID=13>.

- (3) When Form 13549 is first prepared and given to the Manager for review, the TE will input IDRS Activity Code FRCRDMMD (Workstream 1) or 2FRCRDMMD (Workstream 2), IDRS Status A and monitor for 37 days for a response from the Campus Fraud Coordinator (the extra 7 days is to allow time for the Form 13549 approval process). The Activity Code may be reinput for an additional 30 days. After 60 days, refer case to Lead for instructions.
- (4) The Campus Fraud Coordinator will advise how to refer the case (for example, to Exam or to Criminal Investigation), or will reject the referral. If the case is accepted for referral to another function, TE will close the case using the appropriate Activity Code. See Exhibit 4.19.26-11, TXMOD/ACTON codes. If the case is rejected, TE will discuss next steps with the Lead.

4.19.26.5.4.2
(10-24-2022)

**Referral to Identity Theft
Victims Assistance
Specialized Teams
(IDTVA)**

- (1) With incidents of Identity Theft (IDT) increasing each year, emphasis is being placed on the ability for programs (such as CBWH) through the IRS to provide expedited handling and to track the number of unresolved IDT cases.
- (2) The IRS established Identity Theft Victims Assistance Specialized Teams (IDTVA). An IDTVA TE will be a taxpayer's single point of contact (SPOC) for IDT and other account related issues.
- (3) Referrals to the IDTVA are made through the BMF ID Theft Liaison. All functions have established BMF ID Theft Liaisons to assist in the coordination and working of BMF ID Theft cases. The list of liaisons can be found on the SERP IRM Supplement Tab on the BMF Identity Theft page. See *BMF ID Theft Liaison Listing* (<http://serp.enterprise.irs.gov/databases/who-where.dr/idt-liaison-listing.html>).
- (4) TEs must make a referral for assistance to the BMF ID Theft Liaison if a taxpayer states they are a victim of identity theft. IRM 25.23.9, BMF Identity Theft Processing, requires extensive research which is beyond the scope and training of CBWH personnel. Under IRM 25.23.9.4(2)I, the case must be referred to the appropriate BMF ID Theft Liaison who will perform the required research, validating the taxpayer's allegation of BMF identity theft, and provide instructions to the CBWH Manager on needed actions to either close the case to IDTVA (if identity theft is validated) or continue processing the case normally (if identity theft is not validated).
- (5) An allegation or claim of identity theft is identified by the presence of Form 14039, Business Identity Theft Affidavit, a police/law enforcement incident
- (6) If you receive an allegation of BMF identity theft, prepare Form 14566, BMF Identity Theft Referral, and forward it with a zipped case file, including all case research and any other documents (notices, letters, correspondence, activity record, and so on) to the CBWH Manager for routing to the appropriate BMF ID Theft Liaison. Input IDTL_MMDD (for Workstream 1) or 2IDTL_MMDD (for Workstream 2), Case History Status Code A, to monitor for 30 days. If

#

guidance is not received from the BMF ID Theft Liaison within 30 days, follow up with Manager. The Activity Code may be re-input as needed until guidance is received.

- (7) If the BMF Identity Theft Liaison instructs you to transfer the case to the IDTVA, input Activity Code CLOSEIDTVA (for Workstream 1) or 2CLOSIDTVA (for Workstream 2) and Case History Status Code C to close the case to the IDTVA. The designated CBWH employee will send any paper case files to the IDTVA with Form 3210.
- (8) For more information about assisting a taxpayer with an identity theft matter by telephone, see IRM 4.19.3.22.1.26.2, IDT Claims – Telephone.
- (9) For more information about assisting a taxpayer with an identity theft matter by written correspondence, see IRM 4.19.3.22.1.26.3, IDT Claims – Responses.

4.19.26.5.4.3 (10-24-2022) **Customer Service Related to IRS Impersonation Fraud**

- (1) Individuals impersonating IRS employees may make unsolicited threatening telephone calls and/or send fraudulent emails or letters to taxpayers. They may use the threat of arrest to obtain money from victims by falsely representing that the victims owe back taxes or other fees. The perpetrators demand that the victims send them money via prepaid debit cards, money orders, or wire transfers from their banks. See <https://www.treasury.gov/tigta/docs/IRS%20Impersonation%20Scam%20Flyer.pdf>.
- (2) If a taxpayer calls the BWH toll-free line to discuss a CBWH letter, but there is no record in IDRS or the shared drive of any notice or letter for the tax year in question, advise the taxpayer to take appropriate actions using the guidance in IRM 4.19.3.5.8.1.1, Online Fraud and Other Scams (PHISHING).

4.19.26.5.5 (10-24-2022) **Consider Referral to Taxpayer Advocate Service**

- (1) Employees are responsible for being familiar with and acting in accordance with the Taxpayer Bill of Rights (TBOR). For more detailed guidance, refer to IRM 4.10.1.2.1, Overview of Examiner Responsibilities, Taxpayer Bill of Rights.
- (2) Employees may consider the facts and circumstances of the case to determine if the taxpayer meets IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria. To determine if a referral should be made to TAS, see IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria.
- (3) Although the IRS strives to improve its systems and provide better service, some taxpayers still have difficulty getting their issue resolved.
- (4) TAS is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels or who believe an IRS system or procedures have failed to work properly.
- (5) TAS assists taxpayers in resolving tax problems with the IRS, identifies areas in which taxpayers have problems with the IRS, and makes administrative and legislative recommendations to resolve systemic tax issues.
- (6) TAS and SBSE have a Service Level Agreement (SLA) outlining the procedures and responsibilities for the processing of TAS cases when TAS does not have statutory delegated authority to take actions on a case, for example, IRS

has an open control. An Addendum to the SLA lists contacts from various Operations in the Cincinnati Service Center. Visit the Service Level Agreement (SLA) at <https://irssource.web.irs.gov/TAS/SitePages/SLA.aspx>.

- (7) Refer taxpayers to TAS, only when the taxpayer requests to be referred to TAS and the contact meets TAS criteria, and you cannot resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. See IRM 13.1.7.5, Same Day Resolution by Operations.
- (8) It is important that all IRS employees handle cases with the taxpayer's best interest in mind. Taxpayers may request assistance during compliance procedures or after they have concluded. Refer any taxpayer requests for TAS to your Manager, who will determine if the case meets TAS criteria. If the case meets TAS criteria, the Manager will refer the case to the Campus TAS Liaison.
- (9) All potential TAS referrals must be approved by the Campus TAS Liaison. The Campus TAS Liaison will complete Sections I, II, and III of Form 911, Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order) and forward to TAS.

Note: Do not refer taxpayers to the Campus TAS Liaison. The Campus TAS Liaison handles inquiries from IRS personnel only. You may refer taxpayers directly to TAS only if the case meets TAS criteria and the taxpayer asks to be transferred to TAS. The TAS toll-free line is 1-877-777-4778 or TTY/TDD 1-800-829-4059.

- (10) When a referral is made to the Campus TAS Liaison, continue to perform the compliance check for your case. The Manager or a designee will input Activity Code RFRTASMMDD (for Workstream 1) or 2RFTASMMDD (for Workstream 2) to monitor the case for 3 days (for TAS criteria 1 - 4) or 7 days (for TAS criteria 5 - 9). If there is no response from the Campus TAS Liaison by the end of the purge period, the Activity Code may be reinput and monitored for an additional 7 days.
- (11) Once TAS accepts a case, they may send an Operation Assistance Request (OAR) to the CBWH Team that has the open control and make a recommendation for action to be taken on the case.
- (12) OARs will be assigned to the CBWH Manager who will forward it to the TE to take action.
- (13) The TE will document the actions taken on the OAR and return to the Manager.
- (14) TEs will follow the Manager's directions and update their Activity Record for OARs worked.

4.19.26.6
(10-24-2022)
Step 2: Consider Tax Due

- (1) The determination to pursue or not pursue a return will depend upon the facts of each case. This section provides general guidelines and factors to consider when determining whether to pursue enforcement of filing requirements and secure a return.

- (1) When to consider potential adjustment. TEs will consider the facts and documentation of any potential adjustment at the following stages of the compliance procedures:
 - a. Upon initial case assignment.
 - b. During case building.
 - c. During Letter 6112 and Letter 6112-A procedures.
 - d. After reviewing a Payer's response(s), if the Payer provides missing return information.
 - e. If you find a Form 945 (TC 150 on IDRS) previously filed with respect to the liability shown on the List of Payees.
- (2) If the Form 945 was filed under a different EIN, see IRM 4.19.26.10.7.9, Payer filed Form 945 Under Different EIN.

4.19.26.7
(10-24-2022)

Step 3: Case Building

- (1) This section provides the pertinent information and actions required for case building for the CBWH Program.

4.19.26.7.1
(10-24-2022)

Review List of Payees (LOPs)

- (1) Review any case documentation provided upon initial case assignment, including the List of Payees (“LOP”).
- (2) LOP data is either uploaded by Exam Case Selection to the BWH shared “Z” drive or obtained from IRPTRI.
- (3) Tax Examiners will use the LOP Job Aid, located on the SBSE Exam BWH Policy SharePoint Site, to access and extract the information associated with the assigned case.
- (4) For Workstream 1, the information on the LOP includes:
- Payee Name
 - Form Type (for example, Form 1099-MISC, Form 1099-K, and so on)
 - Total Payments (per payee and total for all payees)
 - Computed Backup Withholding (per payee and total for all payees)
- (5) For Workstream 2, the information on the LOP includes:
- Payee EIN or truncated SSN
 - Payee Name
 - Form Type (for example, Form 1099-MISC, Form 1099-K, and so on)
 - Total Payments (per payee and total for all payees)
 - Total Reported FITW (per payee and total for all payees)
- (6) For Workstream 2, employees will follow IRM 10.5.1.7.19, Social Security Number Elimination and Reduction (SSN ER), when preparing the LOP.
- a. If the Payee’s TIN is a SSN, only the last four digits will be included on the LOP sent to the Payer.
 - b. If the Payee’s TIN is an EIN, the full EIN (all nine digits) will be included on the LOP sent to the Payer.
 - c. The full Payee SSN or EIN must be retained in the electronic case file for future reference if needed.
- Note:** Payers may not truncate TINs that they provide to CBWH Program. If a Payer tries to provide missing return information, but provides a truncated TIN, it should be rejected as insufficient. If a Payer submits Form 4669 containing a truncated Payee TIN, it should be rejected as incomplete.
- (7) Perfected TINs

#

#

- (9) The Computed Tax Liability for Form 945 will be the Computed Backup Withholding and/or Computed Federal Income Tax Withholding.

4.19.26.7.1.1
(10-24-2022)

**Computed Backup
Withholding and/or
Computed Federal
Income Tax Withholding**

- (1) Workstream 1: The Payer filed information returns for Payees without TINs. The Computed Tax Liability will be primarily or entirely backup withholding. The Computed Backup Withholding amount will be the Payees' Reportable Payments times the Applicable Backup Withholding rate. See IRM 4.19.26.2.2, Back-up Withholding Rates.
- (2) Workstream 2: The Payer reported federal income tax withholding on filed information returns but did not file the relevant taxable return Form 945. The Payer may also have filed information returns for Payees without TINs. The Computed Tax Liability will be:
- a. *Payees with TINs*: The Computed Federal Income Tax Withholding, meaning the actual amount of federal income tax withheld, as reported by the Payer on the Payees' information returns; PLUS,
 - b. *Payees with Missing TINs (if any)*: The Computed Backup Withholding amount, meaning the Reportable Payments times Backup Withholding Rate. See IRM 4.19.26.2.2, Back-up Withholding Rates.

4.19.26.7.2
(10-24-2022)

Perform IDRS Research

- (1) After reviewing a new case, verify certain additional information by researching IDRS as follows.

4.19.26.7.2.1
(10-24-2022)

**Run IDRS reports for
case EIN**

- (1) Run IDRS reports for case EIN as follows:
- AMDIS
 - BMFOLI
 - BMFOLT for MFT 16
 - BMFOLZ
 - ENMOD
 - INOLES
 - INOLEX (if applicable)
 - PMFOLB (for compliance year)
 - PMFOLS (for compliance year and two prior years)
 - SUMRY
 - TXMODA for MFT 16

(2) Place PDF prints of the IDRS research in the electronic casefile on the BWH Shared Drive "Z" prior to closing the case. It is not necessary to place a pdf print of an unavailable report in the electronic casefile.

4.19.26.7.2.2

(10-24-2022)

Check for PDT / CAU

(1) ENMOD may contain in the upper right hand corner a designation of Potentially Dangerous Taxpayer (PDT) or Caution Upon Contact Taxpayer (CAU) indicator. The IRS has two service-wide employee safety programs to warn employees of taxpayers who have been designated as potentially dangerous or should be approached with caution.

(2) If the PDT or CAU indicator is present, notify the Manager for instructions.

(3) For more information on the PDT and CAU programs, see:

- IRM 25.4.1, Potentially Dangerous Taxpayer
- IRM 25.4.2, Caution Upon Contact Taxpayer

4.19.26.7.2.3

(10-24-2022)

Verify Payer's name and address

(1) Verify the name and address on INOLES is consistent with all case data.

(2) Check (CC) ENMOD for any pending name or address changes

4.19.26.7.2.4

(10-24-2022)

Notify the manager if the Payer is deceased

#

#

#

#

#

#

#

#

#

#

#

#

#

#

#

#

#

#

#

4.19.26.7.2.5

(10-24-2022)

Check for identity theft indicator

(1) Check for an identity theft indicator on ENMOD (TC 971 AC 522 IDTCLM).

(2) If present, notify Lead and consider referral to IDTVA. See IRM 4.19.26.5.4.2, Referral to Identity Theft Victims Assistance Specialized Teams (IDTVA).

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 35

- 4.19.26.7.2.6
(10-24-2022)
If case TIN is an SSN, search for EIN
- (1) If a Payer has an SSN instead of an EIN, search for a cross-reference EIN.
 - (2) If no EIN is found, discuss with Lead and consider requesting an EIN from Customer Accounts Services and Submission Processing. See IRM 21.7.13.3.8, Receiving EIN Applications from Field Compliance. If an EIN is requested, TE will input Activity Code EINREQMMDD (for Workstream 1) or 2EINRQMMDD (for Workstream 2) and Case Status History Code A to monitor for 7 days for EIN assignment. If the EIN is not assigned within 7 days, discuss with Lead for next steps.

- 4.19.26.7.2.7
(10-24-2022)
If case has more than one EIN, consider consolidation
- (1) If a Payer has more than one assigned EIN, forward the case to the Lead.
 - (2) If more than one EIN is confirmed, the Lead will follow IRM 3.13.2.14, Multiple EINs, and forward the case to Entity. BMF Entity is the only section within the campus authorized to consolidate EINs.

- 4.19.26.7.2.8
(10-24-2022)
Verify Form 945 was not filed
- (1) Verify that BMFOLI does not show that Form 945 was filed for the year under inquiry under the Payer's EIN and MFT 16 (Form 945).
 - (2) Check TXMODA for a pending TC 150 on MFT 16.
 - (3) If no return is filed for the year under the TIN, then look for a cross-reference (X-REF) TIN. On CC INOLES, look for X-REF EIN in the bottom right hand corner. On CC ENMOD, look for a Parent EIN in the upper left hand corner. INOLEX lists all cross-referenced TINs and whether they are subsidiaries (SB) or a parent (PR).
 - (4) If a X-REF TIN is found, then input CC BMFOLI to search for a filed Form 945 (MFT 16) under that (X-REF) TIN.
 - (5) If Form 945 was filed (TC 150 posted or pending), then refer to the chart below.

If	And	Then
The Form 945 shows at least the correct amount of BWH tax on line 2 and/or FITW on line 3, or the under reported tax is less than Tolerance ,	There is no additional information on the XREF Payer's PMFOLB that indicates BWH or FITW is understated (for example, missing TINs and no BWH and/or FITW reported on information returns and not on Form 945),	If an IDRS control has been opened and no letter mailed, close the case as a Screen Out. See IRM 4.19.26.13.2, Close Case - Screen Out. If the Payer has not been contacted, no letter is required.
The Form 945 shows less than the correct amount of BWH tax on line 2 and/or FITW on line 3, and the under reported tax greater than Tolerance ,		Refer case to the Lead, to determine if further research is needed to verify that the Form 945 corresponds with the case.

- (6) TEs use MeF to obtain copies of Form 945. Refer to "How to Access MeF" Job Aid on the SBSE Exam BWH Policy SharePoint Site.

4.19.26.7.2.9
(10-24-2022)

**Review Payer's
compliance history**

- (1) Review CC BMFOLZ for prior Form 945 examination (MFT 16) with a TC 300 amount.
- (2) Review CC ENMOD and CC TXMOD for prior CBWH cases with a TC 150 amount. Prior compliance "no change" cases may have fallen off IDRS when the dummy TXMOD was closed. Look for evidence of Letter 96-C issued in the prior period, and/or a history note describing the "no change" closing. If a prior CBWH case is found, review the prior case files on the BWH Shared drive "Z."
- (3) Review CC PMFOLB for the number of Forms 1099 filed with missing, unsigned and mismatched TINs as well as the years that the Payer received a CP2100 Notice.
 - a. To recreate CP2100 notices, follow IRM 4.23.8.13.2, Procedures for Backup Withholding Examinations.
 - b. EPSS-TSO receives a very large volume of recreate requests and a request can take up to six weeks to fulfill. All requests are fulfilled in the order received, and there is no method available to prioritize a CBWH request over the requests from other IRS employees. Therefore, TEs should discuss with their manager whether CP2100 notices would be necessary for the compliance case and obtain managerial approval for requesting CP2100 notices.
- (4) Review CC PMFOLD.
 - a. If there is more than one entry in CC PMFOLD, then look for any difference in the TCC (Transmittal Control Code). Each Payer filing information returns is assigned a unique TCC, but there may be multiple Payers filing under one EIN. This can occur when there are multiple departments or units issuing payments within a large business or entity. Where there are multiple TCC's, each Payer may not be aware of all of the other Payers. A determination of whether multiple TCC's are valid should be made before identity theft is considered.
 - b. PMFOLD also displays various codes (for example, OTTL, ATTL) which provide additional information as to the timing of the information return filing and whether they may have been subject to delinquency penalties. For additional information pertaining to these codes, refer to <http://serp.enterprise.irs.gov/job-aids/command-code/pmfol-detail.html>.
- (5) If the Payer's account shows significant continued noncompliance despite prior examinations of MFT 16, or worsening noncompliance, then this may be an indicator of negligence or civil/criminal fraud. For example, the Payer may continuously file information returns without TINs or with improper TINs despite notification from the IRS. Discuss case with Lead who will determine if a possible referral to the field is warranted.
- (6) If there was a previous MFT 16 examination (TC 300 present on IDRS), discuss with the Manager or Lead whether to contact Exam to discuss the prior examination and continued noncompliance. Use the PBC, SBC and EGC to locate the correct Exam contact.

4.19.26.7.2.10
(10-24-2022)

**Check for concurrent
Employment Tax
examination (L-Freeze)**

- (1) Review CC AMDIS for an "-L" Freeze on MFT 01 (Form 941), MFT 10 (Form 940), MFT 11 (Form 943), MFT 14 (Form 944), or MFT 16 (Form 945). Review CC BMFOLT or CC TXMODA for an audit indicator TC 420 or 424, not reversed by TC 421. This indicates the return is currently requested or under audit by Exam.

- (2) Refer cases to Field Exam whenever Freeze Code “-L” is present. Do not continue a compliance case if there is an open examination (TC 420 or 424) for Form 945 (MFT 16) in any year. These cases must be referred to Exam. See IRM 4.19.26.5.2, Refer cases with “-L” freeze to Field Exam.
 - (3) If there is suspicion of fraud or identity theft, see IRM 4.19.26.5.4, Consider Referral for Fraud or Identity Theft.
- 4.19.26.7.2.11
(10-24-2022)
Check for Federal Disaster or Emergency Freeze (“-O” Freeze / “-S” Freeze)
- (1) When a disaster occurs in a particular state, the President may declare a federal disaster or emergency. These freeze codes “-O” or “-S” appear on IDRS.
 - (2) To verify whether a disaster or emergency freeze is in place, enter the Payer’s zip code in the Integrated Customer Communications Environment (ICCE) IRS Disaster Assistance Program Website to determine if there is a current disaster freeze present. The zip code search tool may provide more timely results than IT systemic programming for an affected taxpayer. See <http://www.icce.irs.gov/fema/>.
 - (3) “-O” freeze indicates the U.S. President has declared a federal disaster or emergency in the Payer’s area [ENMOD TC 971 AC 086 or 087]. An “-O” freeze provides systemic filing and payment relief to taxpayers with a filing or payment due date or extended due date, by postponing those due dates. The “-O” freeze also suspends collection and examination activities, including under reporter activity. Generally, an affected taxpayer is eligible for compliance relief unless certain conditions necessitate the continuation of compliance activity, such as imminent statute. For more information, see IRM 25.16.1.7.2, “-O” freeze.
 - (4) -S freeze identifies tax returns filed within a declared disaster area ENMOD TC 971 AC 688. For more information, see IRM 25.16.1.7.1, “-S” freeze.
 - (5) If Payer has not been contacted, and an “-O” or “-S” freeze are present, close the case as a Screen Out. See IRM 4.19.26.13.2, Close Case - Screen-Out.
- 4.19.26.7.2.12
(10-24-2022)
Check for Bankruptcy Freeze (“-V” or “-W” with TC 520 CC 81)
- (1) If after you have started the case, you identify a “-V” freeze indicating the Payer has filed for bankruptcy, for example, TC 520, refer the case to the Lead.
 - (2) Bankruptcy proceedings impose deadlines for action for both the debtor (taxpayer) and the creditor (IRS). The deadline for filing proofs of claim is called the “bar date.” The IRS will not receive payment for unfiled returns or open exam cases unless they are listed as estimates on a proof of claim. **The IRS’ failure to meet the bar date (or bar date extension) may result in the IRS’ claim being disallowed.** This means the IRS may not recover from the debtor personally upon discharge. Thus, the IRS must ensure that it files accurate claims with the court in a timely manner.
 - (3) The Lead will contact the in Technical Services Bankruptcy Coordinator to obtain the name of the Insolvency Bankruptcy Specialist. The Technical Services Bankruptcy Coordinator can be found at <https://portal.ds.irsnet.gov/sites/vl051/Lists/Technical%20Services%20Bankruptcy%20Coordinator%20Listing/Bankruptcy%20Coordinator%20by%20State.aspx>.

- (4) Input RFRLDMMDD (for Workstream 1) or 2RFRLDMMDD (for Workstream 2) and Case History Status Code A and monitor the case for 7 days. The Activity Codes may be re-input if a response has not been received from Insolvency within 7 days.
- (5) Generally, the CBWH program does not work bankruptcy cases, so the Insolvency Bankruptcy Specialist must tell the Lead where to close the case. The Lead will close the IDRS base.
- (6) For the proof of claim, the Lead will provide to Insolvency any potential deficiencies, and a copy of the 6020(b) package (if any) including the Stamped/ Signed Form 945, 6020(b) Certificate, and Explanation of Backup Withholding with List of Payees.

4.19.26.7.2.13
(10-24-2022)

Check for Litigation Freeze (“-W” with TC 520 and CC Other Than 81)

- (1) The “-W” freeze, in combination a TC 520 and (CC) (closing code) other than 81 indicates litigation other than bankruptcy.
- (2) Discuss the case with the Lead before transferring the case and then transfer the case to the Lead. The Lead will coordinate discussion of the case with the Manager and Counsel. The CBWH Manager will send an email inquiry to the TE/GE Area Counsel in whose jurisdiction the Payer is located based on the address of record as shown in INOLES. The CBWH Manager will describe the CBWH case, including taxpayer (Payer) name, EIN, and freeze code, and ask whether the CBWH compliance activities can continue or if the case should be closed as a screen out or no change or transferred to another IRS compliance function or unit. See *Area Counsel contact information*.

Area Counsel Office	Geographic Coverage (based on Payer’s location):
Pacific Coast	Alaska, California, Hawaii, Oregon, Washington
Mountain States	Arizona, Colorado, Idaho, Kansas, Missouri, Montana, Nevada, New Mexico, Utah, Wyoming
Great Lakes	Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Nebraska, North Dakota, South Dakota, Wisconsin
Gulf Coast	Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, Tennessee, Texas
Northeast	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont
Mid-Atlantic	Delaware, Maryland, Ohio, North Carolina, Pennsylvania, South Carolina, Virginia, Washington, D.C., West Virginia

- (3) Input RFRLDMMDD (for Workstream 1) or 2RFRLDMMDD (for Workstream 2) and Case History Status Code A and monitor the case for 14 days. The Activity Codes may be re-input if a response has not been received from Counsel within 14 days.
- (4) Counsel will provide instructions to continue processing or to transfer or close the compliance case. If the case is transferred or closed, document the action on the Activity Record and close as a Screen Out or No Change, whichever is applicable. For more information for closing as a Screen Out see IRM 4.19.26.13.2, Close Case - Screen Outs, and for closing as a No Change see

- IRM 4.19.26.13.3, Close case – Any Non-Appealed Case (Excluding Screen Outs).
- 4.19.26.7.2.14
(10-24-2022)
Check for Criminal Investigation (CI) Freeze (-Z or Z- Freeze)
- (1) The “-Z” or “Z-” freeze indicates the taxpayer’s account is currently being reviewed by Criminal Investigation (CI) function.
- (3) When this freeze code is present, close the case as a Screen Out if prior to sending a letter. For more information regarding closing as a Screen Out see IRM 4.19.26.13.2, Close Case - Screen Outs. If CI involvement is identified after the letter is sent, close as no change with IDRS Activity Code CLOSETOCI (for Workstream 1) or 2CLOSETOCI (for Workstream 2). For more information regarding closing as a no change see IRM 4.19.26.13.3, Close case – Any Non-Appealed Case (Excluding Screen Outs).
- 4.19.26.8
(10-24-2022)
Step 4: Issue Letter 6112 - First Notice
- (1) After performing the initial case analysis, the next step is to prepare and mail Letter 6112, Form 945 Non-Filed Request for Return. This letter will be issued to the Payer to request that the Payer file Form 945 or otherwise give reasons as to why a Form 945 should not be filed under this EIN. Letter 6112 will have the following enclosures:
- List of Payee(s) (LOP)
 - Pub 1, Yours Rights as a Taxpayer
- Note:** See Exhibit 4.19.26-7, Inputs for Letter 6112, for information on Letter 6112 content.
- 4.19.26.8.1
(10-24-2022)
Prepare Letter 6112
- (1) Letter 6112 has two selectable paragraphs. Depending on the workstreams identified for your Payer, select one or both of these paragraphs. If only one workstream is identified, then only select one. Applicable workstream(s) will be identified in the LOPs organized by mailout and workstream. If the LOP shows that there is Computed Backup Withholding tax, then Workstream 1 was identified. If the LOP shows that there was Federal Income Tax Withheld from payees, then Workstream 2 was identified.
- a. Workstream 1: Select the “Selectable Paragraph A: If the recipient TIN is missing or incorrect on the IR.”
- b. Workstream 2: Select the “Selectable Paragraph B: If IR Reported Income Tax Withholdings.”
- (2) The contact name is the CBWH Operations Manager, and the signature will be auto-generated.
- 4.19.26.8.2
(10-24-2022)
Print Letter 6112
- (1) Save a copy of Letter 6112 and LOP in PDF format to the electronic case file in the BWH Shared Drive “Z” under PAYER (PR) Folder>EIN Folder.
- (2) Save a copy of Letter 6112 and LOP in PDF format to the electronic case file in the BWH Shared Drive “S” Print Folder. The designated CBWH employee will print and mail the letter with the attachments, including Pub 1, Your Rights as a Taxpayer.

- (3) The TE and designated CBWH employee will both note on the Activity Record in the PAYER (PR) Folder the type of letter (s), attachments, and date prepared and mailed.
- 4.19.26.8.3
(10-24-2022)
Print Letter 937 if applicable
- (1) If there is a Power of Attorney on CFINK who is authorized to receive correspondence, then prepare Letter 937, Transmittal for Power of Attorney. Use the prepopulated template Letter 937 available on the SBSE Exam BWH Policy SharePoint Site. See Exhibit 4.19.26-9, Inputs for Letter 937, for information on Letter 937 content.
- (2) Save a copy of Letters 937 and 6112 with attachments to the electronic case file in the BWH Shared Drive "Z". Use the naming convention shown in Exhibit 4.19.26-5, File Naming Conventions. The designated CBWH employee will print and mail the letters, including Pub 1.
- 4.19.26.8.4
(10-24-2022)
Update Activity Record
- (1) Update the activity record with an entry showing the letter (s) number, attachments included, and date mailed. Indicate what the mail out date will be on the activity record.
- (2) Update IDRS open control to monitor Case. Enter IDRS Activity Code 6112MMDD (for Workstream 1) or 26112MMDD (for Workstream 2), Case History Status Code A, to monitor the due date for the Payer's response to
- (3) Refer to Exhibit 4.19.26-11, TXMOD/ACTON Codes (Job Aid), for a complete list of Activity Codes.
- 4.19.26.9
(10-24-2022)
Step 5: Issue Letter 6112-A - Second Notice
- (1) Procedural Summary. If no response is received by the Letter 6112 purge date, or if the Payer replied but did not provide missing return information (or provided information that did not reduce tax below Tolerance level), then the next step is to prepare and mail Letter 6112-A, Form 945 Non-Filer Proposed Return, to the Payer. The letter is issued to the taxpayers as a final letter explaining the actions the IRS has taken on their non-filed Form 945. Letter 6112-A solicits a return and proposes a tax amount that will be assessed if the Payer does not respond. Letter 6112-A will have the following enclosures:
- Completed Form(s) 945 (prepared by the TE and tailored to the taxpayer)
 - Explanation of Backup Withholding (EOB) (prepared by the TE and tailored to the taxpayer)
 - List of Payee(s) (LOP)
 - Pub 5, Your Appeal Rights and How to Prepare a Protest if You DisAgree
- (2) Timeline. Letter 6112-A should be mailed as soon as possible on the day after the Letter 6112 purge date (45 days from the date of the date of Letter 6112) and no later than 7 days after the purge date.
- 4.19.26.9.1
(10-24-2022)
Prepare Letter 6112-A and Letter 937
- (1) Prepare Letter 6112-A. See Exhibit 4.19.26-8, Inputs for Letter 6112-A, for information on Letter 6112-A content.

#

- (2) If there is a Power of Attorney on CFINK who is authorized to receive correspondence, then prepare Letter 937. Use the prepopulated Letter 937 available on the Shared Drive. See Exhibit 4.19.26-9, Inputs for Letter 937, for information on Letter 937 content.
- (3) Save a copy of the Letter 6112-A with attachments and Letter 937 (if applicable) to the appropriate Payer (PR) TIN Folder on the BWH Shared Drive "Z". Use the naming convention shown in Exhibit 4.19.26-5, File Naming Conventions. The designated CBWH employee will print and mail the letters.

4.19.26.9.2
(10-24-2022)
**Verify withholding
reported on PMFOLS**

- (1) Verify the amount of withholding shown on PMFOLS. PMFOLS will show the federal income tax withholding of several different Forms 1099 and W-2 G (from box 4).
- (2) There are usually three pages on PMFOLS. Page Up through all of the pages to ensure that you see all of the Forms 1099. A Form 1099-R will just show "R" in the first column. Refer to IRM 2.3.53.2.5, Valid Transmittal Code, for all of the Document Code definitions. For example, Document Code 10 is for Form 1099-K.
- (3) In most cases, there will be nothing withheld from the payments of payees.
- (4) However, additional withholding may be reported on PMFOLS that is associated with payees or information returns (for example, Form 1099-R) not included in the LOP.
- (5) Below is an example of PMFOLS screens that show income tax withheld from the information returns filed.
- (6) If there are any amounts in the "WITHHELD" column of the PMFOLS for any information return, reconcile withholding reported on PMFOLS to IRPTRI to determine which payee(s) information return was the source of such withholding. Depending on the type of information return, the unreported tax withholding will need to be included on the appropriate line of the Form 945:
 - a. If the withholding is associated with any of the information returns subject to BWH, then such withholding will be assessed on Line 2, BWH, of the 945.
 - b. If there is withholding reported on PMFOLS that is not associated with a missing TIN or is identified on the information return as backup withholding (such as FITW associated with Form 1099-R (DOC Code R)), then this additional withholding would be assessed on line 1, federal income tax withholding.
- (7) For more information on CC PMFOLS see IRM 2.3.53, Command Code PMFOL, and *SERP – PMFOLS – Summary Response Screen – Job Aids* (<http://serp.enterprise.irs.gov/job-aids/command-code/pmfol-summ.html>).

4.19.26.9.3
(10-24-2022)

**Verify deposit
information reported on
BMFOLT**

- (1) The total amount of deposits on BMFOLT will be entered on Form 945 Line 4, Total Deposits.
- (2) See Exhibit 4.19.26-13, Form 945 Deposit Transaction Codes, for a complete list of transaction codes that should be considered when computing tax paid on a tax module. You will most frequently see the following payment transaction codes on MFT BMFOLT:

TC	Description
610	Remittance with Return
650	Federal Tax Deposit
670	Subsequent Payment

4.19.26.9.4
(10-24-2022)

**Prepare Explanation of
Backup Withholding
(EOB)**

- (1) Blank EOB templates for Workstream 1 and 2 are located on the SBSE Exam BWH Policy SharePoint Site. For 2019, the filenames are EOB – WS1 Template (for Workstream 1) and EOB – WS2 Template (for Workstream 2).

Note: Tax Examiners are responsible for using the appropriate EOB template for their Tax Year and workstream and should periodically check the SharePoint Site to make sure they have the most recent version of the EOB templates.

- (2) Save a copy of the appropriate Workstream 1 or Workstream 2 EOB template to the Payer (PR) Folder on the BWH Shared Drive “Z” for the EIN you are working.
- (3) Enter the following information on the EOB:
 - a. Payer name
 - b. Truncated TIN (last four digits of the EIN)
 - c. Tax Year
 - d. Letter 6112-A mailout date as the date of the EOB.
 - e. Workstream 1: Reportable payments subject to backup withholding as shown on the LOP (as revised based on Payer response, if applicable).
 - f. Workstream 2: Tax reported withheld on information returns as shown on the LOP (as revised based on Payer response, if applicable).
- (4) The EOB contains the following sections: Issue, Adjustment, Facts, Law, Analysis, Computation, and Conclusion. Do not modify the remainder of the information in these sections. All correspondence to the Payer regarding any information the Payer provided during compliance procedures should be placed on Letter 3064-C, IDRS Special Letter.
- (5) To the back of the EOB, attach a copy of the LOP (revised for Payer responses, if applicable).
- (6) Do not remove any payees from the LOP. Enter negative amounts in Columns “Payments Removed from LOP Because Missing Payee Information Provided” to reflect consideration and acceptance of missing return information provided by the Payer. Enter negative amounts in Column “Forms 4669 Accepted” to reflect consideration and acceptance of Forms 4669/4670 provided by the Payer.

Note: “Missing return information” means a written statement that the Payer possessed the Payees’ TINs as of the date the Reportable Payments were made along with the missing payee TINs. Tax Examiners will not request books and records, but if the Payer voluntarily provides books and records showing that the Payee TINs were on file as of the date the Reportable Payments were made along with the missing payee TINs, that evidence will be considered by TEs.

- (7) For Workstream 2, the Payee’s TIN is not included on the LOP. However, employees must retain the full Payee SSN or EIN in the electronic case file for future reference if needed. If the Payer later requests Payees TINs, employees will follow IRM 10.5.1.7.19, Social Security Number Elimination and Reduction (SSN ER) when providing the Payees TINs to the Payer.
 - a. If the Payee’s TIN is a SSN, only the last four digits will be included on the LOP sent to the Payer.
 - b. If the Payee’s TIN is an EIN, the full EIN (all nine digits) will be included on the LOP sent to the Payer.

Note: Payers may not truncate TINs that they provide to CBWH Program. If a Payer tries to provide missing return information, but provides a truncated TIN, it should be rejected as insufficient. If a Payer submits Form 4669 containing a truncated Payee TIN, it should be rejected as incomplete.

4.19.26.9.5
(10-24-2022)
**Prepare Form 945 under
IRC 6020(b)**

- (1) For a case that is an assessment of \$1 million or more, the TE will refer the case to the Manager before preparing the Form 945 for signature. The Manager will discuss with the Operations and Department Managers. Update the TXMODA Activity control to REF\$1M (Workstream 1) and 2REF\$1M (Workstream 2) when referring to the Manager. For more information see IRM 4.19.26.4.2, Potential Large Dollar Assessments.
- (2) The Form 945 tax return proposes the same amount of tax due as the EOB. A blank Form 945 is located on the shared-drive under the SBSE Exam Policy SharePoint Site under templates. Save a copy of this file to the appropriate Payer (PR) TIN Folder on the BWH Shared Drive “Z” for the EIN you are working.
- (3) Populate Form 945 based on the facts of the case as discussed in the EOB. Do not include any reductions for consideration of Forms 4669 and 4670.
 - a. Fill out the taxpayer’s name, EIN and Address on the Form 945.
 - b. Line 1 FITW: Enter the total federal income tax withholding included on the EOB.
 - c. Line 2 Backup Withholding: Enter the total computed backup withholding to be asserted.
 - d. Line 4 Total Deposits: Enter the total deposits shown on BMFOLT.
 - e. Line 5 Balance Due: Equals the difference between Line 3 and Line 4.
 - f. Line 7: See IRM 4.19.26.9.6, Form 945 / 945-A Liability Schedule.

4.19.26.9.6
(10-24-2022)

**Form 945 / 945-A
Liability Schedule**

- (1) It is the Payer's responsibility to show on Form 945 Line 7 (for monthly depositors) or Form 945-A, Annual Record of Federal Tax Liability, (for semiweekly depositors) when the liability was incurred. Absent that information CBWH will be unable to ascertain that the payment was timely. If the Payer fails to provide the liability schedule, leave the liability section on Form 945 or Form 945-A blank. All deposits will be treated as if they were more than 15 days late and subject to the 10% failure-to-deposit timely penalty under IRC 6656.
- (2) If the Payer provides liability information, the TE should evaluate it for reasonableness.
 - a. There are two deposit schedules—monthly or semiweekly—for determining when a taxpayer deposits social security and Medicare taxes and withheld federal income tax. The deposit schedule a taxpayer must use is based on the total tax liability reported during a lookback period.
 - b. A Taxpayer is a semiweekly period for a calendar year if the total tax reported for the lookback period was more than \$50,000.
 - c. A Taxpayer is a monthly schedule depositor for a calendar year if the total tax reported for the lookback period was \$50,000 or less.
 - d. Form 945 is an annual return, and the lookback period is the calendar year preceding the previous year. For example, the lookback period for 2021 is 2019.
 - e. Compare the deposits credited to backup withholding for the subject period on BMFOLT for MFT 16 to the liability schedule provided by the Payer.
 - f. If there is a concern regarding the liability information, discuss it with the Lead.

4.19.26.9.7
(10-24-2022)

Update Activity Record

- (1) Update the activity record with an entry showing the letter(s) number, attachments included, and date mailed. Indicate what the mail out date will be on the activity record.

4.19.26.9.8
(10-24-2022)

**Update IDRS Activity
Code to Monitor Case**

- (1) Input Activity Code 6112AMMDD (for Workstream 1) or 26112AMMDD (for Workstream 2), with IDRS Status A, to monitor the purge period. The due date on the letters is 30 days for the Payer to respond from the date of Letter 6112,
- (2) Subsequent workstream may have a different Activity Code. See Exhibit 4.19.26-11, TXMOD/ACTON Codes (Job Aid), for a complete list of Activity Codes.

#

4.19.26.9.9
(10-24-2022)

**Update Case File and
Process Letter 6112-A
for mailing**

- (1) Ensure all of the documents in the Letter 6112-A package are saved in the electronic case file. The designated CBWH employee will access the case file to print the Letter 6112-A package and mail it.
- (2) The Letter 6112-A package consists of:
 - Letter 6112-A
 - Letter 937 (if applicable)
 - Prepared Form 945
 - Explanation of Backup Withholding (EOB)
 - Pub 5

Campus Backup Withholding Return Compliance Program

Procedures 4.19.26

page 45

4.19.26.9.10
(10-24-2022)

Revise Form 945 and the EOB Due to Payer Responses

- (1) If a Payer response is received, the TE will review it using the criteria under IRM 4.19.26.10 Review Payer's Responses and Make Determination.
- (2) Use the following decision table when considering revisions to Form 945 and the EOB:

If	Then
The Payer provided sufficient missing return information for <i>some or all</i> payees, and the remaining tax liability (if any) is below Tolerance level,	<ol style="list-style-type: none">a. Close case as a No Change. For more information regarding closing as a no change see IRM 4.19.26.13.3, Close Case – Any Non-Appealed Case (Excluding Screen Outs).b. Issue Letter 96-C, Acknowledgement for General Use/ Inquiry.
The Payer did <u>not</u> provide sufficient missing return information for <i>any</i> payees,	Do not revise the EOB or close the case. Issue Letter 3064-C to explain that none of the payees have sufficient return information and describe missing return information.
The Payer provided sufficient missing return information for <u>some</u> payees, and the remaining tax liability is above Tolerance level,	Revise the EOB and LOP to reflect the revised tax liability. Issue Letter 3064-C to explain that some of the payees have sufficient return information and describe the remaining missing return information.

- (3) Add this language to Letter 3064-C Paragraph L or M:
 - a. *All cases*: “While the list of payees and Form 945 may have been adjusted based on the information you provided, the original response date on the Letter 6112-A has not been extended. Tax, penalties, and interest will be assessed based on the revised Form 945 and Explanation of Backup Withholding.”
 - b. *If 15 or more days remain before the purge date*: “If you would like to provide an additional response, please respond by the original due date on the Letter 6112-A previously mailed to you.”
 - c. *If the purge date has passed, or fewer than 15 days remain before the purge date*: Omit the additional response language, above.
- (4) Send Letter 3064-C to the Payer with the revised Form 945 and/or EOB. It is not necessary to send any documents that have not been revised due to the Payer's response. Input Activity Code 3064C (Workstream 1) or 23064C (Workstream 2), Case History Status Code A.
- (5) Do not re-input or extend the Letter 6112-A monitoring period. Instead, provide the revisions to the Payer as discussed above, and move to the next step in

the compliance process, which is in IRM 4.19.26.12, Step 8: Assess Tax, Penalties, and Interest.

- (6) Update the Activity Record to document the Payer's response and changes to the Form 945 package (EOB, LOP, Form 945). The TE must document each time the EOB is modified to remove a payee because the Payer provided the Payee's TIN and a written statement that the TIN was on file at the time the Reportable Payment was made.
- (7) Save the revised Form 945 and/or revised EOB to the Payer folder on the shared drive. Both the revised 945 and the revised EOB's file names should be changed, (for example, "945 REVISED(MMDDYYYY)" and "EOB REVISED(MMDDYYYY)") to differentiate them from the original 945 and EOB.

4.19.26.10
(10-24-2022)

Step 6: Review Payer's Responses and Make Determination

- (1) This section provides the pertinent information and actions required when CBWH Program makes contact with a Payer to resolve the compliance issue.

4.19.26.10.1
(10-24-2022)

General Requirements for Payer or Representative Contact

- (1) This section provides the pertinent information and requirements when there is contact with a Payer or representative.

4.19.26.10.1.1
(10-24-2022)

Ensure the Contact is Authorized

- (1) TEs must ensure that the person contacting the IRS is the Payer. In most cases, the Payer will be a business entity, and the contact must be either an officer of the Payer (such as the Chief Financial Officer of a Corporation) an owner, partner, member, or authorized under Form 2848 to discuss the Payer's tax matters.
- (2) If an unauthorized individual wants to discuss the tax matter, then request the individual submit a Form 2848 or Form 8821 and do not discuss the tax matter with that individual until they do.
- (3) If the Payer or representative submits a Form 2848 or Form 8821, verify that it is completed correctly. If incomplete or improperly prepared, return the form to the Payer with Letter 3064-C, selecting paragraph I. See IRM 21.3.7.5.1, Essential Elements for Form 2848 and Form 8821, for instructions. TE will input Activity Code 3064C (for Workstream 1) or 23064C (for Workstream 2), Case History Status Code A.
- (4) If the Form 2848 or Form 8821 is completed correctly, prepare fax coversheet and EEFax the form to the Central Authorization File (CAF) unit.
 - a. Fax to Memphis or Ogden CAF Unit based on the state mapping.
 - b. See *CAF Contacts* (<https://www.irs.gov/businesses/small-businesses-self-employed/caf-unit-addresses-fax-numbers-and-state-mapping>)
- (5) Place an electronic PDF print of the annotated Form 2848 or Form 8821, and electronic PDF print of the EEFax confirmation, in the case file on the shared drive.

- (6) Update the activity record that the Form 2848 or Form 8821 to reflect actions taken. See Exhibit 4.19.26-1, Activity Record.
- (7) For representatives not yet on CFINK, when sending Power of Attorney Correspondence letters through the IAT Letters tool select “Y” under CAF Copy. This will allow manual entry of the name and address of the representative.
- (8) If you are preparing a template letter, enter the POA information manually and save the letter to the BWH Shared Drive “Z” in the PAYER (PR) folder under the appropriate EIN folder, for example, Letter 937.

4.19.26.10.1.2 (10-24-2022) Telephone Calls

- (1) The **initial contact** is the first contact with the Payer. ALL initial Payer contacts must be made by mail using approved form letters.
- (2) All responses that would potentially reduce the amount of backup withholding under consideration or otherwise materially affect the compliance adjustment must be provided in writing. If the Payer or representative wants to provide payee TINs, or make a statement, request that information in writing by mail, fax, or email. See Pub 1281, Backup Withholding on Missing and Incorrect Name/TINs, for more guidance.
- (3) Return a Payer’s telephone call within two business days, and if possible, within 24 hours.
- (4) When returning the Payer’s phone call and leaving a voice mail message, do not mention the tax matter. Simply state “This is Ms. [Surname] returning your phone call. Call the backup withholding toll-free line for more information (*state the number*).” This ensures unauthorized persons will not know it is the IRS calling.
- (5) All telephone discussions with a Payer or the Payer’s representative, including voicemail from and/or attempts to contact the Payer or representative, must be documented contemporaneously in the electronic case activity record.
- (6) Enter a history note in AMS to describe what was discussed with the Payer.

4.19.26.10.1.3 (10-24-2022) Written Correspondence

- (1) Taxpayer responses may occur at any time during compliance procedures, and the nature of responses and procedures will be similar no matter when the response occurs.
- (2) The recipient will scan and upload all correspondence received from a Payer (mail or EEFax) to the Payer (PR) folder for the Payer’s TIN on the shared drive. The recipient will place the paper correspondence in the Payer’s case file.
- (3) The recipient will input Activity Code REPLYMMDD (for Workstream 1) or 2REPLYMMDD (for Workstream 2), Case History Status Code A, to notify the assigned TE that Payer correspondence is available for review. The purge date MMDD is seven business days from the date the Payer’s response is received in the CBWH Unit.
- (4) If it can be determined that a Payer has submitted original documents, the recipient will make a copy for the paper case file and mail the originals back to

the taxpayer with Letter 96-C, Acknowledgement Letter for General Use/ Inquiry. The recipient will update the Activity Record to indicate the originals were mailed back to the Payer.

Note: The recipient will not input an Activity Code when mailing original documents back to the Payer, to avoid creating the appearance that the case has closed.

- (5) In general, you must respond to Payer correspondence within 30 days from receipt. See Exhibit 4.19.26-6, Timely Actions. Exceptions include:
 - a. A signed return is not considered correspondence. See IRM 21.3.3.2, What is the Definition of Correspondence? - Policy Statement P-21-3 Exclusion List. If the correspondence is a signed Form 945, without regard to whether the Form 945 was prepared by the TE or by the Payer, process and submit the signed return within 5 business days to Submissions Processing. See IRM 4.19.26.12.2.1, Delinquent Return Procedures.
 - b. Payer responses that are received within 5 days of or on the purge date to respond to Letter 6112, should be worked within 10 days and the results should be communicated to the Payer on the EOB and Form 945 enclosures to the Letter 6112-A mailed to the Payer. However, if the Payer provided missing return information for all of the payees, close the case No Change and issue Letter 96-C to the Payer; Letter 6112-A is not necessary.
 - c. Correspondence on cases within 183 days of statute expiration must be worked within 7 days of receipt.
- (6) Issue Letter 2645-C, Interim Letter, if unable to respond to correspondence within 30 days from the earliest stamped IRS received date. Select paragraphs A, B, E and/or K, X, and k. Populate paragraph X with an expected date the correspondence will be resolved. The promised resolution date may be any number of days and can vary depending on workload.
- (7) If a Form 2848 or Form 8821 is on file for the Payer, prepare and mail Letter 937 to the representative with a copy of any correspondence including enclosures sent to the Payer. Use the prepopulated Letter 937 available on the shared drive.
- (8) If the representative is not listed on (CC) CFINK, forward Correspondex letters by selecting **Y** under **CAF copy** in the IAT Letters tool and fill in the representative's information. For detailed instructions, see IRM 2.4.6.6.2, CAF Indicator.
- (9) Place a copy of all correspondence (including Letter 937) in the electronic case file on the shared drive.
- (10) Document all correspondence to or from a Payer or the Payer's representative in the activity record.

4.19.26.10.2
(10-24-2022)

**Requests for copies of
correspondence or
transcripts**

- (1) Correspondence: You may print and provide a copy of any correspondence previously sent to the taxpayer.
- (2) Transcripts: You must familiarize yourself with recent policy changes before issuing transcripts. See IRM 21.2.3, Systems and Research Programs - Transcripts. Among other requirements, the policy:

- a. Prohibits faxing transcripts from the Transcript Delivery System (TDS). Mailing is the only delivery option for IMF and BMF taxpayers requesting TDS transcripts.
- b. Encourage authorized representative to create an e-Services account and receive transcripts via a Secure Object Repository (SOR) mailbox.

Caution: When an ID Theft indicator is on the taxpayer's transcript, or if identity theft is suspected by the TE, additional authentication must be completed before disclosing information. Refer to IRM 21.1.3.2.4, Additional Taxpayer Authentication, for high-risk authentication procedures, and IRM 21.2.3.5.8, Transcripts and Identity Theft.

- (3) Returns: If the taxpayer requests an exact photocopy and all attachments as "originally submitted" to the IRS, including information returns, schedules, or amended returns, advise the taxpayer to submit Form 4506, Request for Copy of Tax Return, with the required payment to the address specified in the instructions to Form 4506. There is a fee for each return requested, and the Form 4506 will be rejected if full payment is not included. Taxpayer should make their checks or money orders payable to "United States Treasury" and enter the appropriate Taxpayer Identification Number and "Form 4506 request" in the note field on the check or money order.

Note: Note: CBWH personnel cannot process Form 4506. If received, Form 4506 should be forwarded with Form 3210 to the appropriate Campus address. See instructions to Form 4506.

- (4) CBWH personnel should only provide copies of CBWH documents and transcripts if requested and only if the information is related to the CBWH compliance procedures. Any other request for information should be referred to Accounts Management.

#

4.19.26.10.2.1 (10-24-2022) Guidelines for EEFax and Fax

- (1) Faxing and/or Enterprise Electronic Faxing ("EEFax") of tax information to taxpayers and/or their authorized representatives within the United States, U.S. possessions, commonwealths, and territories, is permitted consistent with existing internal rules.
- (2) As a general rule, copies of case documents or transcripts should be mailed and not faxed or EEFaxed to taxpayers, since faxing presents more security vulnerabilities than mailing of tax information. The facts and circumstances of each case and the requirements of IRC 6103 should be considered prior to making a disclosure via facsimile transmission.
- (3) If the Manager **in writing** approves faxing or EEFaxing copies of case documents to the taxpayer or the taxpayer's representative, follow the procedures for facsimile transmissions of tax information to taxpayers and their authorized representatives in IRM 21.1.3.9, Mailing and Faxing Tax Account Information.

Note: For fax guidelines related to Taxpayer submissions, see IRM 21.3.4.3.7, Use of Fax for Taxpayer Submissions.

4.19.26.10.3
(10-24-2022)
Undeliverable Mail

- (1) Undeliverable mail is any IRS outgoing correspondence that the United States Postal Service (USPS) cannot deliver to a specified, domestic address or to a valid forwarding address.

Note: Foreign postal services are not obligated to return mail if it cannot be delivered within their areas of delivery.

- (2) Reasons for non-deliverable mail include:

- Incomplete, illegible, or incorrect address
- Forwarding order expired
- Addressee is not at address (unknown, moved, or deceased)
- Attempted not known, unable to forward
- Not deliverable as addressed, return to sender
- Box closed, unable to forward

4.19.26.10.3.1
(10-24-2022)
Treatment of Undeliverable First-Class Mail

- (1) USPS provides mail forwarding orders for a period of 12 months, after which time the order will expire. For six months immediately following expiration, mail sent to the taxpayer at the old address will be returned to the sender with a yellow label showing the new address and the reason for non-delivery.

Note: Foreign postal services do not notify the IRS that a change in address has occurred.

- (2) USPS sends all undeliverable First Class Mail to the IRS return address on the envelope.
- (3) The address on the yellow label ("Yellow Label") is the taxpayer's current address of record in the USPS system and indicates that the taxpayer provided the USPS with a Change of Address (COA) that differs from the address used by the IRS.
- (4) The National Change of Address (NCOA) program links with the USPS change of address requests received from postal customers. The NCOA run updates Master File with the address provided by the postal customer/taxpayer. The DLNs from these changes will be shown on CC ENMOD:
- BMF XX963-995-77766-Y
 - IMF XX263-995-99999-Y

4.19.26.10.3.2
(10-24-2022)
Handling of Undeliverable Mail

- (1) It is important that all undeliverable mail is worked as a priority to ensure that correspondence is mailed to the taxpayer's current address. A taxpayer could challenge an assessment in the appeals process or in the courts if the IRS did not attempt to locate the taxpayer's last known address.

- (2) Upon receipt of undelivered correspondence, the recipient will scan the envelope without opening it, and place the electronic image in the case file on the BWH Shared Drive "Z" in the PAYER (PR) folder under the appropriate EIN folder.
- (3) The recipient will update the TXMOD activity code as follows for undelivered correspondence:

Return	Workstream 1	Workstream 2
Undeliverable Correspondence to the address	UN1-MMDD	2UN1-MMDD

- (4) The purge date is seven days from the date the undeliverable was received in CBWH.
- (5) The recipient will review CC INOLES, ENMOD, and NAMEE to see if there is a new address on file.
 - a. If there is a new address, re-mail the undeliverable to the new address.
 - b. Include the original envelope and correspondence sent the first time.
- (6) If the taxpayer's name printed in the letter and what is shown on the "Yellow Label" affixed by the USPS to the envelope are exactly the same, but the address is different, use the "Yellow Label" address.
- (7) Discuss the following unusual situations with the Lead:
 - a. The "Yellow Label" states that the addressee is deceased, and there is no POA for the taxpayer in CFINK.
 - b. The undeliverable letter was refused by the addressee.
 - c. The undeliverable letter was returned without a "Yellow Label" but there is other information written on the envelope.
 - d. Freeze codes on IDRS indicating recent bankruptcy or criminal investigation.
 - e. You are unable to find a current address.
 - f. If an Identity Theft (IDT) indicator is present, do not use the address on the **Yellow Label**. Refer the undeliverable to the Lead, who will discuss the undeliverable with the ID Theft Liaison.

Caution: If an Identity Theft (IDT) indicator is present, do not use the address on the "Yellow Label." Refer the undeliverable to the Lead, who will discuss the undeliverable with the ID Theft Liaison.

- (8) If you are unable to find a current address, the Lead or Manager will provide guidance.

If	Then
A new address is found	Re-mail the envelope and original correspondence with Form 8822-B, Change of Address or Responsible Party - Business, in a non-window envelope to the Payer at the new address.

If	Then
A new address is not found	Input the appropriate Activity Code on IDRS as directed by the Lead or Manager. TE will move to the next compliance step. .

- (9) Staple the two pages of Form 8822-B together with the instruction page on top and highlight the following paragraph on the instruction page. "The use of this form is voluntary. However, if you fail to provide the IRS with your current mailing address, you may not receive a notice of deficiency or a notice and demand for tax. Despite the failure to receive such notices, penalties and interest still continue to accrue on the tax deficiencies."
- (10) If there is more than 15 days remaining in suspense period for the returned correspondence, then leave the original purge date. If the purge date has expired, then suspend the case for an additional 15 days after re-mailing.
- (11) Update the activity record to indicate the actions taken to resolve undeliverable letters.

4.19.26.10.4
(10-24-2022)
**Processing Change of
Address Requests**

- (1) This section provides the pertinent information and actions required for processing change of address requests for the CBWH Program.

4.19.26.10.4.1
(10-24-2022)
**Taxpayer's Last Known
Address**

- (1) Taxpayers have a right to receive information concerning any federal taxes assessed against them. The IRS is required to exercise due diligence to find and use a taxpayer's last known address.
- (2) A taxpayer's "last known address" is defined in 26 CFR 301.6212-2(a) as the address on the taxpayer's most recently filed and properly processed return unless the IRS has been given clear and concise notification of a different address.
- (3) Generally, the last known address is the address on Master File. However, under 26 CFR 301.6212-2(b)(2), an address may be changed by information received from the United States Postal Service, National Change of Address (NCOA) database, unless the taxpayer provides clear and concise notification of a change of address (as set out in Rev. Proc. 2010-16) or the IRS properly processes a taxpayer's federal income tax return with a different address.

4.19.26.10.4.2
(10-24-2022)
**"Clear and Concise
Notification"**

- (1) "Clear and concise notification" is defined in Rev. Proc. 2010-16, and can be written, electronic, or oral. TEs are most likely to encounter written or oral notification of a change of address.
- (2) Clear and concise **written** notification includes:
 - a. A written statement signed by the taxpayer and mailed to an appropriate IRS address informing the IRS that the taxpayer wishes the address of record changed to a new address. It must contain the taxpayer's full name, old address, and TIN, and be specific as to a change of address.

Note: A new address reflected in the letterhead of taxpayer correspondence will not be itself serve to change a taxpayer's address of record.

- b. A written statement signed by the taxpayer and mailed to an appropriate IRS address informing the IRS that the taxpayer wishes the address of record changed to a new address. It must contain the taxpayer's full name, old address, and TIN, and be specific as to a change of address.

Note: A new address reflected in the letterhead of taxpayer correspondence will not be itself serve to change a taxpayer's address of record.

- c. Form 8822-B, Change of Address or Responsible Party – Business.

- (3) Clear and concise **oral** notification is a statement made by a taxpayer in person or directly via telephone to an IRS employee who has access to the IRS Master File informing the IRS employee of the address change. The taxpayer must provide the new and old address, full name, and TIN. The IRS employee must follow established procedures to verify the taxpayer's identity, and inform the taxpayer that the new address, and not the former address, will be used by the IRS for all purposes, not just the Form 945 compliance matter.

4.19.26.10.4.3
(10-24-2022)

Preventing Identity Theft

- (1) A Payer's mailing address will not be updated unless clear indication of a change from the Payer or the Payer's representative is received.
- (2) Any correspondence from a Payer requesting an address change must be signed by the Payer or their authorized representative before the TE will consider updating IRS records.
- (3) Before updating any field of the Entity module, research to determine if an Identity Theft Indicator (IDT) indicator is present.
- (4) IDT is identified by TC 971 AC 522 IDTCLM posted to TXMODA.
- (5) If IDT indicator is present, refer the address change and documentation to support the request to BMF IDT Campus Mailboxes at <http://serp.enterprise.irs.gov/content/irm-supplements/identity-theft-bmf.html>.
- (6) Ensure the email clearly states an IDT indicator is present, the taxpayer has requested an address change, and CBWH not authorized to input the address change.
- (7) Enter the action taken on the Activity Record for the CBWH case.

4.19.26.10.4.4
(10-24-2022)

General Procedures for Processing a Change of Address

- (1) If a taxpayer requests an address change while the case is open in CBWH, then the assigned TE will be responsible for updating the address.
- Note:** Note: Never change the address if the acronym FDIC (Federal Deposit Insurance Corporation) is in any of the name lines. Refer these requests to your Manager.
- (2) (CC) BNCHG is used to update a taxpayer's address of record. See Exhibit 4.19.26-12, IDRS Command Codes (Job Aid), for graphic of screen layout. Required fields are:
 - a. Taxpayer Identification Number: Input the Taxpayer's 9-digit EIN.
 - b. Document Code: Input 63, if the field does not autogenerate 63.

- c. Transaction Code (TC): The TC for an address change is 014, however it is not necessary to input the TC as it will autogenerate when the transaction posts. See IRM 21.7.13.6.5.1, Changing an Address.
- d. In-Care-Of Name: Identifies the name of an additional person responsible for the account. Enter a percent sign (%) in the first position. \$\$ deletes information in this field.

Note: Note: Never alter the "Care of Name" if the entity is a Partnership or LLC and the "Care of Name" field contains the name of a partner or member.

- e. Foreign Street: Enter the number and street name for a new United States street address. \$\$ deletes the foreign address.
- f. Mail Street Address or Foreign City / ZIP Code: Enter the number and street name or PO box for a new United States street address. Enter the foreign city and ZIP Code for a new foreign address.

Note: If the Taxpayer provides both a PO Box and a physical address, then input the physical address as the location (see below) and the PO Box as the mailing address.

- g. Mail City/State/ZIP Code or Foreign Country: Enter the city, state, and ZIP Code for a new United States street address. Separate all fields by commas. Enter the foreign country if a foreign address, followed by a comma and a period (,) in place of the state and ZIP Code information.
- h. Location Street Address: Enter the number and street name of the actual location of the business, if different than the mailing address and if provided by the Taxpayer.

Note: If the Taxpayer provides both a PO Box and a physical address, then input the physical address as the location and the PO Box as the mailing address (see above). Only a trust or estate is authorized to have a PO Box as a location address.

- i. Location City/State/ZIP Code: Enter the city, state, and ZIP Code of the actual location of the business, if applicable. Separate all fields by commas. Enter the foreign country if a foreign address, followed by a period (,) in place of the state and no ZIP Code.
- j. Remarks: Provide a brief explanation for the completion of this section see IRM 4.19.26.10.4.4.1, BNCHG Remarks Section.

- (3) After verifying the input is correct as entered on the screen, press [Page Up] to submit. Print the confirmation screen as an electronic PDF document and save in the Payer's electronic case file in the shared drive.
- (4) When an EIN has employment tax filing requirement codes (FRC) and an address change occurs, CP 148A generates to the taxpayer's new address and CP 148B generates to the taxpayer's previous address. Unless instructed to do so by your Manager, do not suppress notices by entering a "Z" in the PARA-SEL-CD> field.

4.19.26.10.4.4.1
(10-24-2022)
**BNCHG Remarks
Section**

- (1) Provide a brief explanation for the change.
- (2) If change of address received by clear and concise written notification enter requester's name, requester's title, and phone number.

Example: JOHN Q TAXPAYER, CEO, (555) 555-5555

- (3) If change of address requesters name or title is illegible, enter **SIGNATURE ILLEGIBLE**, requester's title, and phone number or requestor's name, **TITLE ILLEGIBLE**, and phone number of requestor.

Example: SIGNATURE ILLEGIBLE, CEO, (555) 555-5555

- (4) If change of address received from a filed return enter the MFT and Tax Period of the return, the name and title of the return signer, and the telephone number (if available).

Example: MFT 16 201712, JOHN Q TAXPAYER, CEO, (555) 555-5555

4.19.26.10.4.5
(10-24-2022)

Change of Address on Received Returns

- (1) The Payer's address will be updated from every return received per Rev. Proc. 2010-16.
- (2) Take care not to update the BMF address to a previous address. For delinquent returns, ensure the address has not changed in more recent years.
- (3) If a secured delinquent return has not yet received a DLN, then it is not necessary to update Master File with the address on the return as Submissions Processing will update the address from the return.

4.19.26.10.4.6
(10-24-2022)

Written Requests for Change of Address

- (1) 26 CFR 301.6109-1(d)(2)(ii) requires any entity with an EIN to report a change in its responsible party on lines 8 and 9 of Form 8822-B within 60 days of the change. Use of Form 8822-B is voluntary for purposes of reporting a change of address, but the EIN entity must include its current mailing address and telephone number on its filed returns, pursuant to 26 CFR 20.6011-1.
- (2) Entities using BMF SSNs -- filers of Form 706 and 709 series, which are estate, gift, and generation-skipping transfer tax returns - may use Form 8822, Change of Address, to request an address change, as will IMF taxpayers (individuals). Use of Form 8822 is voluntary by these taxpayers.
- (3) Every field of Form 8822-B must be completed before it is considered processable. However, a location address is not required of every taxpayer. Required fields are:
- Change of Address: Items 1-7 and Item 10
 - Change of Responsible Party: Item(s) 4 and 8-10
- (4) An individual TIN (SSN or ITIN) must be provided for the responsible party. Business entities cannot be considered the responsible party of a business entity other than a government entity.
- (5) Signatures on Form 8822-B, on Form 8822, and on other written request for address change, will be accepted prima facie. "Prima facie" means at first appearance, at first view, or before investigation. If there is no contradicting evidence to dispute the authority of that person, the signature must be accepted. See IRM 3.13.2.2(10), BMF Entity – General. This policy applies to signatures accompanied by titles such as owner, president, and so on. This authority does not apply to third party requests. A Form 2848 is required for a third party not listed on CC CFINK. See IRM 3.13.2.2 for definitions of an authorized representative.

Note: An identity theft indicator on (CC) ENMOD is contradicting evidence to dispute the authority of the signer.

- (6) Written requests for change of address that are not on Form 8822-B may be accepted if they contain the same information as required on Form 8822-B. These include:
 - a. A letter signed by the taxpayer or an authorized representative that includes the taxpayer's full name and correct EIN; and
 - b. Correspondence sent by CBWH that is returned by the taxpayer with corrections marked on the taxpayer's address information (signature is not required).
- (7) The designated CBWH employee or TE will scan all written requests for change of address and place the electronic scans in the appropriate case file in the shared drive.
- (8) Written requests for change of address that have been processed have a defined retention period and will be stored in the Files Operation in an Alpha File. Each request must be name controlled and contain an audit trail in the lower left margin of the document. The designated CBWH employee will forward all processed forms to Files Operation on a Form 3210 indicating "Alpha File." If the written request was not processed (for example, because it was rejected back to the taxpayer or referred to the Identity Theft Liaison) it is not sent to Files.
- (9) A hard copy of the written request for change of address, including audit trail is placed in the paper case file.

4.19.26.10.4.7
(10-24-2022)

**Evaluation of Written
Requests for Change of
Address**

- (1) Written requests for change of address may be evaluated as follows:

If	Then
The request for change of address does not look reasonable (for example, a business address changed from an industrial park in one city to an apartment or private mailbox in another city),	Do not change the address. Discuss with Lead TE or Manager for appropriate next steps.
There is an identity theft indicator on ENMOD,	Do not change the address. Give the request to the Lead TE or Manager, who will forward it to the Identity Theft Liaison.
Any of the required information is missing from the taxpayer's request for a change of address.	Do not change the address. Return the request to the taxpayer's address on Master File with Letter 104-C, Address Change Acknowledgement, advising the taxpayer of the needed information.
The request for change of address appears to have been initiated by a third party, and CC CFINK does <i>not</i> show the third party is an authorized representative of the taxpayer for any MFT.	Do not change the address. Return the request to the taxpayer's address on Master File with Letter 104-C and Form 8822-B, advising the taxpayer of the needed information.

If	Then
The request for change of address was initiated by a third party that CC CFINK indicates <i>is</i> an authorized representative of the taxpayer.	Make the address change.
The new address has a minor typographical error or misspelling that can be interpreted, or contains additional information (suite number, apartment number, and so on).	Make the address change.
The Form 8822-B request includes a change of responsible party, but no SSN or ITIN is provided for the responsible party.	Do not change the address. Return the request to the taxpayer's address on Master File with Letter 104-C and Form 8822-B, advising the taxpayer of the needed information.
The Form 8822-B includes a name change,	<p>Discuss the name change with the Lead. If they agree to the BMF name change, then see BMF Entity Change job aid for input.</p> <p>Note: The only BMF first line name changes CBWH has the authority to make are to correct spelling errors, incomplete names, and missing/incorrect suffixes. Changes to the basic identity of the business (for example, from "Smith, Inc." to "Jones, Inc.") are restricted to designated Entity team personnel. Refer these issues to the Ogden Entity Function.</p> <p>To correct a spelling error in the BMF name line, refer to BMF Entity Job Aid for <i>CC ENREQ (BMF)</i>.</p>

4.19.26.10.4.8
(10-24-2022)

Oral Requests for Change of Address

- (1) If a Payer makes an oral request for change of address, follow the guidance below:
 - a. They must be able to authenticate their identity. IRM 21.1.3.2.3, Required Taxpayer Authentication, IRM 21.1.3.2.4, Additional Authentication, or IRM 21.1.3.3, Third-Party Authentication, for procedures on authenticating the caller before inputting the address change.
 - b. Follow the procedures outlined in IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes, and IRM 21.1.3.20.2, Oral Statement Documentation Requirements, for mandatory items to be entered on the Remarks portion of the IDRS CC INCHG screen.
- (2) If an address change is necessary and the taxpayer requests an address change using oral statement, the IAT Address Tool is highly recommended for both research and inputting a change of address request.
- (3) If the taxpayer cannot pass the authentication, the address change cannot be updated via oral statement. Request they complete Form 8822-B, Change of Address or Responsible Party – Business, and mail to the address on the form based on their state. Advise the taxpayer they can get this form at "www.irs.gov."

4.19.26.10.5
(10-24-2022)
**Request for Delay
(Extension of Time to
Respond)**

- (1) If the Payer asks for more time to respond, then allow 30 more days. If the Payer asks for only 15 days, then still give the Payer 30 more days. This is a one-time extension.
- (2) A 30-day extension of time to respond extends the current due date by 30 days.

Example: Letter 6112 is sent with an April 30 due date. On May 5, the taxpayer requests a one-time 30-day extension of time to respond to Letter 6112. The extended due date for Letter 6112 will be May 30 (thirty days from the original April 30 due date). If the Payer has not already been granted an extension, then mail the Letter 686-B, Response to Taxpayer Request for Extension of Time to Reply, when the request has been approved with a statement that "We've extended your time to respond as shown above."

- (3) If the request for an extension is made over the phone and granted orally, the Letter 686-B must still be mailed to the Payer. Mail the letter no later than 3 business days from the date of the oral request or 3 business days from the date the written request is received in the BWH group.
- (4) If the Payer has already been granted an extension and is asking for an additional extension, explain why the extension cannot be granted and then mail the Letter 686-B to the Payer with the proper denial paragraph.
- (5) Input activity code EXTENDMMDD (for Workstream 1) or 2EXTENMMDD (for Workstream 2), with Case History Status Code A, to monitor the case for 30

#

4.19.26.10.6
(10-24-2022)
Payer Responses

- (1) A compliance check is a review of information forms or documents that the IRS requires business owners to file or maintain. A compliance check for purposes of backup withholding is an inquiry sent to a business owner, asking if the business owner filed Form 945 where information returns filed by the business owner indicate a Form 945 is required. If the business owner is required to file Form 945, but does not voluntarily do so, the IRS may prepare substitute returns under IRC 6020(b).
- (2) A compliance check is neither an inspection, under IRC 7605(b), nor an audit under Section 530 of the Revenue Act of 1978. The IRS will not ask to examine any books and records during a compliance check.
- (3) For Workstream 1, the List Of Payees (LOP) provided with Letter 6112 reflects information returns with missing TINS. Where the payee TIN is not on file at the time a reportable payment is made, the Payer must backup withhold. The LOP subject to backup withholding can change if the Payer provides the missing return information showing that backup withholding tax is not owed for the payee(s) in question.
- (4) If a payee was not subject to backup withholding, then the TE will modify the LOP to reflect the total revised payments subject to backup withholding and the backup withholding that is owed.
- (5) If the Payer provides a sufficient written response and missing return information for all the payees in question, then close case as a No Change and mail

Letter 96-C, Acknowledgement Letter for General Use/Inquiry. Choose paragraph K: "We reviewed the information you provided and determined no action is necessary on your account."

4.19.26.10.6.1 (10-24-2022)

Requirement for Written Responses

- (1) Oral Statements by a Payer that it was for any reason not required to backup withhold or is not liable for backup withholding, are not sufficient return information.
- (2) If a Payer wants to make a statement, advise the Payer to provide that statement in writing.
- (3) Sufficient return information is a signed Form 945 reporting the applicable tax as shown in the LOP. If the Payer wants to show there is no liability for the tax, the Payer must provide additional sufficient return information.
- (4) For Missing Payee TINs, additional sufficient return information consists of a written statement, signed by the Payer, that the Payee TINs were on hand at the time the Reportable Payment was made, accompanied by the missing Payee TINs.
 - a. Missing Payee TINS may be provided as a written list of Payee names and associated TIN(s), or copies of information returns as originally filed showing the Payee TINs, or similar listings, forms, or schedules. However, TEs will not specify the method by which the Payer provides the missing Payee TINs.
 - b. The Payer is not required to provide any books, records, or other substantiation, but *may* provide other documents for consideration.
- (5) For FITW, additional sufficient return information consists of a credible written statement, signed by the Payer, explaining why FITW is not due, accompanied by copies of amended information returns correcting FITW reported by the Payer, that the Payer filed before the end of calendar year in which the reportable payments were made, along with a statement that FIT actually withheld from payees was refunded before the end of the calendar year. See IRM 4.19.26.10.7.5, The Payer withheld federal income tax in error or incorrectly reported federal income tax as withheld on the information return.

4.19.26.10.6.2 (10-24-2022)

Incomplete Payer Response

- (1) If the Payer provides an incomplete response (for example, the Payer provides a written statement but does not provide the missing return information such as Payee TINs), the TE will issue Letter 3064-C to explain why the response cannot be accepted to reduce backup withholding liability and describe the missing information.
- (2) Generally, the case will **not** be suspended to provide additional time for the Payer to provide a more complete response, unless the Payer requests a one-time 30-day extension of time to respond.
 - a. If the Payer provides an incomplete response after receiving Letter 6112, TE will issue Letter 3064-C with Letter 6112-A. The tax liability shown on the LOP will not be reduced.
 - b. If the Payer provides an incomplete response after receiving Letter 6112-A, Examiner will issue Letter 3064-C and proceed with assessment. The tax liability shown on the LOP and EOB will not be reduced.

- c. If Letter 3064-C is issued, TE will input Activity Code 3064C (for Workstream 1) or 23064C (for Workstream 2), Case History Status Code A.

- (3) Payers may *not* truncate TINs that they provide to CBWH Program. If a Payer tries to provide missing return information, but provides a truncated TIN, it should be rejected as insufficient.

4.19.26.10.6.3
(10-24-2022)

**Processing Additional
Return Information**

- (1) If the Payer submits additional return information on or by the Letter 6112 or Letter 6112-A purge dates, then the TE will consider it and make any adjustments necessary. It is not necessary to wait until the expiration of the purge date to communicate the results of the TE's determination.
- (2) If a response is received and additional return information is still needed, the TE may telephone the taxpayer to explain the missing return information.
- (3) The TE will process additional return information provided by the Payer as follows:

If	Then
All payees have sufficient return information, or remaining tax (if any) is at or below Tolerance level,	<ul style="list-style-type: none"> Do not revise the LOP, Form 945, or EOB. Issue Letter 96-C explaining that no change will be made to the Payer's account. Do not enclose with Letter 96-C a revised Form 945 package, as it will not be needed. Close the case as a No Change. For more information regarding closing case as a No Change see IRM 4.19.26.13.3, Close Case – Any Non-Appealed Case (Excluding Screen-Outs).

If	Then
No payees have sufficient return information,	<ul style="list-style-type: none"> Do not revise the EOB. Issue Letter 3064-C to explain that none of the payees have sufficient return information and describe the missing return information. See IRM 4.19.26.9.10, Revise Form 945 and the EOB Due to Payer Responses. Input Activity Code 3064C (for Workstream 1) or 23064C (for Workstream 2), Case History Status Code A. Move to the next step in the compliance process (either waiting for the Letter 6112-A purge date, and/or assessment).
Some payees have sufficient return information, and the remaining tax (if any) is above Tolerance level,	<ul style="list-style-type: none"> Revise the tax liability shown on the EOB and Form 945. Revise the LOP, column "Payments Removed from LOP Because Missing Payee Information Provided," to reflect the Payer's response. Issue Letter 3064-C to explain that some of the payees have sufficient return information, and describe the missing return information. See IRM 4.19.26.9.10, Revise Form 945 and the EOB Due to Payer Responses. Input Activity Code 3064C (for Workstream 1) or 23064C (for Workstream 2), Case History Status Code A. Move to the next step in the compliance process (either waiting for the Letter 6112-A purge date, and/or assessment).

- (4) Do not re-send the first or second notice or extend the response dates for the notices. Provide revisions as described above and move continually toward the

next step in the compliance process. However, the Payer's request for a one-time 30-day extension of time to respond will be accommodated at any time during the compliance case, unless there is a statute issue that requires Quick Assessment (see IRM 4.19.26.12.3, Quick Assessment).

4.19.26.10.6.4
(10-24-2022)
**Timeliness - Policy
Statement P-21-3**

- (1) TEs will conform to Policy Statement P-21-3 requirements to respond to the Payer. See IRM 1.2.1.13.3, Policy Statement 21-3 (Formerly P-6-12), Timeliness and Quality of Taxpayer Correspondence.
- (2) The general guidelines of Policy Statement P-21-3 / Action 61 are:
 - 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 earliest stamped IRS received date.
 - c. When a quality response cannot be issued timely, an interim response is initiated by the 30th calendar day from the earliest stamped IRS received date. Issue a Letter 2645-C, Interim Letter.
 - d. The promised resolution date may be any number of days and can vary depending upon the program being worked. The promised resolution date does not have to be in increments of 30 days.
- (3) CBWH TEs issue interim Letter 2645-C by the 30th day from the earliest stamped IRS received date on all open replies, Reworks if 30 days have passed since the Payer's correspondence was received.
- (4) CBWH TEs also issue a follow up Letter 2644-C, Second Interim Response, on all open replies and Reworks if the promised response date in Letter 2645-C will not be met.
- (5) CBWH TEs will issue Letter 288-C, Interim Reply: Adjustment Request Considered, if the Payer's response has been accepted and account will be adjusted within five days. The letter notifies the Taxpayer that there will be a delay between adjusting the account and receiving a notice of the adjustment and instructs the Taxpayer to ignore any notices the Taxpayer might receive that don't include the adjustment.

4.19.26.10.6.5
(10-24-2022)
**Payer Responses
Received in Customer
Account Services**

- (1) If a Payer calls Customer Account Services (CAS) and the account has an open control in any status beginning with 02803, the employee will direct the taxpayer to call the BWH toll-free line 833-534-3075. If the Payer does not want to call CBWH, the employee will prepare a Form 4442, Inquiry Referral, and EEFax 855-386-1138.
- (2) If CAS identifies taxpayer correspondence relating to the proposed and/or assessed backup withholding or federal income tax withholding, the employee will EEFax the correspondence to CBWH at 855-386-1138.
- (3) See IRM 21.7.2.4.10, Form 945, Annual Return of Withheld Federal Income Tax.

4.19.26.10.7
(10-24-2022)

Common Payer Responses

- (1) The following is a list of common Payer responses that a TE may encounter during compliance procedures.

4.19.26.10.7.1
(10-24-2022)

Payer is Not An Employer

- (1) If the Payer provides a written or oral response that indicates that the Payer does not understand the law or the adjustment, contact the Payer by telephone to explain the compliance issue and how to resolve it. Refer the Payer's issue to the Lead or Manager if necessary.
- (2) You may provide the following information sources to the Payer:
 - Pub 15, (Circular E), Employer's Tax Guide
 - Instructions for Form 945
 - IRM 4.19.26, Liability Determination, Campus Backup Withholding Return Compliance Program Procedures
 - Other publications or guidance, as approved by Manager

4.19.26.10.7.2
(10-24-2022)

Payer had the Missing TIN at the Time of the Reportable Payment

- (1) The Payer will not be subject to backup withholding if the Payer provides a written statement that it was in possession of the Payee(s) TIN(s) at the time the reportable payments were made. This statement is only sufficient where the Payer also provides the Payee(s) TIN(s).
- (2) A Payer may state that a missing TIN was omitted from an information return in error for various reasons such as: a glitch in their accounting software, change in accounting software, or change in a member of their accounting department. These statements alone do not indicate that the TIN(s) were on file at the time the reportable payment was made.
- (3) The Payer may provide the Payee(s) TIN(s) in any format (for example, as a list of Payee names and TINs, copies of information returns as originally filed by the Payer, amended information returns, or copies of Form W-9, Request for Taxpayer Identification Number and Certification).
- (4) The Payer is not required, and the TE must not ask the Payer, to provide the missing return information in a particular form such as Form W-9.
 - a. The Treasury Regulations require provision of Form W-9 only in response to the IRS notifying the Payer of a "mismatched" TIN on notice CP2100.
 - b. A Payer is not liable for backup withholding when the failure is due to reasonable reliance on a Form W-9 or another acceptable substitute. See 26 CFR 31.3406(h)-3(e).
 - c. If the Payer voluntarily provides a Payee's Form W-9 to the CBWH program, review the form. Dates reflected on the form may show when the Payer was in possession of the TIN. If the Form W-9 is dated on or before the payment is made, then the Payer is not subject to backup withholding for that Payee, even if the payee TIN is incorrect. Revise the LOP, column "Payments Removed from LOP Because Missing Payee Information Provided," to reflect the Payer's response.
 - d. The Form W-9 may also show whether the Payee was exempt from information return reporting at the time the reportable payment was made.
 - e. If the information return has a "second notice" indicator box checked, the Payer has received two CP2100 Notices in the past three years for the Payee, and the Payee is subject to mandatory backup withholding on all

payments made to the Payee. The TE will issue Letter 3064-C to explain that Form W-9 is insufficient for this reason. Input Activity Code 3064C (for Workstream 1) or 23064C (for Workstream 2), Case History Status Code A.

- (5) TE must not research Payee transcripts or base a determination of whether the Form W-9 will be accepted on the Payee's transcript. See discussion of unauthorized access and unauthorized disclosure in IRM 4.19.26.10.7.13, Payer Submits Form 4669 for Relief of Liability Under IRC 3402(d).

4.19.26.10.7.2.1
(10-24-2022)

Incomplete Form W-9

- (1) A Payer may voluntarily provide Form(s) W-9
- (2) Forms W-9 provided voluntarily should be reviewed for completeness.
- (3) If a Form W-9 is determined to be incomplete the TE will issue Letter 3064-C to explain that Form W-9 is insufficient.
- (4) A Form W-9 dated after the date of the information return is considered incomplete. The Letter 3064-C will have the following paragraph inserted - "The Form(s) W-9 you submitted was/were dated after the date of the information return(s). Therefore, the Form(s) W-9 does/do not show that the Payee(s) TIN(s) was/were on file at the time of payment."
- (5) A Form W-9 not signed by a Payee is considered incomplete. The Letter 3064-C will have the following paragraph inserted - "The Form(s) W-9 you submitted was/were not signed by the Payee(s). Therefore, the Form(s) W-9 does/do not show that the Payee(s) TIN(s) was/were on file at the time of payment. "
- (6) A Form W-9 omitting the Payee's TIN is considered incomplete. The Letter 3064-C will have the following paragraph inserted - "The Form(s) W-9 you submitted did not include Payee(s) Taxpayer Identification Number(s). Therefore, the Form(s) W-9 does/do not show that the Payee(s) TIN(s) was/were on file at the time of payment."

4.19.26.10.7.3
(10-24-2022)

Payees or Payments Were Exempt

- (1) If the Payer responds that it was not required to backup withhold because the payee was exempt or because the payment was exempt, then TE should review the Payer's statement to see if it is reasonable.
- (2) Refer to the instructions on Form W-9, for a description of payees who may be exempt from BWH and for which information reporting may not be required. In some cases, the payer may only treat the payee as exempt if it certifies to the exemption on Form W-9.
- (3) If warranted, the TE can perform internet research to confirm the payee likely is an exempt payee.

Example: A governmental entity may have a top level domain as ".gov" or similar governmental internet address, or a governmental department may be located in a municipal building.

- (4) If the Payer cites the Code or Regulations as support for claimed exemption from information return reporting and/or backup withholding, discuss the Payer's citations with the Lead or Manager.

- (5) If the Payer actually withheld income tax from payments to the Payee and reported the income tax withholding on an information return, the fact that the Payee or payments is or are exempt is irrelevant. The Payer must report such voluntary withholding on Line 1 of Form 945 and must deposit the tax.
- 4.19.26.10.7.4
(10-24-2022)
Failure to enter the payee's TIN on the information return was a "clerical error"
- (1) A Payer may state that a missing TIN was omitted in error from an information return for various reasons including:
- A processing or programming error in accounting software
 - A change in accounting software
 - A change in their accounting staff or outside representation
- (2) Pertaining to a Payee's TIN, an "error" as defined in the Treasury Regulations can only exist where a TIN was *actually entered* incorrectly on an information return. See the examples discussed in 26 CFR 31.3406(d)–5(c)(3)(iii), in which a TIN was actually obtained but was entered incorrectly on an information return. An "error", regardless of its type, does not pertain to missing TINs, and cannot excuse the Payer from obtaining a TIN before or at the time the reportable payment was made.
- (3) While software, staff, or representatives may make errors and omit TINs from information returns, the assertion that the TIN was omitted in error does not automatically relieve the Payer from backup withholding. Instead, the Payer must affirm in writing and by providing the missing return information that the Payer was in possession of the Payee(s) TIN(s) at the time the reportable payment was made.
- 4.19.26.10.7.5
(10-24-2022)
Payer withheld federal income tax in error or incorrectly reported federal income tax as withheld on the information return
- (1) 26 CFR 31.6413(a)–3(b) governs refunds of amounts erroneously withheld by a Payer or broker under IRC 3402 and IRC 3406. These regulations provide that if a Payer or broker withholds from a payee in error (including withholding more than the correct amount, as described in paragraph (a) of this section), the Payer or broker may refund the amount erroneously withheld to the payee if the refund is made prior to the end of the calendar year and prior to the time the payer or broker furnishes a Form 1099 to the payee with respect to the payment for which the erroneous withholding occurred.
- (2) The purpose of this regulation is to ensure that a payee is not incorrectly provided an information return that reports income tax withholding which can be used by the payee to offset their income tax liabilities.
- (3) Once a Form 1099 is issued to the payee and filed with the Service, the income tax reported as withheld from the payee is considered to have been withheld and is available for use by the payee for income tax liability purposes under IRC 31.
- (4) If the Payer does not reimburse the payee nor file a corrected Form 1099 with the IRS **before** the close of the calendar year in which the remuneration was paid, the Payer is obligated to file a Form 945 reporting the amount of income tax withholding reported on Form 1099 and is liable for the tax pursuant to IRC 3403.
- (5) Other documents, such as cancelled checks, general journals, or check ledgers, presented as evidence that an error was made in the preparation of the Form 1099; are insufficient. Absent a corrected information return the

backup withholding taxes and the federal income tax withholding on filed information returns should be reported on Form 945.

- (6) When the Payer asserts that it made an error on information returns, TE's should inquire whether and when the Payer filed corrected information returns. Document the Payer's answer.
- (7) Request a copy of the corrected information returns from the Payer and compare them to IDRS CC IRPTRI. Discuss any inconsistencies with the Lead or Manager.
- (8) PMFOLD will provide the date information returns were filed.
- (9) If the TE determines that the Payer is still liable for reported FITW (for example, because the Payer did not file corrected information returns and refund any withheld taxes prior to the calendar year end for which the Payer reported the tax withheld, IRC section 3402(d) relief may apply. The Payer will qualify for IRC section 3402(d) relief from liability for the taxes that have been reported as withheld if the Payer can demonstrate that:
 - a. Affected payees reported the reportable payments on their income tax returns; and
 - b. Affected payees actually paid the tax due with respect to the reported payments (rather than offsetting their tax liabilities against the withholding reported on the Forms 1099).
- (10) The Payer can have the tax abated by providing Form 4670 and Form 4669 signed under penalties of perjury by the payees. IRC 3402(d) does not provide relief of liability from penalties and interest; the Payer would still be liable for interest and penalties for failure to file and failure to pay the tax that should have been deposited and reported on the Form 945.

4.19.26.10.7.6

(10-24-2022)

Payer asserts the information on the Information Return is the result of a transmission error or IRS Submission Processing error

- (1) If the information returns were paper-filed, request that the Payer provide a copy of the Form 1096 and the information returns that appear on the LOP.
- (2) Compare the information returns to IRPTRI and PMFOLD. If there are any questionable items (for example, if the copy provided by the Payer appears to have been altered):
 1. Follow IRM 2.3.62, IDRS Terminal Responses, Command Code ESTAB modifier **S** (ESTABS), to obtain an image of the paper-filed returns.
 2. Under IRM 2.3.62.5, Command Code ESTAB — Type Of Request codes, use **D** to obtain the 1096. This should also provide the Form 1099s.
 3. Save a copy of the completed ESTAB in the case file.
 4. Input Activity Code ESTABMMDD (for Workstream 1) or 2ESTABMMDD (for Workstream 2), where MMDD is 90 days from the date of request, Case History Status Code A.
 5. Update your activity record to reflect these actions.
- (3) Prior to making any reduction to the LOP due to transmission or processing errors, discuss with your Lead or Manager whether to make a referral to the Campus Fraud Coordinator. See IRM 4.19.26.5.4, Consider Referral for Fraud or Identity Theft.
- (4) If the information returns were filed electronically, refer the case to Employ-

ment Tax Policy via your Manager. See IRM 4.19.26.5.3, Consider Referral to Employment Tax Policy.

4.19.26.10.7.7
(10-24-2022)

**Payer files corrected
information returns with
CCBWH**

- (1) Filing corrected information returns with CCBWH will not automatically relieve the Payer of liability for backup withholding or non-payroll federal income tax withholding under IRC 3403.
 - a. For backup withholding, the Payer must provide the missing return information (for example, the payee TINs and a written statement that the Payer possessed the payee TINs at the time the reportable payments were made). Corrected information returns may include the payee TINs, but that will be insufficient to relieve liability by itself.
 - b. For federal income tax withholding, the Payer will not be relieved of liability except as discussed above, under Payer withheld federal income tax in error or incorrectly reported federal income tax as withheld on the information return.
- (2) Corrected information returns filed with CCBWH must be sent to Submission Processing. If the Payer provides corrected information returns, the TE will:
 - a. Verify the Payer and Payee information and that the income matches the original information return.
 - b. Obtain from the Payer or prepare Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Write **Corrected Returns - Secured by Examination** in red ink in the space at the bottom of the Form 1096.
 - c. Do not enter **E** (Exam) in the first box under **Official use only**, because CCBWH does not consider or assert information return penalties under IRC 6721 and IRC 6722.
 - d. Do not make any markings in the top margin of Form 1096, which would interfere with the processing of these documents.
 - e. Prepare a separate transmittal Form 1096 for each type of information return.
 - f. Scan the Form(s) 1096 and corrected information returns and place an electronic copy in the Payer folder on the shared drive.
 - g. Send original Form 1096 and the appropriate information return(s) to the appropriate address as indicated in IRM 20.1.7.5.1, Field Examination Delinquent Information Return Procedures, via Form 3210.
- (3) Corrected information returns filed after the Payer received Letter 6112 may be fraudulent. Discuss with Lead or Manager whether to make a referral to the Campus Fraud Coordinator. See IRM 4.19.26.5.4, Consider Referral for Fraud or Identity Theft.

4.19.26.10.7.8
(10-24-2022)

**Voluntary FITW is
Sufficient to Offset the
Liability for Backup
Withholding**

- (1) Information returns do not report federal income tax withholding and backup withholding separately. When reported on Form 945 Federal income tax withholding is reported on line 1 and backup withholding is reported on line 2. Total taxes, Line 3, equals the totals of lines 1 and 2.
- (2) A Payer may assert that what the TE has characterized as backup withholding is actually income tax withholding, or vice versa. TEs will not revise the LOP based on this assertion.

- (3) For Payees without TINs, backup withholding at the appropriate rate is required. If backup withholding was required because the Payer did not possess a Payee's TIN at the time a reportable payment was made, and if the Payer failed to withhold or withheld less than the required amount of backup withholding computed using the appropriate backup withholding rate, the Payer will be liable for the backup withholding that was not withheld.
- (4) FIT that was actually withheld will be considered backup withholding to the extent it does not exceed the backup withholding rate. Any amount above the backup withholding rate will be treated as voluntary FITW.
- (5) Workstream 1 focuses primarily on failure to file Form 945 for backup withholding on Payees with no TINs. For Workstream 1, most if not all tax will be reported on Form 945 Line 2, *Backup withholding*. However, there may be voluntary FITW agreements in this Workstream, where withheld taxes in excess of backup withholding will be reported on Form 945 Line 1.
- (6) Workstream 2 focuses primarily on failure to file Form 945 for voluntary Federal income tax withholding reported on information returns. For Workstream 2, most if not all tax will be reported on Form 945 Line 1, *Federal income tax withheld from pensions, annuities, IRAs, gambling winnings, etc.* However, there may be backup withholding in this Workstream reported on Form 945 Line 2.
- (7) Do *not* research the Payee's account to see if they reported income tax withholding or paid the tax. See discussion of unauthorized access and unauthorized disclosure in IRM 4.19.26.10.7.13, Payer Submits Form 4669 for Relief of Liability Under IRC 3402(d).

4.19.26.10.7.9
(10-24-2022)

**Payer Filed Form 945
Under a Different EIN**

- (1) If the Payer states that the Form 945 was filed under a different EIN, and provides a signed copy of the Form 945, or the EIN under which the Form 945 was filed, then research IDRS for the different EIN using (CC) BMFOLI and (CC) BMFOLT.
- (2) Under (CC) BMFOLT - look for a return filed (TC 150) under MFT 16 for that tax year. Compare the tax due on the TC 150 to the tax computed on the list of payees or the amount of reportable payments multiplied by the applicable backup withholding rate.
- (3) Obtain a copy of the Form 945 from MeF and place it in the paper case file and electronic case file on the shared drive.

If	Then
Form 945 is found and shows at least the correct amount of BWH tax on line 2, or the tax due is under Tolerance level,	Close case as a no change with TC 290 for .00. Mail Letter 96-C, Acknowledgement Letter for General Use/Inquiry, and choose paragraph K: "We reviewed the information you provided and determined no action is necessary on your account." Select the appropriate no change reason code when completing the DCI.

If	Then
Form 945 shows less than the correct amount of BWH tax on line 2, but the tax is at or below the under-tolerance level	Close case as a no change with TC 290 for .00. Mail Letter 96-C, Acknowledgement Letter for General Use/Inquiry, and choose paragraph K - "We reviewed the information you provided and determined no action is necessary on your account." Select the appropriate no change reason code when completing the DCI.
Form 945 is found and shows less than the correct amount of BWH tax on line 2, and the tax is above Tolerance.	Prepare Letter 6112-A and EOB showing the total liability or assess the total liability. The Payer must file Form 945-X under the other EIN to claim the incorrectly reported amount. Attempt a phone call and send Letter 3064-C to explain determination. Input Activity Code 3064C (for Workstream 1) or Activity Code 23064C (for Workstream 2), Case History Status Code A.
Research in MeF and BMFOLT shows , no Form 945 return was filed	Discuss with Lead and Manager

4.19.26.10.7.10
(10-24-2022)
Payer declines to cooperate with the compliance check

- (1) A Payer may refuse to participate in a compliance check without penalty. The IRS has the option of opening a formal investigation, whether or not the Payer agrees to participate in a compliance check.
- (2) If the Payer declines to participate in the compliance check, or to provide missing return information, continue with the compliance process as though there was no response from the Payer.

4.19.26.10.7.11
(10-24-2022)
Payer Submits Form 945 Prepared by Payer

- (1) If the Payer submits a Form 945 that the Payer prepared, the recipient will stamp it with an "IRS Received Date" stamp, and scan and upload it to the appropriate Payer's TIN folder Payer (PR) Folder on the shared drive.
- (2) The recipient will place the original paper return in the paper case file or route it to the TE to do so. This return will be sent by the designated CBWH employee with Form 3210 to Submission Processing after the TE reviews it.
- (3) If the Form 945 is signed, the recipient will input Activity Code RTNRCMMDD (for Workstream 1) or 2RTNRCMMDD (for Workstream 2), with Case History Status Code A, to notify the assigned TE that a signed Form 945 has been received. The purge period for reviewing and, if applicable, processing the Form 945 with Submission Processing is 5 days from the date the Form 945 was received in the CBWH Unit.
- (4) TEs will review the Form 945 and follow these review procedures:

If	And	Then
The backup withholding tax on line 2 of the signed Form 945 is at least the total amount of calculated BWH shown on the DCI and the LOP,	All other necessary items are not on the return, including the Payer's signature ,	Follow IRM 4.19.26.10.7.11.1, Incomplete Form 945 Procedures
The backup withholding tax on line 2 of the signed Form 945 is at least the total amount of calculated BWH shown on the DCI and the LOP,	All other necessary items are on the return,	Follow IRM 4.19.26.12.2.1, Delinquent Return Procedures. Close case normally.
The backup withholding tax on line 2 of the signed Form 945 is \$0.00, or is less than the total amount of calculated BWH shown on the DCI and the LOP,	All other necessary items are on the return, and the difference between the tax on Form 945 and the tax on the LOP is below Tolerance,	Follow IRM 4.19.26.12.2.1, Delinquent Return Procedures. Close case normally.
The backup withholding tax on line 2 of the signed Form 945 is \$0.00, or is less than the total amount of calculated BWH shown on the DCI and the LOP,	All other necessary items are on the return, and the difference between the tax on Form 945 and LOP is above Tolerance,	Follow IRM 4.19.26.12.2.1, Delinquent Return Procedures. Make a REQ54 Adjustment to increase tax for the amount under reported on Form 945. See IRM 4.19.26.14, Step 10: Perform Rework.

4.19.26.10.7.11.1
(10-24-2022)

Incomplete Form 945 Procedures

- (1) If the tax return is not complete or information is missing, attempt to contact the Payer by phone to explain what is incomplete or missing.
- (2) If unable to reach the Payer by phone, then mail Letter 21-C, Employment Tax Return Incomplete for Processing: Form 941, 943, 944, 945, and CT-1, to the Payer using IAT.
- (3) Missing signature:
 - a. Select paragraphs Z, c, and f
 - b. Paragraph f is the declaration at the end of the letter that the payer will sign and return to the TE.

Note: It is not necessary to return Form 945 as incomplete if the signature is not a "pen and ink" original signature. A facsimile of a Form 945 with the signature is acceptable.

- (4) All other missing information:
 - a. Use paragraphs 7 and c.
 - b. Use open paragraph 7 to explain what is incomplete or missing. The following should be inserted in the open paragraph - "Thank you for your Form 945 tax return for the above tax year received on [DATE]. [STATE MISSING INFORMATION HERE]."
- (5) When sending Letter 21-C, it is not necessary to enclose a copy of the Form 945 submitted by the Payer.

- (6) Input Activity Code 21CMMDD (for Workstream 1) or 221CMMDD (for Workstream 2) and Case History Status Code A to monitor the case for 30 days response.

#

- (7) If Letter 6112-A was not previously been sent, then also send the Letter 6112-A.

4.19.26.10.7.11.1.1
(10-24-2022)
Payer Response to Letter 21-C

- (1) If the Payer provides a signed Form 945 or the missing information submit the Form 945 to Submission Processing. See IRM 4.19.26.12.2.1, Delinquent Return Procedures.
- (2) If the Payer does not provide a signed Form 945 or the missing information after 45 days from being sent the Letter 21-C, the TE performs the procedures outlined in IRM 4.19.26.12.2.2, Form 945 6020(b) SFR Procedures.

Caution: The Payer must have been issued Letter 6112-A before Substitute for Return (SFR) procedures can be performed.

- (3) For a case that is an assessment of \$1 million or more, the TE will refer the case to the Manager. The Manager will discuss with the Operations and Department Managers. Update the TXMODA Activity control to REF\$1M for Workstream 1 and 2REF\$1M for Workstream 2 when referring to the Manager.

4.19.26.10.7.12
(10-24-2022)
Payer submits Form 945 Prepared by TE

- (1) If the Payer submits a Form 945 tax return that the TE prepared, the recipient will stamp it with an "IRS Received Date" stamp, and scan and upload it to the appropriate Payer's TIN folder Payer (PR) Folder on the shared drive.
- (2) The designated CBWH employee will place the original paper return in the paper case file or route it to the TE to do so. This return will be sent by the designated CBWH employee with Form 3210 to Submission Processing after the TE reviews it.
- (3) If the Form 945 is signed, the designated CBWH employee will input Activity Code RTNRCMMDD (for Workstream 1) or 2RTNRCMMDD (for Workstream 2), with Case History Status Code A, to notify the assigned TE that a signed Form 945 has been received. The purge period for reviewing and, if applicable, processing the Form 945 with Submission Processing is 5 days from the date the Form 945 was received in the CBWH Unit.
- (4) TEs will review the Form 945 and follow the procedures below:

If	And	Then
The Payer did not sign Form 945,	The information on the Form 945 was either altered or unaltered,	Follow IRM 4.19.26.10.7.11.1, Incomplete Form 945 Procedures

If	And	Then
The Payer <i>signed</i> Form 945,	Did not alter any information on Form 945,	Follow IRM 4.19.26.12.2.1, Delinquent Return Procedures. Close case normally.
The Payer signed Form 945, and altered the information on Form 945,	The return does not compute correctly,	Follow IRM 4.19.26.10.7.11.1, Incomplete Form 945 Procedures
The Payer signed Form 945, and altered the information on Form 945, but the return computes correctly,	The tax on Form 945 was increased, or the difference between the tax on Form 945 and the tax on the LOP is below Tolerance,	Follow IRM 4.19.26.12.2.1, Delinquent Return Procedures. Close case normally.
The Payer signed Form 945, and altered the information on Form 945, but the return computes correctly,	The difference between the tax on Form 945 and the tax on the LOP is above Tolerance,	Follow IRM 4.19.26.12.2.1, Delinquent Return Procedures. Make a REQ54 Adjustment to increase tax for the amount under reported on Form 945. See IRM 4.19.26.14, Step 10: Perform Rework.

4.19.26.10.7.13
(10-24-2022)

Payer submits Form 4669 for Relief of Liability Under IRC 3402(d)

- (1) If the Payer deducts less than the correct amount of backup withholding, it is nevertheless liable for the correct amount of tax that it was required to withhold, unless and until the Payee pays the tax. Under IRC 3402(d), the Payer may avoid liability if the Payee has filed an income tax return and paid the tax due. Under IRC 3406(h)(10), backup withholding is treated as if deducted and withheld under IRC 3402.
- (2) IRC 3402(d) relief from liability for backup withholding tax does not extend to penalties and interest and is not available for employers who actually deducted and withheld federal income tax withholding or backup withholding from payments to Payees but failed to report and/or deposit the withheld taxes with the IRS. See IRM 4.23.8.4, IRC 3402(d) - Relief for Employer When Employees Have Paid Income Tax on Wages.
- (3) Payers are required to use Form 4670, Request for Relief from Payment of Income Tax Withholding, along with one or more Form 4669, Statement of Payments Received, to obtain this relief. "Relief from payment" means that the Payer has not paid the tax yet.
- (4) The Payer must secure signed Form 4669 from the Payees and payments that are the subject of the compliance check. The Payer must obtain a separate

Form 4669 from each Payee for each tax year. The Payer then prepares, and signs Form 4670 indicating the tax year and the number of Form 4669 secured and submits the forms together to the IRS to request section 3402(d) relief from payment.

- (5) The Forms 4669/4670 submission can be considered by CBWH unless Form 945-X is submitted with the request. If Form 945-X is included in the taxpayer's response, the request for IRC 3402(d) relief must be submitted with the Form 4669 and Form 4670 and forwarded to Ogden Submission Processing, as required by IRM 1.2.1.6.18, Policy Statement 5-133, Delinquent returns—enforcement of filing requirements, which specifies that all delinquent returns submitted by a taxpayer, whether upon their own initiative or at the request of a IRS representative, will be accepted. See IRM 4.19.26.14.4.3, Specific Guidelines for Abatements.
- (6) Where IRC 3402(d) relief applies, tax will be assessed in a “two-step” process:
 1. TE will assess the gross tax reflected on Payer-signed Form 945 or the Manager-signed 6020(b) Form 945 return
 2. TE will abate the tax (but not penalties or interest) based on the accepted Forms 4669/4670
- (7) IRC 3402(d) relief should not be offered where the Payer has failed to report on Form 945 and deposit tax that was actually withheld (Workstream 2 cases).
- (8) A 30-day extension of time to secure and return the forms will be granted if the Payer has not already received a 30-day extension. The Payer may return the forms with the response to Letter 6112-A, or subsequently.

4.19.26.10.7.13.1
(10-24-2022)
**Evaluation of Forms
4669/4670**

- (1) A completed and signed Form 4669 is considered “prima facie” evidence that the Payee has filed a return reporting the payment and paying the tax. TEs must be careful to avoid unauthorized access and unauthorized disclosure when evaluating Forms 4669. TEs are not permitted to perform transcript research to determine whether Payees reported the payments on a taxable return. This would be considered unauthorized access. Similarly, allowing or disallowing an abatement based upon Payee research could cause a possible disclosure violation because it could disclose to the Payer that the Payee did not report the income. This would be considered unauthorized disclosure.
- (2) TEs are authorized to accept and consider original Form 4669 submitted to the TE before the compliance case is closed. For faxed, emailed, or copied Forms 4669, follow appropriate interim guidance in determining whether they can be accepted.
- (3) TEs will consider a Form 4669 to be valid if it has every appropriate line item completed and is signed by the Payee under penalties of perjury. The Payer is permitted to prepare a portion of Form 4669 on behalf of the Payee. The Payer may enter amounts on Form 4669 on lines 1 through 6, including:
 - Line 1: Name and address of Payee
 - Line 2: Payee's Taxpayer Identification Number
 - Line 3: Calendar year
 - Line 4: Name and address of Payer
 - Line 5: Payer's Taxpayer Identification Number

- Line 6a: Amount of payments subject to Income Tax Withholding
 - Line 6b: Amount of payments subject to Backup Withholding
- (4) Payers may not truncate TINs that they provide to CBWH Program. If a Payer submits Form 4669 containing a truncated Payee TIN, it should be rejected as incomplete.
- (5) The Payee must complete Part 2, as this section contains information that is usually unknown to the Payer, including:
- Line 7: Name(s) and address as shown on the Payee's tax return
 - Line 8: Identification of where and when the payments were reported in the Payee's tax return (for example, Form number, schedule number, line number, and tax year)
 - Line 9: Blank (not applicable).
- (6) The Payee must complete Part 3, jurat statement, including:
- Payee name (printed)
 - Payee title (if applicable, printed)
 - Payee signature,
 - Date of signature
 - Best daytime telephone number.
- (7) The Payee may not alter the jurat statement in any way. An altered jurat statement is not valid and cannot be accepted.

Example: Adding word or crossing out words in the jurat statement.

- (8) A Form 4669 may be rejected by the TE on the basis of incomplete or inaccurate information on the face of the document. If any information is omitted, Forms 4669 must be returned to the Payer for correction. Examples of Forms 4669 that may be rejected include but are not limited to:

Example: Line 1: The Payee's identity is clearly not the same as the person reported on the information return.

Example: Line 2: The Payee's TIN is truncated, obviously incorrect, or missing.

Example: Line 3: The tax year is missing or more than one year is entered.

Example: Line 4: The Payer name and address are missing or incorrect.

Example: Line 5: The Payer's TIN is truncated, obviously incorrect, or missing.

Example: Line 6: The amounts included on lines 6a and 6b do not agree to the liability for the Payee's FITW and BWH as shown on the LOP.

Example: Line 7: The Payee's identity is clearly not the same as the person reported on the information return, or does not clearly relate to the Payee shown on Line 1.

Example: Line 8: The Payee does not identify the Form, Schedule, Line, and/or Year on or in which the payments were reported.

Example: Part 3: The Payee changes the jurat statement or fails to complete the required information (printed Payee name, printed Payee title, Payee signature, date of signature, and telephone number).

4.19.26.10.7.13.2
(10-24-2022)

Incomplete IRC 3402(d) Request

- (1) If the Payer provided incomplete Forms 4669 or 4670 or provided an unsigned and/or incorrect Form 945-X, contact the Payer twice to secure the missing information. Make two phone attempts at different times within a 24-hour period.
- (2) If unable to reach the Payer by phone after a 24-hour period, issue Letter 3064-C to request the missing information. Select paragraphs A, B, D, F, J, L, M, T, W, X, Y, and Z.

Note: This statement should be included in Letter 3064-C if applicable: "For Form(s) 4669, unless the only missing information was the signature, the Payer will need to secure a new Form(s) 4669 from the Payee(s)."

- (3) Save a copy of the incomplete IRC 3402(d) Request in the electronic case file on the shared drive, as correspondence.

4.19.26.10.7.13.3
(10-24-2022)

Processing a Complete IRC 3402(d) Request

- (1) A complete IRC 3402(d) Request consists of apparently valid and complete Forms 4669 and 4670. It may also include Form 945-X.
- (2) Upon receipt of complete IRC 3402(d) request, TE will confirm Form 945-X (if provided) shows the net amount of tax after IRC 3402(d) abatement. If the Form 945-X incorrectly reflects the net amount of tax, follow IRM 4.19.26.10.7.13.2, Incomplete IRC 3402(d) Request.
- (3) TEs will process a IRC 3402(d) request for abatement as follows:

If	And (Or but)	Then
Payer submits incomplete Forms 4669/4670,	Compliance case is open or closed,	Follow procedures outlined in IRM 4.19.26.10.7.13.2, Incomplete IRC 3402(d) Request. If case closed, open as a Rework. See IRM 4.19.26.14, Rework, for Rework procedures.
Payer submits questionable Forms 4669 and 4670,	Compliance case is open,	Discuss Forms 4669/4670 with Lead TE, who will direct you to process them normally, follow procedures outlined in IRM 4.19.26.10.7.13.2, Incomplete IRC 3402(d) Request, or referral to the Campus Fraud Coordinator (see IRM 4.19.26.5.4.1, Referral to Campus Fraud Coordinator).

If	And (Or but)	Then
Payer submits completed Forms 4669 and 4670, with signed Form 945-X reflecting the abated tax,	Compliance case is open , or compliance case is closed but not shipped to Files Function,	After tax assessment posts, attach Forms 4670/4669 to Form 945-X and process with Submissions Processing for abatement of tax. Form 945-X submission will be considered a Rework See IRM 4.19.26.14, Rework, for Rework procedures.
Payer submits valid and completed Forms 4669/4670, for partial or complete abatement ,	Compliance case is open, or compliance case is closed but not shipped to Files Function,	After tax assessment posts, input a REQ54 Adjustment to abate tax based on accepted Forms 4669. Penalties and interest are not abated. Tax abatement will be considered a Rework See IRM 4.19.26.14, Rework, for Rework procedures.
Payer submits valid and completed Forms 4669 and 4670, for complete abatement (<i>all payees in LOP</i>),	Compliance case is closed , and case has shipped to Files Function,	Verify tax assessment posted and no amounts have been previously abated. Input a REQ54 Adjustment to abate tax based on accepted Forms 4669. Penalties and interest are not abated. Tax abatement will be considered a Rework. See IRM 4.19.26.14, Rework, for Rework procedures.
Payer submits valid and completed Forms 4669 and 4670, for partial abatement (<i>some payees in LOP</i>),	Compliance case is closed , and case has shipped to Files Function,	Verify tax assessment posted and no amounts have been previously abated. Input a REQ54 Adjustment to abate tax based on accepted Forms 4669. Penalties and interest are not abated. Tax abatement will be considered a Rework. See IRM 4.19.26.14, Rework, for Rework procedures.

- (4) All original complete Forms 4669/4670 will be emailed to Employment Tax – Workload Selection and Delivery (ET-WSD) for compliance review. See IRM 4.19.26.10.7.13.3.3, Forward to Employment Tax - Workload Selection and Delivery for Compliance Review.

4.19.26.10.7.13.3.1
(10-24-2022)
**Two Step Assessment
Process**

- (1) In general, where abatement procedures under IRC 3402(d) apply a “two-step” assessment process must be followed. This process ensures that the penalty and interest are computed and assessed on the gross amount of tax, and that the IRC 3402(d) abatement only recomputes the tax, ensuring no reduction of penalties and interest computed on the gross tax.
- (2) If penalties and interest are assessed, the “two-step” assessment procedures must be followed. The “two-step” process generates an initial billing notice for the gross tax amounts shown on the Form 945 or 6020(b) assessment, plus

applicable interest and penalties. The Payer subsequently receives a second notice containing the abatements allowed during rework.

- (3) If penalties and interest are not assessed, the “two-step” process is not to be used. The TE will compute the tax due based on the net payment adjustment using the accepted amounts from the secured Forms 4669. However, if penalties and interest are assessed, then later abated (for example, because the Payer qualified for reasonable cause or first time abatement), the “two-step” process must be used.

4.19.26.10.7.13.3.2 (10-24-2022) **Prevent Duplicate Abatements**

- (1) To avoid duplicate processing Forms 4669 by the Campus, the TE will perform the following steps for any abatement processed through or in the CBWH Program (excluding Forms 4669/4670 sent to the Campus for consideration after the case is closed and shipped to the Files Function).
- (2) Clearly indicate on each form in bold print “**DO NOT PROCESS – ADJUSTMENT CONSIDERED BY TAX EXAMINER ON _____(MM/DD/YYYY).**” This statement will be included on the Forms 4669 retained in the case file, and on the Forms 4669 sent to Employment Tax – Workload Selection and Delivery (ET-WSD) for compliance review. See IRM 4.19.26.10.7.13.3.3, Forward to Employment Tax - Workload Selection and Delivery for Compliance Review.
- (3) Use the LOP for EOB, which is formatted to reflect Payer responses including consideration of Forms 4669, in this format:
 - a. Payments Removed from LOP Because Missing Payee Information Provided;
 - b. Revised Payments after Missing Information Provided;
 - c. Proposed Backup Withholding Eligible for IRC 3402(d) Consideration;
 - d. Forms 4669 Accepted; and
 - e. Proposed Backup Withholding After Consideration of Forms 4669.

Reminder: The EOB liability must agree to the total under Proposed Backup Withholding Eligible for IRC 3402(d) Consideration.

4.19.26.10.7.13.3.3 (10-24-2022) **Forward to Employment Tax - Workload Selection and Delivery for Compliance Review**

- (1) After considering IRC 3402(d) request the original Forms 4669 will be emailed to Employment Tax – Workload Selection and Delivery (ET-WSD) for compliance review.
- (2) Copies of the originals should be kept with the case file.
- (3) All completed Forms 4669 secured by TE will be scanned, if not already in an electronic format.
- (4) Scanned documents are to be reviewed to confirm they are complete and legible prior to emailing to ET-WSD.
- (5) Email the documents to **SBSE ET WSD Case Closing Packages* (sbse.et.wsd.case.closing.packages@irs.gov) with the subject “Forms 4669 – Tax Period(s) 20XX12”.

4.19.26.10.7.14
(10-24-2022)

**Payee out of business
or no longer doing
business with Payer**

- (1) It is common for a Payer to discontinue doing business with a Payee for consecutive years.
- (2) Where the Payer failed to secure the Payee's TIN, a continuing business relationship is not a factor in determining the Payer's liability for backup withholding.
- (3) A Payer is required to secure the Payee's TIN at the time of a reportable payment and backup withheld at that time if the Payee's TIN was not secured, under IRC 3406(a)(1). IRC 3406(h)(10) requires the Payer's liability for backup withholding to be treated as if it were required to be deducted and withheld under IRC 3402. Under IRC 3402(d), if the Payer was required to backup withhold on the reportable payment, but did not, the Payer nevertheless remains liable for the backup withholding.
- (4) In contrast, for a name/TIN mismatch, the Payer would be required to start backup withholding on payments to a Payee thirty days after receiving notice CP2100 from the IRS to begin backup withholding, or if there were either no responses to the B-Notice solicitations from the Payer, or if the Payer never sent the B-Notices to the Payee. If the Payer failed to start backup withholding under these circumstances, the Payer would remain liable for any backup withholding it failed to withhold from reportable payments. Going forward, if the Payer discontinues the business relationship and makes no further payments to that Payee, then there would be no remuneration on which to backup withhold.
- (5) Where the Payer withheld income tax from the Payee and reported the income tax withholding on an information return, the Payer should have deposited and reported the withholding on Form 945. It is irrelevant if the Payee is either out of business or the Payee no longer does business with that Payer.

4.19.26.10.7.15
(10-24-2022)

**Payer out of business
and/or is in bankruptcy**

- (1) Indicators that the Payer is out of business should be seen while conducting preliminary IDRS research. See IRM 4.19.26.7.2, Perform IDRS Research.
- (2) If a Payer responds that they are no longer in business, corroborate the Payer's statement by IDRS research or verify that the Payer has checked the "final return" box on Forms 1120, 1120-S, or 1065.

Example: If this is the corporation's final Form 1120, U.S. Corporation Income Tax Return, and it will no longer exist, the "Final return" box in Item E will be checked.

- (3) If the Payer is also an employer, the Payer's employment tax returns may also indicate a final return:
 - a. Form 941 final return the box on line 17 is checked and the final date wages are paid is entered. A statement is attached to the return showing the name of the person keeping the payroll records and the address where those records will be kept.
 - b. Form 943 final return the box above line 1 is checked.
 - c. Form 944 final return the box on line 14 is checked and the final date wages are paid is entered. A statement is attached to the return showing the name of the person keeping the payroll records and the address where those records will be kept.

- (4) Despite being out of business, the Payer will generally remain liable for backup withholding in any year they were in business, and they did not secure a Payee TIN at the time of making a reportable payment. The Payer will also remain liable for income tax actually withheld from payments made to Payees, whether that tax is backup withholding or federal income tax withheld under a voluntary withholding agreement.
- 4.19.26.10.7.16
(10-24-2022)
Payer's or Payee's records were destroyed or are missing

 - (1) If the Payer indicates their records were lost, destroyed or not accessible due to a disaster, close the case as No Change. See IRM 4.19.26.13.3, Close Case – Any Non-Appealed Case (Excluding Screen-Outs).
 - (2) Document the Activity Record with the explanation received from the Payer.
- 4.19.26.10.7.17
(10-24-2022)
Payer claims hardship and/or asks for a referral to Taxpayer Advocate Service

 - (1) If the Payer claims hardship and/or asks for a referral to the Taxpayer Advocate, perform the procedures under IRM 4.19.26.5.5, Consider Referral to the Taxpayer Advocate Service.
 - (2) If assigned, perform the procedures under Form 12412, Operations Assistance Request (OAR), from Taxpayer Advocate Service. Refer to IRM 4.19.26.14.4.5, Specific Guidelines for Form 12412, Operations Assistance Request (OAR) from Taxpayer Advocate Service (TAS).
- 4.19.26.10.7.18
(10-24-2022)
Payer's Appeal of Backup Withholding Tax Liability

 - (1) IRC 7803(a)(3), Execution of duties in accordance with taxpayer rights, provides the taxpayer the right to appeal an IRS decision in an independent forum. The actions required by CCBWH employees to forward a case to the Independent Office of Appeals are outline in IRM 4.19.26.13.4, Close Case - Appealed Case.
- 4.19.26.10.7.19
(10-24-2022)
Payer provides payment to CBWH

 - (1) TEs will not solicit payment of any kind, including tax, penalties, and/or interest.
 - (2) If the Payer provides a payment, cash, checks or other remittance, immediately give to the Manager for processing with the Teller Unit. Document the payment/remittance in the Activity Report.
- 4.19.26.10.7.20
(10-24-2022)
Payer provides an installment agreement to CBWH

 - (1) If at any time during the inquiry the Payer submits a request for an Installment Agreement (Form 433-D, Installment Agreement, Form 433-B, Collection Information Statement for Businesses, or written statement requesting a payment plan), EEFax the documentation to CSCO Memphis at 855-381-6514.
 - (2) If the Payer verbally requests an installment agreement, instruct the Payer to call the telephone number on the balance due notice or they may call 1-800-829-4933 to request an installment agreement.
- 4.19.26.10.7.21
(10-24-2022)
Payer provides a late response and expresses concern regarding collection notices

 - (1) After assessment, if a collection hold is not input, the IRS will send a series of notices or letters and take other actions to collect the debt.
 - (2) If the taxpayer's account is in the collection process and the taxpayer requests a correction of the backup withholding adjustment, you must determine the collection status of the account and input a Collection Hold or contact Collections to do so. See IRM 4.19.26.14.3, Inputting a Collection Hold (STAUPS).

#####

#####

#####

#####

- (1) At each notice purge date, if the Payer has not responded the TE will proceed to the next step in the compliance process. See Exhibit 4.19.26-6, Timely Actions, for a job aid of Timely Actions that must be taken in the CBWH program.

- (1) This section provides the pertinent information and actions required when considering penalties as part of the compliance process for the CBWH Program.

- (1) The law requires taxpayers to file returns to report taxes due. The specific rules for filing are outlined in Treasury Regulations and in the instructions for filing the required returns.
- (2) The law also requires taxpayers to pay any tax due at the time the tax is required to be paid.
- (3) Taxpayers who fail to file and/or pay as required are subject to additions to tax that are also referred to as penalties. The purpose of these penalties is to encourage voluntary compliance with the requirements for filing and paying by imposing an avoidable cost on non-compliant taxpayers.
- (4) Penalties will be considered for all examinations, particularly those in which the Payer failed to file Form 945 and/or failed to deposit or pay tax. Ascertaining and meeting a statutory deadline are fixed non-delegable responsibilities of a taxpayer. Refer to *United States v. Boyle*, 469 U.S. 241, 250-51, 105 S. Ct. 687, 83 L. Ed. 2d 622 (1985).
- (5) For general information on penalties, see IRM 20.1, Penalty Handbook.

4.19.26.11.1.1
(10-24-2022)
No Return Filed

- (1) A SFR IRC 6020(b) return must be prepared before penalties can be considered.
- (2) Penalties to be considered if no return is filed:
 - Failure to File Penalty (IRC 6651(a)(1)); and either the
 - Failure to Pay Penalty (IRC 6651(a)(2)), or the
 - Failure to Deposit Penalty (IRC 6656).

4.19.26.11.1.2
(10-24-2022)
**Secured Delinquent
Returns and IRC 6020(a)
Returns**

- (1) A secured delinquent return is a Form 945 prepared and filed by a taxpayer. An IRC 6020(a) return is a Form 945 prepared by an IRS employee and filed by a taxpayer (whether that filing is the Form 945 return signed by the CBWH Manager or filed in another manner).
- (2) Penalties to be considered on secured delinquent returns and IRC 6020(a) returns are:
 - a. Failure to File Penalty (IRC 6651(a)(1)); and either the
 - b. Failure to Pay Penalty (IRC 6651(a)(2)), or the
 - c. Failure to Deposit Penalty (IRC 6656).
- (3) TEs will consider the Fraudulent Failure to File penalty (IRC 6651(f)), instead of the Failure to File Penalty (IRC 6651(a)(1)), where there are significant indications of fraud.
 - a. The burden of proof is on the government to establish fraud. Refer to IRM 4.19.10.4, Fraud Referrals, for example of Fraud indicators and for general guidance on referring returns to the Campus Fraud Coordinator.
 - b. See IRM 4.19.26.5.4.1, Referral to Campus Fraud Coordinator, for referral procedures.

4.19.26.11.1.3
(10-24-2022)
**Withholding Not
Deposited**

- (1) If the Payer has withheld either federal income tax withholding or BWH tax but failed to deposit the taxes withheld (for example, Forms 1099 show federal income tax withheld in box 4) but there were no deposits made to the MFT 16 (Form 945 module), then the failure to deposit penalty (and not the failure to pay penalty) will apply to the taxes that were withheld but not deposited.

4.19.26.11.1.4
(10-24-2022)
Penalty Consideration

- (1) It is the employee's responsibility to have a fair and consistent approach to penalty administration. See IRM 20.1.1.2.2, Fair and Consistent Approach to Penalty Administration. Employee's responsibilities in penalty cases include, but are not limited to:
 - a. Consistency: Consistent treatment of similarly situated taxpayers.
 - b. Accuracy: Accurate determination and computation, with sufficient attention given to corrections if needed.
 - c. Impartiality: Impartial and fair enforcement of the tax laws.
 - d. Representation: Adequate consideration of the taxpayer's position.
- (2) Employees should use each penalty case as an opportunity to educate the taxpayer, help the taxpayer understand their legal obligations and rights, assist the taxpayer in understanding their appeal rights, and in all cases, observe the taxpayer's procedural rights.

- (3) The CBWH program encourages voluntary compliance by supporting the standards of behavior required by the IRC, specifically preparing an accurate return, filing it timely, and paying any tax due. Penalties are asserted on behavior that fails to meet any or all of these obligations.
- (4) In most cases, failure to file and failure to pay penalties will be considered for cases when the Payer fails to file Form 945 and fails to pay backup withholding (Workstream 1). Where the Payer actually withheld federal income tax, failure-to-file and failure-to-deposit will be considered (Workstream 2). However, there may be cases where both failure-to-pay and failure-to-deposit penalties are assessed if the Payer fails to pay backup withholding and also fails to deposit withheld tax.

4.19.26.11.1.5
(10-24-2022)

**Penalty Criteria –
Failure-To-File and
Failure-To-Pay**

- (1) Most of the cases in Workstream 1 and 2 will involve returns that have not been filed and taxes have not been paid. IRC 6651 provides for additions to tax for failure to file returns required to be filed to report tax, and for failure to pay tax required to be reported on those returns. See IRM 20.1.2.2(2), Failure To File/Failure To Pay Penalties – Overview.
- (2) If the Payer filed a return or paid tax, evaluate whether the return was timely filed and/or the tax was timely paid using the criteria under IRC 7502. See IRM 20.1.2.2.1, When Timely Mailing Equals Timely Filing or Paying (Received Date vs. Filing/Payment Date).
 - a. Taxpayers qualifying for disaster relief based on their zip code will receive TC 971 with Action Code 086, 087, or 688 posted on BMFOLE. Two dates will be identified – the beginning and ending date of the disaster period. If the normal due date for filing or paying falls within the disaster period, the Payer's return or payment will be considered on time if it is mailed by ending date of the disaster period. See IRM 20.1.2.2.2.2, Federal Disaster Area - IRC 7508A.
 - b. If the Payer requested an extension of time to file, see IRM 20.1.2.2.3.1, Extensions of Time to File. An extension of time to file appears in TXMODA or BMFOLT with a TC 460 carrying the extended due date.
 - c. If the Payer filed Form 1127, Application for Extension of Time for Payment Due to Undue Hardship, see IRM 20.1.2.2.3.2, Extensions of Time to Pay - IRC 6161. The failure-to-pay or failure-to-deposit penalty must be manually computed if the Payer was granted an extension under IRC 6161.
 - d. If the Payer qualifies under 26 CFR 1.6081-5 for an automatic extension of time to file and pay because Payer qualifies as a "Taxpayer Abroad" (for example, a foreign corporation that maintains an office or place of business within the United States, a partnership whose records and books of account are kept outside the United States and Puerto Rico, and so on) see IRM 20.1.2.2.3.3, Taxpayers Abroad.

4.19.26.11.1.6
(10-24-2022)

Penalty Computation

- (1) The failure-to-file penalty under IRC 6651(a)(1) is 5% per month for each month or part of a month the return is late, for up to five months. The penalty is computed on the tax required to be shown on the return that the Payer didn't pay by the original return due date, without regard to extensions.
- (2) The failure-to-pay penalty under IRC 6651(a)(2) is $\frac{1}{2}\%$ for each month or part of a month. The penalty is computed on the net unpaid non-withheld tax at the beginning of each penalty month following the payment due date for that tax.

- (3) When the failure-to-pay penalty applies for the same month as the failure-to-file penalty, the amount of the penalty for filing late for that month is reduced by the amount of the penalty for paying late for that month. This reduction is not made if the tax was actually withheld, and both the failure-to-file and failure-to-deposit penalties apply.
- (4) The failure-to-deposit penalty applies to any failure by the Payer to timely and properly remit withheld taxes. IRC 6656 provides the applicable percentage for failure to deposit:

Rate	If the failure is	Reference
2%	Not more than 5 days	IRC 6656(b)(1)(A)(i)
5%	More than 5 days but not more than 15 days	IRC 6656(b)(1)(A)(ii)
10%	More than 15 days	IRC 6656(b)(1)(A)(iii)

Note: The penalty is increased to 15% if the tax is not deposited on or before issuance of a notice and demand for immediate payment.

4.19.26.11.1.7 (10-24-2022)

Managerial Approval of Penalties

- (1) For most but not all penalties, written supervisory approval must be obtained prior to issuing any written communication of penalties to a taxpayer that offers the taxpayer an opportunity to sign an agreement, or consent to assessment or proposal of the penalty. IRC 6751(b)(1).
- (2) Where supervisory approval is required, the initial determination of the penalty must be personally approved in writing by the immediate supervisor, dated, and retained in the case file. Supervisory approval may be documented on a penalty approval form, in the form of an email, memo to file or electronically. The approval must cover all tax years and penalties.
- (3) The Manager's signature may be handwritten or electronic. Managers should use Adobe Acrobat to create digital signatures that meet the requirements of IRM 10.10.1.3.1, Requirements for Legally Binding Electronic Signatures. Department of the Treasury digital certificates must be used when digitally signing per IRM 10.8.52.4(2), Certificate Usage. See the IT4U guide, *How to Identify, Personalize and Use Adobe Acrobat Department of the Treasury Certificates to Sign Documents in Adobe Acrobat DC and Reader DC*.
- (4) With respect to penalties asserted in the Campus Backup Withholding Program, under IRC 6751(b)(2), any penalties automatically calculated through electronic means. do not require supervisory approval.
- (5) A penalty is only considered to be "automatically calculated through electronic means" if an IRS employee did not make an independent determination with respect to the applicability of the penalty. Therefore, CBWH employees will not manually compute or suppress penalties so the system will automatically calculate them. The exception is Failure to File penalty must be manually computed when preparing Form 2859, Request for Quick or Prompt Assessment, for prompt/quick assessment.

- (6) If the failure-to-file (FTF) penalty under IRC 6651(a)(1) is automatically calculated through electronic means Managerial approval is not required for the FTF penalty. If the FTF penalty must be manually computed that managerial approval is required.
- (7) If the failure-to-deposit (FTD) penalty is computed solely with CC FTDPN without any independent judgement, the penalty does not require supervisory approval All manual FTD penalty assessments require managerial approval.
- (8) If a taxpayer submits a response, written or otherwise, that challenges the penalty or the amount of tax to which the penalty is attributable, and a TE reviews the case, written supervisory approval under IRC 6751(b)(1) is required before any subsequent written communication that includes the penalty. The exception for penalties automatically calculated through electronic means no longer applies once an IRS employee makes an independent determination to assert a penalty or to assert adjustments to tax on which a penalty is applicable.
- (9) The fraudulent-failure-to-file penalty requires both supervisory and IRS Counsel approval. See IRM 20.1.2.3.7.5.1, FFTF Penalty Assessment-Procedural Requirements.

4.19.26.11.2
(10-24-2022)

Consideration of Penalty Relief

- (1) This section provides the pertinent information and actions required when considering penalty relief for the CBWH Program.

4.19.26.11.2.1
(10-24-2022)

Penalty Relief

- (1) There are some situations where the taxpayer may be entitled to relief from penalties.
- (2) Penalty relief due to First Time Abatement and/or Reasonable Cause should only be considered if the Payer provides a written request.
- (3) Payers may request correction of the penalty computation which may be a statutory exception, First Time Abatement, and/or waiver of the penalty due to reasonable cause.
- (4) TEs will consider first whether the penalty is accurately computed, second whether there is a statutory or regulatory exception (which includes consideration of whether the return is timely filed), third whether the Payer qualifies for First Time Abatement, and fourth whether reasonable cause applies.
- (5) Penalty relief may be considered either before or after assessment of the penalties. If a request for relief is received before sending the return for processing, then it should be considered before the tax is assessed.
- (6) Penalty and interest computation and assessment will normally be automatically generated when the tax is assessed through delinquent return or 6020(b) assessment procedures. TEs must use IAT for penalty and interest abatement if IAT is available. *Use of the IAT Reasonable Cause Assistant is required for all cases requesting penalty and interest abatement.*

4.19.26.11.2.2
(10-24-2022)

Penalty Computation

- (1) If the Payer requests penalty relief and the penalty has been manually computed, the TE will review the computation to verify it is accurate.

- (2) A penalty that has been automatically generated does not require manual re-computation. However, if tax has been assessed incorrectly, then the penalty will be adjusted if the tax is adjusted.

4.19.26.11.2.3
(10-24-2022)
**Statutory and
Regulatory Exceptions**

- (1) If the Payer requests penalty relief and the penalty is correctly computed, the TE will consider whether a statutory exception applies by reviewing the timeliness of filing or payment and other statutory considerations. See IRM 20.1.1.3.3.1, Statutory and Regulatory Exceptions. Applicable exceptions may include:

Legal Reference	Title	IRM Reference
IRC 7502(a)	Timely Mailing Treated as Timely Filing and Paying	IRM 20.1.2.2.1, When Timely Mailing Equals Timely Filing or Paying (Received Date vs. Filing/ Payment Date)
IRC 6404(f)	Abatement of Any Penalty or Addition to Tax Attributable to Erroneous Written Advice by the IRS	IRM 20.1.1.3.3.4.1, Written Advice From the IRS
IRC 7508A and 26 CFR 301.7508A-1	Authority to Postpone Certain Deadlines by Reason of Federally Declared Disaster or Terroristic or Military Actions	IRM 25.16.1, Disaster Assistance and Emergency Relief, Program Guidelines and IRM 20.1.2.2.2.2, Federal Disaster Area - IRC 7508A

- (2) If the Payer has proof of timely filing and/or paying from a designated private delivery service, then it must be one that is defined by the IRS. At the time of this guide, the designated private delivery services are DHL Express, FedEx and UPS.
- (3) See IRM 20.1.2.2.1 through IRM 20.1.2.2.3.3 for other guidelines for timely filing and timely payment.

4.19.26.11.2.4
(10-24-2022)
**First Time Abatement of
Penalties**

- (1) If the Payer requested penalty relief and statutory exception does not apply, the TE will consider First Time Abatement (FTA). See IRM 20.1.1.3.3.2.1, First Time Abate (FTA).
- (2) The FTA is an administrative waiver for penalty abatement available for failure-to-file, failure-to-pay, and failure-to-deposit penalties to a taxpayer with a clean compliance history.
- (3) FTA may apply on every backup withholding case with a Payer-filed Form 945. These include secured delinquent returns and 6020(a) returns (Forms 945 prepared by the TE and signed and return (or filed) by the Payer).

Note: FTA is not available on 6020(b) returns. "Clean compliance" is generally defined as "all returns filed and no penalties in prior three years." Therefore, the Payer can only qualify for FTA if the Payer filed a Form 945 by filing a return prepared by the Payer or signing and returning a Form 945 prepared

by the TE (6020(a) Secured Delinquent Return). If the Payer has not responded, then the Payer does not qualify for FTA on the IRC 6020(b) return.

- (4) Criteria for allowing First Time Abatement of penalties:

If	And	Then
The Payer has <u>no</u> penalties for the preceding three years on the same MFT (16) (meaning there is no posting of TC 160, 180, and 270 on these modules for the last three years),	The Payer has filed, or filed a valid extension, all currently required returns and paid or arranged to pay any tax due,	the Payer may request to abate the FTF, FTP or FTD penalties on the Form 945 tax return.

Note: Consider the Payer current with payments for a particular tax obligation if there is an open installment agreement and the Payer is current with the installment payments.

- (5) A Payer is not eligible for FTA of the FTD penalty if any of the following is true:

- a. A total of four or more FTD penalty waiver codes are present in the taxpayer's three-year penalty history. Waiver codes, if posted, are shown in Command Code (CC) BMFOL definer R with the literal FTD PEN WAIVER CD.
- b. The FTD penalty is charged for EFTPS avoidance. However, if the taxpayer made some deposits electronically by EFTPS as required but not all and all other FTA criterion are met, then any portion of an FTD penalty not attributable to EFTPS avoidance can be removed or suppressed. If the portion of the penalty attributable to EFTPS avoidance meets IRM 20.1.4.3, Restrictions on Assessments, criteria, then the penalty asserted by CBWH may be abated in full under FTA.

- (6) To determine eligibility for the FTA waiver or abatement, use the command codes SUMRY, TXMOD, BMFOLI and BMFOLT:

- a. Research the three prior years,
- b. Research all current periods, and
- c. Document the clean compliance history of the Payer.

Note: If there is a return delinquency in any of the three prior years, then TXMOD will show TDI (Taxpayer Delinquency Investigation) Status 02 or 03. This will show under the **MF Stat** column on (CC) BMFOLI. If the MFT STAT code of 02 or 03 is present, then FTA would not apply.

- (7) Also review in the three prior years for a TC 290 with Penalty Reason code of 018. The TC 290 with a Penalty Reason code of 018 means that FTA was already given, and the taxpayer would therefore not be eligible in this year.

4.19.26.11.2.5
(10-24-2022)

Reasonable Cause

- (1) If the Payer asks for abatement of penalties and it does not meet the criteria for First Time Abate, then the TE may consider if the Payer has reasonable cause. See IRM 20.1.1.3.2, Reasonable Cause.
- (2) A taxpayer may establish reasonable cause by providing facts and circumstances showing the taxpayer exercised ordinary business care and prudence (taking the degree of care that a reasonably prudent person would exercise), but nevertheless was unable to comply with the law. Ordinary business care and prudence includes making provision for business obligations to be met when reasonably foreseeable events occur.
- (3) A taxpayer has the burden of showing that a failure to file timely returns was due to reasonable cause and not willful neglect. A mere showing that the delinquency in filing the returns was not due to willful neglect is not sufficient. There must also be reasonable cause. See IRM 20.1.2.3, Failure to File a Tax Return or to Pay Tax—IRC 6651.
- (4) 26 CFR 301.6651-1(c)(1) provides that if a taxpayer exercises ordinary business care and prudence and is nevertheless unable to file the return within the prescribed time, then the delay is due to a reasonable cause. Although the regulation does not explain what constitutes “ordinary business care and prudence,” at a minimum, it must mean an absence of fault. A taxpayer must prove that their failure to file on time is the result neither of carelessness, reckless indifference, nor intentional failure.
- (5) Under 26 CFR 301.6651-1(c)(1), if a taxpayer exercised ordinary business care and prudence and was nevertheless unable to file the return within the prescribed time, then the delay is due to a reasonable cause. Although the regulation does not explain what constitutes “ordinary business care and prudence,” the Supreme Court in *United States v. Boyle*, 469 U.S. 241, 245 (1985), emphasized that, at a minimum, it must mean an absence of fault (“neither ... carelessness, reckless indifference, nor intentional failure”).
- (6) IRM 1.2.1.4.2, Policy Statement 3-2 (Formerly P-2-7), Reasonable cause for late filing of return or failure to deposit or pay tax when due, provides specific examples of reasonable cause, including but not limited to:
 - a. Death or serious illness of the taxpayer or a death or serious illness in their immediate family. In the case of a corporation, estate, trust, and so on, the death or serious illness must have been of an individual having sole authority to execute the return or make the deposit or payment or of a member of such individual's immediate family.
 - b. Unavoidable absence of the taxpayer. In the case of a corporation, estate, trust, and so on, the absence must have been of an individual having sole authority to execute the return or make the deposit or payment.
 - c. Destruction by fire or other casualty of the taxpayer's place of business or business records.
- (7) Acceptable explanations of delinquency are not limited to the examples in Policy Statement 3-2, since any reason for delinquency in filing or making deposits or payments which established that the taxpayer exercised ordinary business care and prudence but was nevertheless unable to comply within the prescribed time will be accepted as reasonable cause. See IRM 1.2.1.4.2(3) and (4).

- (8) Explanations that generally do not meet the ordinary business care and prudence standards of reasonable cause include (see IRM 20.1.1.3.2, Reasonable Cause):
 - a. *Mistake was made*: Generally, a mistake is not in keeping with ordinary business care and prudence standard and does not provide a basis for reasonable cause.
 - b. *Erroneous Advice or Reliance*: Reliance on another party or that another party provided erroneous advice is generally, not a basis for reasonable cause since the taxpayer is responsible for meeting their tax obligations and that responsibility cannot be delegated.
 - c. *Ignorance of the Law*: In some instances, taxpayers may not be aware of specific tax obligations. The ordinary business care and prudence standard requires that taxpayers make reasonable efforts to determine their tax obligations.
 - d. *Forgetfulness*: Reasonable cause by claiming oversight by the taxpayer or a third party is not keeping with ordinary business care and prudence standard.
- (9) The taxpayer faces a “heavy burden” to show that it exercised ordinary business care and prudence. See *United States v. Boyle*, 469 U.S. 241, 245 (1985). The facts and circumstances required to establish reasonable cause must be particularly compelling.
- (10) In determining if the taxpayer exercised ordinary business care and prudence in providing for the payment of their tax liability, consideration will be given to the nature of the tax that the taxpayer has failed to pay. A heightened standard for reasonable cause applies when trust fund taxes are at issue.
- (11) Because corporations act only through their employees and agents, they cannot rely upon those agents or employees, acting within the scope of authority, to escape responsibility for the nonperformance of nondelegable tax duties.
- (12) Forgiveness of penalty assessments levied against taxpayer who could exert greater controls and exercise greater levels of personal responsibility would only encourage late filings and payments to the IRS. As noted by the Supreme Court in *Boyle*, “prompt payment of taxes is imperative to the Government, which should not have to assume the burden of unnecessary and ad hoc determinations. *Id.*, citing *Boyle*, 469 U.S. at 249.
- (13) See IRM 20.1.1.3.2.2, Ordinary Business Care and Prudence, for additional discussion of reasonable cause factors to consider.

4.19.26.11.2.6
(10-24-2022)

**Document Penalty Relief
Consideration and
Results**

- (1) Update the activity record to describe consideration of penalty relief and the results of that consideration:
 - a. Note whether the penalty computation was manually computed, and if so whether the computation was correct or requires correction.
 - b. Indicate whether the taxpayer qualifies for statutory or regulatory relief, and if applicable identify the statute or regulation and describe the reasons the taxpayer meets the requirements for penalty relief.
 - c. Indicate whether the taxpayer qualifies for First Time Abatement and if applicable provide a brief summary of the Payer’s compliance history.
Indicate if the taxpayer does not qualify for FTA because the Form 945 is an SFR 6020(b) return.

- d. Indicate whether the taxpayer qualifies for Reasonable Cause and, if so, the reason.

4.19.26.11.2.7
(10-24-2022)
**Process the Penalty
Waiver or Adjustment**

- (1) If the Payer provided a completed signed Form 945 to TE, and the return has not been sent to Submission Processing- then sent the return to be processed and monitor for it to post.
- (2) After the return is posted, then process the taxpayer's written request for penalty abatement.

4.19.26.11.2.7.1
(10-24-2022)
**Penalty Abatement is
Disallowed**

- (1) Input REQ54 and a TC 290 for zero, BLK 98 and Reason Code (RC) 062, HC 3 and, if appropriate, Priority Code (PC) 1.
- (2) Prepare Letter 854-C, Penalty Waiver or Abatement Disallowed/Appeals Procedure Explained.
 - a. If a return was forwarded to processing insert the following in an open paragraph - "We have sent your tax return to the IRS Submission Processing Center to be processed. You will receive a notice for the total tax, penalties and interest due. Please allow up to twelve weeks for the tax return to be processed due to the COVID impact."
 - b. In an open paragraph insert the following - "We reviewed the information you provided and determined it didn't provide reasonable cause for the non-filing and non-payment of your Form 945 tax return. As a result, the failure to file and failure to pay penalties are appropriate."

4.19.26.11.2.7.2
(10-24-2022)
**Penalty Abatement is
Allowed**

- (1) If the penalty abatement is allowed, the TE must input an ADJ54 with a TC 290 for .00 with a Penalty Reason Code (PRC), to indicate the reason penalty waiver was granted. For a listing of PRC see IRM 4.19.26.14.5.1.1 (19). The PRC is particularly important for First Time Abatement (FTA), as it will alert other employees not to offer the FTA again for the same MFT for the next three tax years. See IRM 4.19.26.12.2.1, Delinquent Return Procedures.
- (2) If the Payer filed either a Form 945 prepared by the Payer or a 6020(a) Form 945 prepared by the TE, and the return has been processed and the penalty assessed by the time penalty relief is granted, input the penalty abatement as a rework. See IRM 4.19.26.14.5, Processing Rework Adjustments.

4.19.26.11.3
(10-24-2022)
Interest

- (1) In accordance with IRC 6601(a), the payment of interest is required unless otherwise specified by law. If any amount of tax is not paid on or before the last date prescribed for payment, interest on such amount at the underpayment rate established under IRC 6621 shall be paid for the period from such last date to the date paid.
- (2) IRC 6611 provides for interest on overpayments. See IRM 20.2.4.6, Offsets, and IRM 20.2.4.7, Refunds, for additional information.
- (3) Due to the nature of compliance procedures, CBWH personnel will largely encounter underpayment interest, rather than overpayment interest. Interest can only be assessed if a return has been filed, IRC 6020(b) procedures have been followed, or penalties have been charged, for example, civil penalties.
- (4) Interest is statutory and cannot be reduced or abated by CBWH employees.

- (5) When a taxpayer files a request for interest abatement on Form 843, Claim For Refund and Request for Abatement, refer the form to the Interest Abatement Coordinator (IAC). The IAC will process requests per IRC 6404(e), "Abatement Of Interest Attributable To Unreasonable Errors And Delays By Internal Revenue Service."
- (6) The names and contact information of the Interest Abatement Coordinators are on the Servicewide Interest Virtual Library located at <https://portal.ds.irsnet.gov/sites/vl022/lists/interestabatement/landingview.aspx>.

4.19.26.11.3.1
(10-24-2022)

Interest Computation

- (1) Underpayment (debit) interest, at the underpayment rate established under IRC 6621, is charged on an outstanding liability from the due date of the unpaid liability to the date fully paid. Since taxpayers are required to pay the tax due on or before the due date of the return, any interest charged is computed from the return due date.
- (2) IRC 6621 provides the interest rates on overpayments and underpayments of tax, which are tied to the federal short-term interest rate. Interest rates are determined quarterly based on changes to the federal short-term rate. Underpayment interest rates are determined quarterly.
- (3) Interest on the failure to file penalty assessed under IRC 6651(a)(1) begins to accrue on the return due date (including extensions).
- (4) Interest on the failure to pay penalty begins to accrue on the date of notice and demand for payment of that penalty.
- (5) Interest will accrue on a liability (tax, penalties, additions to tax and/or interest) until it is fully paid.
- (6) Interest accruals are not assessed (recorded) on the transcript [Command Code (CC) TXMOD/IMFOL/BMFOL] until one of the following conditions occurs:
 - a. Input of an adjustment (for example, TC 29X or TC 30X), or
 - b. Posted payment is in excess of tax and/or penalties, or
 - c. Issuance of annual reminder notices (for example, IMF - CP 71, 71A, 71C, 71D; Spanish versions CP 771, 772, 773, 774; BMF - CP 160, 163, 171, 187), or
 - d. Input of a TC 290 for zero (\$0.00) with Priority Code (PC) 5, provided Hold Code 2, 3, or 4 is not used.

Note: Input of a TC 342 for zero (\$0.00) without Priority Code 5 will not update interest accruals.
- (7) The input of TC 290 for zero and Priority Code 5, with the appropriate hold code on an unrestricted (not blocked from systemic calculation) tax module, will post any accrual of interest. When adjusting with ADJ54, use Hold Code 0, so notices are issued. Refer to Section 8C.2(3) of Document 6209, IRS Processing Codes and Information, for information on hold codes. This information can be found on-line at <http://serp.enterprise.irs.gov/content/6209/section-8c-2-3.html>.

4.19.26.11.4
(10-24-2022)
Consider Penalty and Interest Hold Codes

- (1) Starting in 2017, any assessment (TC 29X or TC 30X) that includes Hold Code 2, 3, or 4, which prevents a systemic notice to the taxpayer, also prevents the posting of any accrued failure to pay (FTP) penalty and interest for all MFTs.
- (2) If the hold code is input because a manual notice is required (for example, quick and prompt assessments or other non-systemic notices), then the penalty and interest must be manually assessed with a TC 270 (manual assessment of failure-to-pay penalty) and TC 340/190 (restricted interest assessment/manually assessed interest transferred in). After the TC 270 and TC 340 have posted, but a module restriction is not otherwise necessary, the restriction can be subsequently removed via TC 272 (failure to pay penalty restriction deletion) and TC 342 (interest restriction deletion), as applicable.

Caution: Only use TC 290 - 0, PC 5 to update interest when necessary to bring forth the posting of interest.

- (3) The input of TC 290 or TC 300 for zero and Priority Code 5 will post unrestricted failure to pay (FTP) penalty accruals. To stop the accrual of penalty and/or interest (for example, balance due notice erroneously generated for a tax module that is fully paid), input a TC 290 for zero, accompanied with (as appropriate) TC 340 and/or TC 270 for zero. See IRM 21.5.2.4.8.3, Clearance Tolerances, for further discussion of accounts in Master File Status Code 12.

4.19.26.11.5
(10-24-2022)
Abatement and Suspension of Underpayment Interest

- (1) The abatement and suspension of underpayment interest is authorized by the IRC. Reasonable cause is never the basis for abating interest.
- (2) See IRM 20.2.7, Abatement and Suspension of Underpayment Interest, for a detailed description of situations in which interest can be lawfully reduced or abated. The situations most likely to be encountered by CBWH employees include:
 - a. Employment Tax Returns per IRC 6205: Allows an underpayment interest-free period from the original due date until the received date of the adjusted return or agreement if the tax is paid in full. See IRM 20.2.10.5.1, Underpayment Adjustments on Employment Taxes.
 - b. Not Legally Due per IRC 6404(a): Allows the abatement of interest that is excessive, assessed after the statute of limitations, or is illegally or erroneously assessed. See IRM 20.2.7.3, IRC 6404(a), Excessive or Not Legally Due.
 - c. Errors on IRS Prepared Returns per IRC 6404(d): Allows an abatement of interest attributable to certain math errors made during IRS tax preparation. See IRM 20.2.7.4.1, IRC 6404(d), Math Error by IRS.
 - d. Ministerial and Managerial Acts per IRC 6404(e)(1): Allows an abatement of interest for unreasonable errors and delays by the IRS in performing a ministerial or Managerial act. See IRM 20.2.7.5, IRC 6404(e)(1), Unreasonable Error or Delay in Performing a Ministerial or Managerial Act.
 - e. Declared Disaster, Terroristic, or Military Action per IRC 7508A: Postpones certain tax acts that are due during a period of a federally declared disaster, terroristic or military action. See IRM 20.2.7.13, IRC 7508A, Presidentially Declared Disaster or Terroristic or Military Actions.

- (3) For accounts that qualify for the above provisions, refer the interest abatement request to the Interest Abatement Coordinator (IAC).
- (4) When a taxpayer files a request for interest abatement on Form 843, refer the form to the Interest Abatement Coordinator (IAC). The IAC will process requests per IRC 6404(e), "Abatement Of Interest Attributable To Unreasonable Errors And Delays By Internal Revenue Service."
- (5) The names and contact information of the Interest Abatement Coordinators are on the Servicewide Interest Virtual Library located at <https://portal.ds.irsnet.gov/sites/vl022/lists/interestabatement/landingview.aspx>. This resource is for internal use only.
- (6) Appealing a penalty assessment does not stop accrual of interest on the penalty. Only payment of the penalty prevents continued accrual of interest during the appeals process. However, if appeals concedes and abates the penalty, all interest charged on the penalty will be abated systemically.

4.19.26.12
(10-24-2022)
**Step 8: Assess Tax,
Penalties, and Interest**

- (1) This section provides the pertinent information and tax computation tools to validate, refine, or compute tax, penalty, and interest due for the CBWH Program.

4.19.26.12.1
(10-24-2022)
Pre-Assessment Review

- (1) Check for conditions that would prevent assessment.
- (2) Check (CC) ENMOD and TXMOD for freeze codes and conditions that have posted since case building, which would affect or prevent assessment, including:
 - a. An address change is pending and there is an Identity Theft (IDT) Indicator on the account.
 - b. A return (TC 150) has posted that you do not know about. See Duplicate Return Procedures.
 - c. An MFT 16 TXMOD control is open outside of CBWH.
 - d. Audit controls have been requisitioned.
 - e. A freeze code has recently posted for:

Freeze Code	Description
-O or -S	Federally declared disaster
-V or -W with a TC 520 closing code 81	Bankruptcy
-W with a TC 520	Litigation
-Z or Z-	Criminal Investigation

- (3) If any of these conditions are present, follow IRM 4.19.26.7, Case Building, to resolve before making an assessment.
- (4) Ensure that a pending address change agrees with Taxpayer correspondence (if any) and if there is a discrepancy contact the Taxpayer to confirm the current address, if necessary.

4.19.26.12.2
(10-24-2022)
Normal Assessment

- (1) This section provides the pertinent information and actions required for the normal assessment process for the CBWH Program.

4.19.26.12.2.1
(10-24-2022)
Delinquent Return Procedures

- (1) If the Payer returns the signed the Form 945, whether it is a Form 945 prepared by the Payer (for any amount of \$0.00 or more) or prepared by the TE, it will be reviewed and sent to Submission Processing as soon as possible, but not more than 5 days after the received date of the tax return.
- (2) The recipient will date stamp the return and notify the TE that it has been received.
- (3) The TE will review the return. If the return appears complete and is signed under penalties of perjury by the Payer, the TE will accept the return as required by IRM 1.2.1.6.18, Policy Statement 5-133, Delinquent returns—enforcement of filing requirements, which specifies that all delinquent returns submitted by a taxpayer, whether upon their own initiative or at the request of a IRS representative, will be accepted.
- (4) After the return has been reviewed and accepted by the TE, the designated CBWH employee will:
 - a. Prepare Form 3210, Document Transmittal.
 - b. Remarks box must state: "Form 945 for processing."
 - c. Maximum of 12 returns on one Form 3210 (do not prepare packages with more than one Form 3210, for example, Page 1 of 1).
 - d. Include the whole 10-digit EIN when listing the return, Name Control, Tax Year, and MFT 16.
 - e. Print and/or associate it with signed Form 945 and EOB.
 - f. Mail the package to OSC R&C at:

Internal Revenue Service
1973 Rulon White Blvd
M/S 6054 Bldg ARKA
Ogden, UT 84201
- (5) It is possible that the tax return may take 6-8 weeks to post. If the return unposts, then the TE must resolve the unpostable. Refer to Section 8B.4 of Document 6209, IRS Processing Codes and Information, for BMF Unpostable Codes and Definitions. This information can be found on-line at <http://serp.enterprise.irs.gov/content/6209/section-8b-4.html>. For detailed instructions on resolving unpostable conditions, see IRM 3.11.6.12, Unpostable Conditions, and IRM 21.5.5, Account Resolution – Unpostable Conditions.
- (6) At the purge date, if the return has posted close the case using the appropriate closing procedure found in IRM 4.19.26.13, Step 9: Close Case. If the return has not posted at the first purge date (60-days), re-input the activity code to monitor for an additional 30 days.
- (7) Due to the COVID-19 impact, social distancing, and evacuation order, the IRS is taking all measures possible to protect the employees. This can cause longer delays in getting the returns processed so it can take 12 - 16 weeks for Submission Processing to work through their inventory of processing these returns

4.19.26.12.2.2
(10-24-2022)
Form 945 6020(b)
Substitute for Return

- (1) For a case that is an assessment of \$1 million or more, the TE will refer the case to the Manager. The Manager will discuss with the Operations and Department Managers. Update the TXMODA Activity control to REF\$1M for Workstream 1 and 2REF\$1M for Workstream 2 when referring to the Manager.
- (2) Prepare the Form 945 for IRC 6020(b) processing, by writing the following statements on the bottom of the return: "This return was prepared and signed under the authority of Section 6020(b) of the Internal Revenue Code. Apply condition code 4."
- (3) Complete section 1 of the IRC Section 6020(b) Certification Form. See Exhibit 4.19.26-10, IRC Section 6020(b) Certification Form for BWH.
- (4) The TE will follow local procedures to route the 6020(b) return package for Manager review and signature.
- (5) The Manager will review the Letter 6112-A date, the TE's activity record, and the electronic case file, to ensure that a signed Form 945 has not been received. The Manager will electronically sign the Form 945, complete Section 2 of the IRC Section 6020(b) Certification Form. The Manager will follow local procedures to route the completed and signed 6020(b) return package for Submission Processing.
- (6) The TE will place a copy of the Manager-signed Form 945 and the completed IRC 6020(b) Certification Form in the Payer (PR) TIN Folder on the BWH Shared Drive "Z."
- (7) The TE is responsible for ensuring that a complete Form 945 6020(b) package is retained in case workpapers and case electronic files. A complete Form 945 6020(b) return package consists of:
 - a. Completed Form 945 containing 6020(b) stamp and signed by the Manager,
 - b. Completed 6020(b) Certification Form, and
 - c. EOB and LOP.

Note: A valid 6020(b) return should include these elements. These documents must be retained in the case file.

- (8) The designated CBWH employee will prepare Form 3210, Document Transmittal, associate it with the complete Form 945 6020(b) package, and send it to Submission Processing at:

Internal Revenue Service
1973 Rulon White Blvd
M/S 6054 Bldg ARKA
Ogden, UT 84201
- (9) The Form 945 6020(b) package must be shipped to Submission Processing within five days from the Letter 6112-A purge date.
- (10) Input Activity Code WT150MMDD (for Workstream 1) and 2WT150MMDD (for Workstream 2), with Case History Status Code A, to monitor posting for 30 days. If the return has not posted at the first purge date, reinput the Activity Code to monitor posting for an additional 30 days.

- (11) It is possible that the tax return may take 6-8 weeks to post. If the return unposts, then the TE must resolve the unpostable. Refer to Section 8B.4 of Document 6209, IRS Processing Codes and Information, for BMF Unpostable Codes and Definitions. This information can be found on-line at <http://serp.enterprise.irs.gov/content/6209/section-8b-4.html>. For detailed instructions on resolving unpostable conditions, see IRM 3.11.6.12, Unpostable Conditions, and IRM 21.5.5, Account Resolution – Unpostable Conditions.
- (12) Due to the COVID-19 impact, social distancing, and evacuation order, the IRS is taking all measures possible to protect the employees. This can cause longer delays in getting the returns processed so it can take 12 - 16 weeks for Submission Processing to work through their inventory of processing these returns.
- (13) When the return posts, close the case using the appropriate closing procedure found in IRM 4.19.26.13, Step 9: Close Case.

4.19.26.12.2.3
(10-24-2022)
DLN Assignment to No Change Cases

- (1) Cases that close “no change” (no tax adjustment is made) will occur in certain circumstances (for example, if the Payer provides missing return information so that the backup withholding is reduced below Tolerance).
- (2) The TE will forward a PDF copy of the “no change” case to the designated CBWH employee to have a folder created and the paper case stored in a locked cabinet in the office.
- (3) This will allow “no change” case information to be physically retrieved at a later date, and complies with requirements the Federal Records Act of 1950, as amended, pursuant to 44 USC 3102. See IRM 1.15.2, Types of Records and Their Life Cycles. Also refer to Document 12990, Records Control Schedules 29, for guidance on the retention and disposition of CBWH cases.

4.19.26.12.3
(10-24-2022)
Quick Assessment

- (1) Quick assessments are increases in tax, penalty, and/or interest that must be manually processed because the increase cannot be delayed by normal processing on the IDRS and the statute of limitations for assessing tax is about to expire. The Assessment Statute Expiration Date (ASED) is normally 3-years from the due date of the return or 3-years from when the return was filed, whichever is later.
- (2) CBWH personnel will prepare quick assessments when directed to do so by the Manager. Typically, quick assessments are required when the Assessment Statute Expiration Date (ASED) will expire in less than 60 days.
- (3) Ogden Submission Processing Campus processes all quick assessments for Cincinnati Campus Backup Withholding cases.
- (4) Refer to the Quick Assessment Procedures Job Aid for Ogden contacts.

#

4.19.26.12.3.1
(10-24-2022)

Pre-Assessment Review

- (1) For procedures see IRM 4.19.26.12.1, Pre-Assessment Review.

4.19.26.12.3.2
(10-24-2022)

Preparation of Form 2859, Request for Quick or Prompt Assessment

- (1) Only the first page is to be completed on Form 2859, Request for Quick or Prompt Assessment.
- (2) The following items and actions must be completed.

4.19.26.12.3.2.1
(10-24-2022)

Form 2859 - Reason for Request

- (1) Reason for request on the top line, check the box for quick assessment.

4.19.26.12.3.2.2
(10-24-2022)

Form 2859 - Part A: Taxpayer Information

- (1) TIN: Enter the Payer's EIN
- (2) Name Control: Enter the Payer's 4-digit name control
- (3) Name and Address: Enter the Payer's name and address
- (4) 23C Date: Check the box for "Specify" and enter a date that is five (5) business days from the date the Form 2859 is prepared. Do not use for a 23C Date a date that falls on Saturday, Sunday, or a Holiday. The format for the 23C Date is MM/DD/YY.

Note: If the ASER will expire in fewer than 24 days, enter a 23C Date that is 2 or 3 days from the date the Form 2859 is prepared. If within 5 days of ASER expiration, enter a 23C Date that is the same date the Form 2859 is prepared.

4.19.26.12.3.2.3
(10-24-2022)

Form 2859 - Part B: Requester Information

- (1) Statute Expiration Date: Enter "6020B" within the quotation marks. "Do not enter a date".
- (2) Requester name/address/phone number: Enter the Tax Examiner's information as the requester.
- (3) Employee assignment number and function: Enter the Tax Examiner's IDRS number (not the group IDRS number).

4.19.26.12.3.2.4
(10-24-2022)

Form 2859 - Part C: Assessment Information

- (1) Line 1 - Form no: Enter "945" without the quotation marks.
- (2) Line 2a - Period ended: Enter the tax year ("20XX12") for assessment.
- (3) :Line 3a - Tax - Original Return - TC 150 Enter \$0.00
- (4) Line 3B - Return Received Date - TC 610: Enter the 23C Date from Part A.
- (5) Line 4A - Tax - Adjustment - TC 290: Enter the total of the backup withholding adjustment and the Federal Income Tax withholding adjustment (if any).
- (6) Line 6 - Failure to File Penalty - TC 160: Enter the manually-computed penalty amount. In IRM 20.1.2.2.5(2)(c), Manual Penalty Assessments, states "When adjusting tax or any refundable credits for a late filed return via a

prompt or quick assessment (Form 2859), the FTF penalty **MUST** be manually adjusted to avoid a barred statute, and to ensure an accurate assessment notice.”

- a. The failure-to-file penalty under IRC 6651(a)(1) is 5% per month for each month or part of a month the return is late, for up to five months. The penalty is computed on the tax required to be shown on the return that the Payer didn't pay by the original return due date, without regard to extensions.
- b. Generally, CBWH cases are all more than 5 months delinquent so the maximum penalty of 25% applies. Multiply 25% by the proposed backup withholding assessment amount and enter as the TC 160 amount on Form 2859.

- (7) Line 8 – Failure to Deposit Penalty – TC 180: Enter the manually-computed penalty amount if applicable. See IRM 20.1.4, Failure to Deposit Penalty.
- (8) Line 9 – Failure to Pay Penalty – TC 270: Leave blank. In January 2016 programming changes allowed the failure to pay (FTP) penalty to systemically compute.
- (9) Line 18 – Total Assessments: The form should auto populate with the total of Lines 4a, 6, 8, and 9. If it does not, enter the total of these lines.
- (10) Line 22 – Total Lines 18-21: The form should auto populate with the total of Line 18. If it does not, enter the amount from Line 18.
- (11) Line 23 – Payment on Tax Module: Leave this field blank. Do not enter any deposits or payments appearing on the Payer's transcript.
- (12) Line 24 – Balance of Tax Due: The form should auto populate with the sum on Line 22. If it does not, enter the amount on Line 22.

4.19.26.12.3.2.5
(10-24-2022)

Form 2859 - Part D: Account Adjustment Information

- (1) This section must be completed, or the assessment will go unpostable.
- (2) Line 1 – Adjusted Total Income Tax Withheld: Enter the amount of Part C Line 4a that is considered Federal Income Tax withheld. For Payees without TINs, this would be the amount of income tax actually withheld in excess of backup withholding computed at the statutory rate. For Payees with TINs, this would be the amount of income tax actually withheld.
- (3) Line 18 – Total Backup Withholding Adjustment: Enter the amount of Line 4a that is considered Backup Withholding.

Note: The total of Lines 1 and 18 must equal Part C Line 4a.

- (4) Remarks: This is an optional field. You may enter remarks, but no entry is required.
- (5) Attachments: The instructions to Form 2859 state that TXMOD must be attached to Form 2859, but it is not required.

- 4.19.26.12.3.2.6
(10-24-2022)
Completed Form 2859
- (1) When completed make a PDF print of Form 2859 and save it in the F2859.READY.SIG folder on the BWH Shared Drive "S" for Manager's electronic signature.
 - (2) Once signed upload a copy of the signed Form 2859 and 3210 to the electronic casefile on the BWH Shared Drive "Z".
- 4.19.26.12.3.3
(10-24-2022)
Preparation of Form 3210, Document Transmittal
- (1) Prepare Form 3210, Document Transmittal, electronically.
 - (2) One Form 3210 should be prepared for up to 20 Forms 2859 with the same 23C date and same tax period.
 - (3) Do not combine Forms 2859 with different 23C dates or different tax periods. If there are more than 20 Forms 2859, or more than one 23C date and/or tax period, prepare the appropriate number of Forms 3210 listing only one 23C date, one tax period, and up to 20 Forms 2859 on each Form 3210.
 - (4) Enter on Form 3210:
 - **To:**
Internal Revenue Service
Attn: Wendy Hadley
1973 N. Rulon White Blvd
Ogden, UT 84404
 - **Remarks:**
QUICK ASSESSMENTS
TAX EXAMINER'S NAME
23C MM/DD/YY VOL ##

Reminder: MM/DD/YY is the 23C date and ## is the number of Forms 2859 included on the Form 3210.
 - **Document Identification:** for up to 20 Forms 2859, enter XX-XXXXXXX NCTL, where XX-XXXXXXX is the Payer's EIN and NCTL is the Payer's name control.
 - **Releasing official:** Enter TE's name.
 - **Originator Telephone Number:** Enter TE's telephone number
 - **From:** Enter TE's address.
 - (5) Save and name the Form 3210 in the same folder as the Forms 2859 to be signed by the Manager. For Form 3210, use the naming convention: NCTL TTIN 20XX12 MMDDYYYY Multi, where NCTL is the first name control on the Form 3210, TTIN is the last four digits of the EIN for the first Payer entered on Form 3210, 20XX12 is the tax period of the adjustment, MMDDYYYY is the 23C date, and "Multi" one Payer is included on the Form 3210 (if applicable).
 - (6) Email the Manager that Forms 2859 are waiting for signature on the "S" drive.
- 4.19.26.12.3.4
(10-24-2022)
Combine Form 3210 and Signed Forms 2859
- (1) The Manager will electronically sign Form 2859 the same or next day and will change the filename to end with a "1" indicating that the form has been signed.
 - (2) Move each signed Form 2859 to the Payer's electronic case file on the shared drive and print an electronic PDF copy to your desktop so that it can be combined with other Forms 2859 to be processed.

- (3) Move the signed Form 3210 to your desktop. Combine the Forms 3210 and 2859 in Adobe Acrobat, placing Form 3210 on top. Uncheck the box for Save as PDF Portfolio. Verify that all listed Forms 2859 are included in the combined file.
 - (4) After combining, use the same file name for the Form 3210 to re-save the Form 3210/2859 package.
- 4.19.26.12.3.5
(10-24-2022)
Upload the Form 3210/2859 Package to Ogden Manual Assessments
 - (1) Map to the Ogden Accounts Management shared folder using the instructions in the Shared Drive (X) for Uploading Manual Assessments job aid.
 - (2) Open the Cincinnati folder using the following pathway:
CFM (\\VP0SENTSHRCMN60.ds.irs.net.gov\Common) (X:)
 - > RACS_Xtml
 - > Ogden
 - > Manual Assessments (F2859) EXAM-STATUTE
 - >Exam
 - >Cincinnati
 - (3) Select the current month's folder. Within the current month's folder are folders for each day of the month. You may upload files into the current day's folder until 5 p.m. ET, when Ogden stops pulling files to process:
 - a. Before 5 p.m. ET: Upload the Form 3210/2859 package into the folder for today's date.
Example: If today was 02/02/2021, you would upload the Form 3210/2859 package into the folder for 02/02/2021.
 - b. After 5 p.m. ET: Upload the Form 3210/2859 package into the folder for the day after today's date.
Example: If today was 02/02/2021, you would upload the Form 3210/2859 package into the folder for 02/03/2021.
 - c. Always upload files into the current day's date or a future date. Never go backwards to a date earlier than the date on which you upload files.
 - d. Ogden processes quick assessments on every calendar day. It is not necessary to refrain from uploading to a folder for a weekend or holiday date.
- 4.19.26.12.3.6
(10-24-2022)
Verify Ogden Received and Pulled the Submission for Processing
 - (1) Ogden employees will rename the Form 3210/2859 package by adding RCVD to the end of the file name. This means they have received the file and it has been pulled to be processed.
 - (2) If after two business days RCVD has not been added to the file name, notify the Lead TE to contact Ogden for follow up.
- 4.19.26.12.3.7
(10-24-2022)
Monitor for Posting and Return of Form 3210 with DLN
 - (1) TEs will monitor their own quick assessments every workday. When RCVD is added to the end of the file name, update the Activity Code to 2859MMDD (for Workstream 1) or 22859MMDD (for Workstream 2) with Case History Status Code A to monitor for 7 days for receipt of quick assessment DLN. This Activity Code will distinguish the assessment from a Form 945 that was sent to Submission Processing.

- (2) If the adjustment has not posted or has rejected at the end of 7 days, you must follow up with Ogden to resolve, as discussed below. If the submission rejects, you must immediately correct any errors and resubmit. If the adjustment is resubmitted, reinput the Activity Code and monitor for posting for 7 days.
- (3) Posting the assessment will generate a DLN, which the Ogden employee will add next to the Payer's name control and EIN on Form 3210. The first Payer listed will have the full DLN (all digits). Only the last digits will be included for the remaining Payers on the same Form 3210. Any missing digits are the same as listed for the first Payer's DLN.
- (4) The Ogden employee will upload the completed Form 3210 in the 23C date folder shown on the Form 3210/2859 package. To access the file, open the Cincinnati folder, the month folder of the 23C date, and the 3210 folder. Save an electronic copy of the 3210 in the shared drive in folder "3210 with DLN."
- (5) If the F3210/2859 file in the 23C date folder shows the submission was rejected, copy the electronic copy to your computer and make the necessary corrections to Form 2859. Save the corrected F3210/2859 package using the same naming convention as before but adding CORR to the end of the file name to indicate it is correction. Upload the corrected F3210/2859 file to the Ogden folder for today's date (if before 5 p.m. ET) or the next day's date (if after 5 p.m. ET). Never load the corrected file to a date earlier than the date on which you upload the corrected file.
- (6) Upon receipt of the F3210/2859 file with DLN(s), input Activity Code WTG370MMDD (for Workstream 1) or 2WT370MMDD (for Workstream 2), with Case History Status Code A, to monitor posting of TC 290 and TC 370 for 14 days. Quick assessments generally take 4 to 6 weeks to post to IDRS but can take up to 8 weeks. If posting has not occurred by the purge date, reinput the Activity Code to extend the monitoring period for 14 days. You may extend the monitoring period twice. If the assessment has not posted after three monitoring periods, notify the Lead to contact Ogden personnel to resolve the delayed posting.

4.19.26.12.3.8
(10-24-2022)
**Associate Form 945
6020(b) Substitute for
Return to Quick
Assessment**

- (1) If applicable, prepare Form 945 6020(b) Substitute for Return package. See IRM 4.19.26.12.2.2, Form 945 6020(b) Substitute for Return, for what is a complete Form 945 6020(b) package. Obtain electronic signature of Manager.
- (2) Once the TC 290 and TC 370 post to the account, associate the signed Form 945 and 6020B with the DLN of the TC 290 and close the case.

4.19.26.12.4
(10-24-2022)
**Duplicate Return
Procedures**

- (1) This section provides the pertinent information and actions required when considering duplicate returns as part of the compliance process for the CBWH Program.

4.19.26.12.4.1
(10-24-2022)
**Original and Duplicate
Filing Transactions
Codes**

- (1) A TC 150 indicates a return was filed and posted to the Master File. The TC 150 amount is the tax assessed when an original return, delinquent return, or 6020(b) substitute for return is filed.
- (2) TC 29X indicates a non-examination adjustment to the tax after the original return was filed (for example, TC 150). TC 290 indicates additional tax assess-

ment, and TC 291 indicates abatement of previously assessed tax. These amounts are added or subtracted from the original assessment (i.e., TC 150) to determine the total tax on the return.

- (3) TC 976 indicates a duplicate return has posted to a module already containing a return (TC 150). IDRS generates an -A freeze which prevents any refund or offset from the module until an adjustment (TC 29X) is made.
- (4) If the duplicate return is an amended Form 945, there will be a posted TC 150, TC 971 Action Code (AC) 010, and -A freeze. An amended return requires an adjustment to release the -A freeze. The adjustment will be a TC 29X with the appropriate Credit Reference Numbers (CRNs), Item Reference Numbers (IRMs), and Hold Code.
- (5) A 6020(b) return is identified on TXMOD by Computer Condition Code (CCC) 4 and the literal "6020b" at the end of the TC 150 assessment DLN.

4.19.26.12.4.2
(10-24-2022)

Reasons for Duplicate or Amended Returns

- (1) The most common reasons for filing duplicate or amended returns related to CBWH compliance include:
 - a. Taxpayer filed Form 945 directly with Campus before 6020(b) return was processed by Submission Processing.
 - b. Taxpayer filed Form 945 directly with Campus after 6020(b) return was processed by Submission Processing.
 - c. Taxpayer provided Form 945 directly to CCBWH after 6020(b) return was sent for processing to Submission Processing.
 - d. After delinquent Form 945 or 6020(b) return posted, taxpayer filed one or more Form(s) 945 or 945-X with either Submission Processing or CCBWH.
- (2) TEs should obtain and review copies of any unknown returns, preferably by using CIS. If the image is not available in CIS, TEs should contact the Payer to request a copy of the unknown return.

Note: Form 945 is not available at present on Modernized e-File (MeF)

4.19.26.12.4.3
(10-24-2022)

Correspondence Imaging System (CIS) Documents

- (1) The Correspondence Imaging System (CIS) is used to manage scanned images of amended returns and incoming correspondence for Accounts Management (AM) to work.
- (2) When a duplicate/amended return (TC 976) is present, IDRS CC: TXMODA will display an indicator 1 in the CIS-IND field indicating that a CIS document is available.
- (3) If a CIS document is indicated, TEs should obtain the image by accessing AMS and downloading a copy of the CIS case for their case file.

4.19.26.12.4.4
(10-24-2022)

Resolving Duplicate Returns

- (1) In each case, TEs will evaluate the duplicate returns to determine which return is correct. TEs may use the following table as a guide. Please note that a “valid” Form 945 is a return that is complete and is signed by the taxpayer under penalties of perjury. A valid Form 945 is not necessarily correct.

If Payer files valid delinquent Form 945:	And the TE:	Then
With CCBWH and the amount is correct (or the difference is at or below Tolerance),	Has already sent the 6020(b) return to Submission Processing,	<ul style="list-style-type: none"> a. Retain delinquent Form 945 in case files. b. Monitor for posting of TC 150. c. Close as agreed case.
With CCBWH and the amount is not correct (and the difference is above Tolerance),	Has already sent the 6020(b) return to Submission Processing,	Notify Payer on Letter 3064-C: <ul style="list-style-type: none"> a. The 6020(b) return has been processed. b. Form 945-X is required to amend the 6020(b) return filing. c. The Payer has not provided the previously requested missing return information and will remain liable for tax due and any applicable penalties and interest. d. Monitor for posting of TC 150 e. Close as unagreed case.
With Submission Processing and the amount is correct (or the difference is at or below Tolerance),	Has already sent the 6020(b) return to Submission Processing and either the Payer's return or the 6020(b) return is the duplicate,	<ul style="list-style-type: none"> a. Perform Rework procedures (see IRM 4.19.26.14.5, Processing Rework Adjustments) to input TC 290 \$.00 with the appropriate blocking series (BS) to release the -A freeze, if applicable. If the tax module is in collection status 26, do not release the -A freeze. Follow Collection Hold procedures (see IRM 4.19.26.14.3, Inputting a collection hold (STAUPS)). b. Close as agreed case.

If Payer files valid delinquent Form 945:	And the TE:	Then
With Submission Processing and the amount is not correct (and the difference is above Tolerance),	Has already sent the 6020(b) return to Submission Processing and the Payer's return is the duplicate ,	<p>Notify Payer on Letter 3064-C:</p> <ul style="list-style-type: none"> a. The 6020(b) return has been processed. b. Form 945-X is required to amend the 6020(b) return filing. c. The Payer has not provided the previously requested missing return information and will remain liable for tax due and any applicable penalties and interest. d. Perform Rework procedures (see IRM 4.19.26.14.5, Processing Rework Adjustments) to input TC 290 \$.00 with the appropriate blocking series (BS) to release the -A freeze, if applicable. If the tax module is in collection status 26, do not release the -A freeze. Follow Collection Hold procedures (see IRM 4.19.26.14.3, Inputting a collection hold (STAUPS)). e. Close as unagreed case.
With Submission Processing and the amount is not correct (and the difference is above Tolerance),	Has already sent the 6020(b) return to Submission Processing and the 6020(b) return is the duplicate ,	<ul style="list-style-type: none"> a. Perform Rework procedures (see IRM 4.19.26.14.5, Processing Rework Adjustments) to increase the tax. b. Close as unagreed case.

Reminder: For any other duplicate return scenario, follow appropriate Rework procedures.

4.19.26.12.4.5
(10-24-2022)

Document Resolution of Duplicate Returns

- (1) TE must retain a copy of the duplicate return in the electronic case files.
- (2) TEs must document all activities related to duplicate return resolution on the case Activity Record.

- 4.19.26.13
(10-24-2022)
Step 9: Close Case
- (1) Close Case process performs all the actions required to close the case and complete the appropriate documentation. This process is initiated upon determination that no further action is warranted and is ready for closure. This section provides the pertinent information and actions required for case closing for the CBWH Program.
- 4.19.26.13.1
(10-24-2022)
Pre-Closing Procedures
- (1) This section provides the pertinent information and actions required for pre-closing a case that is within the CBWH Program.
- 4.19.26.13.1.1
(10-24-2022)
Prioritize Closing Work
- (1) TEs should prioritize closing work, using the following general guidelines:
1. Short statute cases with fewer than 60 days remaining on the ASER.
 2. Short statute cases with fewer than 6 months remaining on the ASER.
 3. Oldest taxable cases, in the order of greatest tax assessment first to lowest tax assessment last.
 4. Oldest cases with zero dollar adjustments
 5. Workstream priority as determined by Manager
- (2) These priority guidelines are subject to change as determined by CBWH Management.
- 4.19.26.13.1.2
(10-24-2022)
Verify Posting of Assessment
- (1) After submitting a quick assessment SFR/6020(b) package to Campus Case Processing (CCP), or forwarding a delinquent Form 945 to Submissions Processing, the TE will keep the case in the TE's IDRS number until it closes.
- (2) TEs will monitor and verify posting of normal assessment or quick assessment in ORCAS, prior to closing the base control. Normal assessment is any assessment or adjustment, other than a quick assessment, that has been submitted to CCP or Submissions Processing for posting of assessment
- (3) For normal assessments, Activity Code WT150MMDD (for Workstream 1) or 2WT150MMDD (for Workstream 2), monitor assessment by running a weekly ORCAS report and checking TXMOD for the TC 150 assessment at the expiration of the monitoring period.
- (4) For quick assessments, there are two monitoring periods. The first, Activity Code 2859MMDD (for Workstream 1) or 22859MMDD (for Workstream 2), monitors 7 days for assignment of a DLN. The second, Activity Code WTG370MMDD (for Workstream 1) or 2WT370MMDD (for Workstream 2), monitors 14 days for posting of Transaction Codes 370 and TC290.
- (5) After assessment posts, if the balance due is \$10 million dollars or more including penalties and interest, email a PDF copy of the Signed Form 945 and 6020(b) certification form to the Office of Unpaid Assessments Accounting and Analysis at **IRS Financial Audit* (irsfinancialaudit@irs.gov). Update the Activity Record that the copy has been sent to the IRS Financial Audit office.
- 4.19.26.13.1.3
(10-24-2022)
Input Rework Adjustment
- (1) If the taxpayer provided a response during the monitoring period, IRM 4.19.26.10, Step 6: Review Payer's Responses and Make Determination, and input any Rework adjustments (see IRM 4.19.26.14, Step 10: Perform Rework.)

- (2) The Form 945 submitted by CBWH does not have a Record of Federal Tax Liability (ROFTL) attached so the Failure to Deposit (FTD) penalty is calculated on the assessed TC 150 amount.
- (3) If the assessment posted through prompt/quick assessment procedures with TC 370 and TC 290, a FTD penalty is not assessed so you do not need to manually calculate the FTD penalty when inputting a TC 291.
- (4) If the assessment posted with TC 150, then you must manually calculate and decrease the FTD (TC 186) penalty with a TC 181 when inputting a TC 291.
- (5) If there is only one TC 186, then the penalty was calculated at 10%. The abatement (TC 181) amount would be 10% times the tax decrease (TC 291) amount. If there is a second TC 186, then the additional 5% was assessed. The abatement (TC 181) amount would be 15% times the amount of tax decrease (TC 291) amount.
- (6) The other method to calculate the FTD amount is to use IDRS CC FTDPN. IRM 20.1.4-9, Instructions for Command Code FTDPN, provides the instructions for IDRS CC FTDPN.
- (7) ITM has **Course 17300** (rev 11/22/2021), **BMF Introduction to FTDPN**, that Tax Examiners can take to learn about input of IDRS CC FTDPN.
- (8) It is not necessary to close the control base and then reopen it prior to inputting adjustments.

Note: If at any time during the CBWH compliance procedures you need to make an adjustment, and there is another open IDRS control, place the other open control in "B" status using the IAT CC ACTON tool. This will allow the adjustment to be input. After the adjustment is input, change the "B" status on the other open control back to the prior status. Before placing the other open control in "B" status, you must discuss the adjustment to be input with the employee identified with the other open IDRS control. This will prevent duplicate or conflicting adjustments to a taxpayer's account.

4.19.26.13.1.4
(10-24-2022)
**Check TXMODA for
Conditions That Would
Prevent Closing**

- (1) If posting has been completed, and if there are no further known taxpayer responses to be considered or adjustments or abatements to be input, check TXMODA for duplicate returns or freeze codes that would prevent closing.
- (2) If there is a posted or pending TC 150 on TXMODA that is neither the SFR/ 6020(b) adjustment nor a delinquent return assessment known to CBWH, or if there is an -A freeze on TXMOD, indicating an amended or duplicate return has posted, secure a copy of the unknown return:
 - a. Search for a copy of the return on AMS (CIS case).
 - b. If there is an -A freeze, this indicates a duplicate or amended return and those are scanned into the CIS Inventory and sent to Accounts Management to be worked.
 - c. If the open control is a CIS case (for example, CISXXXXXXX) contact AM and request they close their IDRS base noting that Campus Backup Withholding will work the case. Remember to access AMS and upload a PDF copy of the CIS case to the casefile.

- d. Look for a second TXMOD control. Find the IRS employee's name and phone number by entering the IDRS employee number with CC FIEMP. Contact the employee for a copy of the unknown return if you do not locate it on AMS CIS.
- (3) If the return is different from the SFR/6020(b) adjustment or delinquent return assessment or has caused or will cause an erroneous or duplicated adjustment or assessment, return to IRM 4.19.26.10, Step 6: Review Payer's Responses and Make Determination and IRM 4.19.26.12.4, Duplicate Return Procedures, and input any Rework adjustments (see IRM 4.19.26.14, Step 10: Perform Rework).
- (4) If the return is the same as the SFR/6020(b) adjustment or delinquent return assessment (duplicate return), and if the TC 150 adjustment or assessment has posted and there has been no erroneous or duplicated assessment or adjustment, continue to close normally.
- (5) After closing your control on TXMODA, print the complete TXMODA detail to PDF and upload to the casefile.
- (6) If there is any other freeze code on TXMOD that was not previously addressed in compliance procedures, perform the appropriate procedures under IRM 4.19.26.7, Step 3: Case Building, to address the freeze code. If the freeze code is not addressed in procedures, discuss with the Lead how to proceed.

4.19.26.13.1.5
(10-24-2022)
Verify Electronic Case Documents

- (1) Verify that all case file documents are present in the electronic case file, that they are appropriately named and complete, and that they are signed by the Manager if required (for example, Form 945 and 6020(b) certification, if applicable).
- (2) Ensure that the PDF of the DCI screen is completed if TY2018.
- (3) The designated CBWH employee inputs all DCI information from the PDF DCI screen into the BWH Database (DCI) for TY2018.
- (4) The Tax Examiner will input the DCI data on CBWH DCI SharePoint for TY2019 and subsequent years. There are separate CBWH DCIs on SharePoint for Workstream 1 and Workstream 2.

4.19.26.13.1.6
(10-24-2022)
Assemble Case File

- (1) This step will be performed by the designated CBWH employee when working remotely due to Campus closure, and by the TE when working at the Campus Post of Duty.
- (2) Print the case documents that are not already printed. If there is an original paper document, such as taxpayer correspondence, there is no need to print the scanned copy. Include the original in the case file.

4.19.26.13.1.6.1
(10-24-2022)
Inside Left of Case File

- (1) Activity record (after updating for closing activity)
- (2) Current IDRS prints (dated within 30 days) of the following command codes: INOLES

- | | |
|--|--|
| <p>4.19.26.13.1.6.2
(10-24-2022)
Inside Right - Report Package</p> | <ul style="list-style-type: none"> (1) Copy of Letter 6112, Backup Withholding - Nonfiler Request for Return (2) Copy of List of Payees (LOP) mailed with Letter 6112 (3) Copy of Letter 6112-A, Backup Withholding with all enclosures sent (exclude copy of Publication 5) (4) Copy of the Explanation of Backup Withholding (EOB) with attached List of Payees (LOP) (and revised copy if applicable) (5) Copy of the Form 945 prepared (and revised copy if applicable) (6) Copy of any other letters/notices/documents sent to the Payer. |
| <p>4.19.26.13.1.6.3
(10-24-2022)
Inside Right - Tax Return Package</p> | <ul style="list-style-type: none"> (1) IRC 6020(b) Certification Form (only if no Taxpayer-signed Form 945 was received) (2) IRC 6020(b) Form 945 tax return (only if no Taxpayer-signed Form 945 was received) (3) Taxpayer-signed Form 945 (if received) (4) Attach Form 2848 or Form 8821 to back of IRC Section 6020(b) Certification Form or Taxpayer-signed Form 945. |
| <p>4.19.26.13.1.6.4
(10-24-2022)
Inside Right- Administrative Papers</p> | <ul style="list-style-type: none"> (1) Any other documents or letters that were received from Payer. (2) Form 4669, Statement of Payments Received (3) Form 4670, Request for Relief of Certain Withholding Taxes |
| <p>4.19.26.13.2
(10-24-2022)
Close Case - Screen Out</p> | <ul style="list-style-type: none"> (1) Verify electronic case documents. <ul style="list-style-type: none"> a. A case closed as a screen-out will have minimal documentation, because the Payer has not been contacted. b. Verify that all research was performed prior to making a screen-out determination and that all documentation is present in the electronic case file. c. Place an electronic PDF print of the Manager's email approving screen out in the electronic case file. d. Complete the DCI screen checking the box that the case was screened out. e. Move the electronic casefile from the PAYER (PR) Folder to the CLOSED Screened Out Folder on the Z Drive. (2) No paper case file. Do not create a paper case file for a screen out. Any paper documents that were created (such as IDRS prints) may be disposed of as Classified Waste. |
| <p>4.19.26.13.3
(10-24-2022)
Close Case - Any Non-Appealed Case (Excluding Screen Outs)</p> | <ul style="list-style-type: none"> (1) Any non-appealed case (delinquent Form 945 return, 6020(b) Form 945, or "no change" / "below tolerance"), will be closed using these procedures, excluding screen outs (see IRM 4.19.26.13.2, Close Case - Screen Out). |

- (2) Issue Letter 96-C, Acknowledgement for General Use/Inquiry, for No Change closures. Update Activity Code to 96C (for Workstream 1) or 296C (for Workstream 2).
- (3) Complete Form 10023-B, Attachment (To Be Associated With Return).
 - a. The designated CBWH employee prepares Form 10023-B for paper case files that are shipped to Files.
 - b. The TC 150 DLN is used as the controlling DLN on Form 10023-B.
 - c. Use IAT Fill Forms to complete Form 10023-B for the case file.
 - d. Use a paper Form 10023-B form ("pink sheet") if IAT is not available.
 - e. The designated CBWH employee will prepare a paper casefile for "No Change" closed cases with EIN, Name Control, and Tax Year and file in a locked cabinet in the CBWH group.
- (4) Close control base in TXMOD. Close control base in TXMOD using CC ACTON in the following format:
 ACTON
 Cnn,ACTIVITYCD,C
 - a. Cnn is the Control Group Number field and nn is the established control base number.
 - b. ACTIVITYCD is an appropriate Activity Code for the type of case closure:

Description	Workstream 1 Activity Code	Workstream 2 Activity Code
Closed no change / below tolerance	NOCHANGE	2NOCHANGE
Any other non-appealed closure (except screen out)	CLOSED	2CLOSED

- c. C is the Case History Status Code.
- (5) Update activity record for closing actions. Update activity record for closing actions including Date, time, TE's initials, closed control, printed files, prepared Form 10023-B, and forwarded to Files. Ensure the activity record is updated in the electronic case file (and in the assembled case file if working at the Campus post of duty). See Exhibit 4.19.26-1, Activity Record, for an example.
- (6) Route case files to Files function.
 - a. *If working at the Campus post of duty.* Attach the Form 10023-B to the front of the assembled paper case file. Place the completely assembled case file in the clerical basket for routing to the Files function.
 - b. *If working remotely.* The designated CBWH employee will assemble and ship the case file.
- (7) Move the electronic case file to the appropriate closed folder. Move the completed case file from the Z:PAYER folder to Z: TY20## CLOSED (RESOLVED) or Z: TY20## CLOSED (NO CHANGE), whichever is applicable, to indicate that the case is closed.

Campus Backup Withholding Return Compliance Program

Procedures 4.19.26

page 109

4.19.26.13.4
(10-24-2022)

Close Case - Appealed Case

- (1) For stronger compliance, it is essential that CCBWH employees fully understand the appeals referral process.
- (2) **Procedures to forward a case to the Independent Office of Appeals are currently under development.** Forward this type of case to the CBWH Manager who will work with Specialty Exam Policy until procedures are available.

4.19.26.14
(10-24-2022)

Step 10: Perform Rework When Appropriate

- (1) In the CBWH Program, any adjustment to increase or abate tax, penalty, and/or interest, that a TE makes after the original return assessment is considered a Rework. This section provides the pertinent information and actions required when there is a consideration of the adjustment to increase or abate tax, penalty, and/or interest after the original return assessment.

4.19.26.14.1
(10-24-2022)

Authority to Adjust and Abate Tax, Penalties, and Interest

- (1) Assessment authority under IRC 6201.
 - a. The IRS may adjust tax, penalties, and interest under IRC 6213(b)(1) and IRC 6213(b)(2). In math or clerical error cases, the IRS may assess and send a notice of assessment of additional tax without using deficiency procedures.
 - b. IRC 6213 applies only to tax assessments made for taxes under Subtitle A or B. It does not apply to employment taxes. Backup Withholding and Non-payroll Income Tax Withholding are statutorily treated as if they were employment taxes under Subtitle C. Because employment taxes are not subject to deficiency procedures under IRC 6213, math error authority doesn't apply to assessment of these taxes under Subtitle C.
 - c. However, under IRC 6201, the IRS has assessment authority which includes taxes shown on a return.
 - d. Where a Form 945 has not been filed, an assessment of backup withholding or non-payroll income tax withholding liabilities can be made when the IRS has information returns or other information contained in the IRS's records which demonstrate that a taxpayer has a backup withholding liability. A summary record of assessment, through supporting records, shall provide the identification of the taxpayer, the character of the liability assessed, the taxable period (if applicable), and the amount assessed. However, where an assessment is not supported by a record establishing a rational foundation for the determination of tax due, the usual presumption of correctness and burden of proof will not apply in court proceedings challenging the assessment. Refer to *United States v. Janis*, 428 U.S. 433, 441 (1976).
 - e. For purposes of the summary record of assessment, under IRC 6020 CBWH personnel prepare Form 945 based on the information returns filed by the taxpayer and solicit the taxpayer's signature. If the taxpayer signs the return it is treated as a secured delinquent return under 6020(a). If the taxpayer does not sign the return, the CBWH Manager signs the return and files it on behalf of the taxpayer under IRC 6020(b). If the taxpayer files its own return showing less than the total tax liability shown on the information return filed by the taxpayer, then under IRC 6201 the tax is adjusted to the amount indicated by the information returns.

4.19.26.14.2
(10-24-2022)

Rework Guidelines

- (1) This section provides the pertinent information and actions required when for defining and assignment of Rework cases.

4.19.26.14.2.1
(10-24-2022)

Definition of Rework

- (1) Definition of Rework. In the CBWH Program, any adjustment to increase or abate tax, penalty, and/or interest, that a TE makes after the original return assessment is considered a Rework. Among other reasons, adjustments often occur when:
 - a. TE must use the two-step process to assess backup withholding in full in order to properly compute penalties and interest, and then abate tax (only) due to the Payer's provisions of Forms 4669.
 - b. Payer sends a late reply including missing return information which changes the assessment.
 - c. Payer prepares and files a zero-dollar Form 945 but does not provide missing return information to indicate that the Payer is not responsible for backup withholding and/or federal income tax withholding as shown on the List of Payees.
- (2) A Rework occurs when any Payer response is received that might change the original assessment.

4.19.26.14.2.2
(10-24-2022)

Assignment of Rework

- (1) The designated CBWH employee, Lead, or Manager will assign a Rework to the TE who was most recently assigned to the case, unless impracticable.
- (2) If a Rework is received before the case control base has closed, it is not necessary to close the control base before assigning the case Rework to the TE.
- (3) Update the IDRS control base activity with REWORK.
- (4) Use the earliest stamped IRS received date for the open control.

4.19.26.14.3
(10-24-2022)

Inputting a Collection Hold (STAUPS)

- (1) After assessment, if a collection hold is not input, the IRS will send a series of notices or letters and take other actions to collect the debt.
- (2) If the taxpayer's account is in the collection process and the taxpayer requests a correction of the backup withholding adjustment, you must determine the collection status of the account. The collection status is shown on TXMODA in the SC-STS field.
- (3) The collection status indicates whether additional research is needed to determine if the account is in Field Collection and a Revenue Officer has been assigned to the account.
- (4) If the case is in Collection Status 22, 24, or 26, you must contact the Automated Collections Liaison or assigned Revenue Officer and coordinate and advise you have correspondence to rework the assessment.
- (5) If the case is in Collection Status 21 (first notice) or 58 (final notice), input STAUPS to freeze the collection process for 15 cycles while you review and process the taxpayer's request to consider a change to the assessment of backup withholding.

4.19.26.14.3.1
(10-24-2022)

Collection Status Codes (SC)

- (6) You will also input STAUPS to freeze the collection process for 15 cycles if for any reason there is a backup withholding balance due, and the control base is still open in Campus Backup Withholding for the account.

- (1) After assessment of backup withholding, a BMF taxpayer receives a series of three automatically generated notices from the IRS requesting payment for the tax balance owing. Since the notices are automatically generated, they are part of the Automated Collection System (ACS). Each notice generally provides 21 days to respond and is issued a month after the last notice if the taxpayer does not pay the debt or respond.

Description	Notice Number	Collection Status Code
First Notice	CP 501	21
Final Notice	CP 504	58

- (2) If the BMF taxpayer does not respond to the initial notices, Collection Inventory, Delivery & Selection will evaluate and categorize the account and route it to one of the following:
- ACS is a computerized inventory system and telephone call center. After a case arrives in ACS, the IRS checks for levy sources, telephone numbers, and other characteristics. These actions result in additional computer-generated notices to taxpayers. ACS Customer Service Representatives respond to phone calls from taxpayers to resolve balance due account.
 - Field Collection involves Revenue Officers making contact with taxpayer by issuing various notices and visiting taxpayers personally in the field to resolve balance due accounts.
 - The Queue is an electronic holding area for taxpayer delinquent accounts that are held until assignment to field Revenue Officers.
 - Shelved cases are those not actively being worked by the IRS, but they may be assigned at a later date to ACS or Field Collection or sent to Private Debt Collection. While in shelved status, penalties (up to the maximum allowed by law) and interest continue to accrue.
- (3) If the case is sent to Private Debt Collection (PDC), ENMOD will show a PDC code of 1 to 99. The number indicates which private debt collecting company received the account.
- (4) The TXMODA status code or freeze code will show whether the BMF taxpayer has responded by satisfying the balance due via payment or offset, or has entered into collection alternatives:

Description	Collection Status Code	Freeze Code
Fully Satisfied	12	--
Bankruptcy	--	V or W

Description	Collection Status Code	Freeze Code
Currently Not Collectible	53	--
Installment Agreement	60	TC 530 CC 39
Litigation	72	W
Offer in Compromise	71	--
Hold on Balance Due Notices	48	--

- (5) A Collection SC of 48 indicates that STAUPS has been input on the taxpayer's account and balance due notices will not be mailed. IDRS balance due notices or TDA/BAL DUE issuance is suppressed for the requested number of cycles (up to 15).
- (6) If you encounter a Collection SC that is not on this list, Refer to Section 8A.3 - MF and IDRS Collection codes in Document 6209, IRS Processing Codes and Information. This information can be found on-line at <http://serp.enterprise.irs.gov/content/6209/section-8a-3.html>.

4.19.26.14.3.2
(10-24-2022)

**Legal Significance of
CP504 Final Notice (SC
58)**

- (1) If the Collection SC is 58, the taxpayer has received CP504, Final Notice. On BMF accounts, the first and final notices are the only notices issued. After the final notice, the next notice will be a levy and/or lien, and the Status Code will change to Collection SC 22, ACS Collection. In order to stop the lien and levy, you must input CC STAUPS to stop the collection process from moving beyond Collection SC 58, CP504 Final Notice.
- (2) If collection activity has progressed beyond Collection SC 58, Final Notice, you will need to contact the appropriate Collections area -- ACS (Collection SC 22) or Field Collection (Collection SC 24 or 26) and ask them to place a hold on collection, discuss the case, and coordinate your actions on the case. ACS or Field Collection may have information you do not have that would change the result of your review and may want to review the taxpayer's submission before you process it.

Note: In order for ACS or Field Collection to input a collection hold, there needs to be an open CBWH IDRS control in CBWH. Note on the Activity Record the hold date ACS or Field Collection provided so you identify in the future if you need to request additional time.

4.19.26.14.3.3
(10-24-2022)

**How to Determine if
Collection is Assigned
to Your Case**

- (1) Collection SC 22 is assigned to ACS, Collection SC 24 is in the queue waiting assignment of a Revenue Officer, and Collection SC 26 is assigned to a Revenue Officer.
- (2) Review the Master File (MF) and IDRS Service Center Collection SC. These codes are shown on CC TXMODA. Refer to IRM 2.3.11-12, Command Code TXMOD Valid Response, which shows the current Service Center Collection SC is located on line 5 item 1 and the current MF SC is located on line 6 item 1.

- (3) CC SUMRY shows the current SC Collection Status Code. Refer to IRM 2.3.11-8, Command Code SUMRY Tax Module Summary Data, which shows it is located on line 3 item 5.
- (4) Review the Collection Assignment Number. CC TXMODA and CC SUMRY shows the Collection Assignment Number in the CTRL-ASGMT field. To locate the filed in CC TXMODA refer to IRM 2.3.11-12, Command Code TXMOD Valid Response, which shows it is found on line 9 item 6. To locate the field in CC SUMRY refer to IRM 2.3.11-5, Command Code SUMRY Other Heading Data—IRAF, which shows it is found on line 7 item 1.

4.19.26.14.3.4
(10-24-2022)

Work Process for BMF Taxpayer

- (1) Work Process for BMF Taxpayer:

If the Collection Status Codes Are:	And the Collection Assignment Codes Are:	Then:
SC 21 1st Notice CP 501 or SC 58 Final Notice CP 504	Blank	There is no collection assignment. Input STAUPS to freeze collection activities and process the taxpayer's rework.
SC 22 ACS	All zeros or end with zeros (such as 24000000)	The case is in ACS. Contact an ACS Liaison to put a hold on collection and to discuss and coordinate the taxpayer's request for rework.
SC 24 Queue or SC 26 Field Collection	A Revenue Officer (RO) TSIGN (Assignment Number), such as 240621111	The case is in Field Collection. It has been or soon will be assigned to a Revenue Officer. Contact Field Collection to put a hold on collection and/or to discuss and coordinate the taxpayer's request

4.19.26.14.3.5
(10-24-2022)

Discussion and Coordination with ACS Liaison

- (1) If the case is in Collection SC 22, ACS, Contact the ACS Liaison to request a hold on collection. Explain the case and the taxpayer's request and coordinate any action on the taxpayer's account with the ACS Liaison. On the Activity Record, note the hold date given by the ACS Liaison.
- (2) The ACS Liaison may be aware of taxpayer actions that do not yet appear on IDRS, which would have an effect on your review.

4.19.26.14.3.5.1
(10-24-2022)

Finding the ACS Liaison

- (1) If the case is in Collection SC 22, ACS, go to the *SERP Who/Where Tab* (<http://serp.enterprise.irs.gov/content/who-where/who-where.html>) and click on "ACS Support and Status 22 TAS Liaisons":

- (2) When you select “ACS Support and Status 22” the “ACS Support and Status 22” screen should appear. Using the drop down menus, select:
- Business Operating Division (BOD): SBSE
 - State: The state in which the Taxpayer is located.
 - Does the case have TAS involvement? Yes or No. (Usually it will be “No”).
- (3) Click the “Find” button. The system will display the ACS Liaison name, phone, EEFax, and email.

SERP

ACS Support and Status 22 TAS Liaisons

These Liaisons are for internal use only; Do not refer a taxpayer to the liaison. Refer taxpayers to the appropriate Toll Free Telephone Number.

Business Operating Division (BOD)

State:

Does the case have TAS involvement?

Last Updated 07/20/2022

Figure 4.19.26-1

4.19.26.14.3.6
(10-24-2022)

**Discussion and
Coordination with Field
Collection - Revenue
Officer**

- (1) If the case is in Collection SC 24, Queue, or 26, Field Collection, go to the *SERP Who/Where Tab* (<http://serp.enterprise.irs.gov/content/who-where/who-where.html>) and click on RO by TSIGN/ZIP/STATE. This will bring up the RO Lookup tool:

RO Lookup

Search by:

Enter the first 6 digits of the 8-digit Assignment #:

(Updated 9/26/2016)

Note to Accounts Management Users: Use this tool **ONLY IF** the taxpayer's account is in Status 26 AND assigned to an RO. If there is no TSIGN or if the TSIGN ends in 00, the case is NOT assigned to a RO and you should follow the instructions in [IRM 21.3.12.6.2.3](#).

Figure 4.19.26-2

- (2) In the "Search by" field, select "Assignment Number"
- (3) In the next field, enter the **first 6 digits** of the Revenue Officer's 8-digit Assignment number.
- (4) Click the Search button.
- (5) The system will display the address, phone number, and fax number of the Revenue Officer's Group.
- (6) Contact the Group to identify the assigned Revenue Officer. Ask the Revenue Officer to place a hold on collection. Explain the case and the taxpayer's request and coordinate any action on the taxpayer's account with the Revenue Officer. On the Activity Record, note the hold date given by the Revenue Officer.
- (7) As for accounts in ACS, the Revenue Officer will direct coordination, and may want to review the taxpayer's response before you consider the request. The Revenue Officer may be aware of taxpayer actions and responses that do not yet appear on IDRS or AMS.

4.19.26.14.3.7
(10-24-2022)

Purpose and Function of CC STAUP, Notice Status

- (1) The purpose and function of CC STAUP is to interrupt, delay, accelerate, or skip routine notice issuance.
- (2) Inputting CC STAUPS will delay generation of the next sequential notice and update to the next collection status. You must input the number of cycles to delay before issuing the next notice.
- (3) When the number of cycles delay has expired, the weekly update to the module will cause generation of the next notice. Therefore, as the STAUPS collection hold expire, you must continue to input STAUPS to delay collection while the case is open in Campus Backup Withholding.

4.19.26.14.3.8
(10-24-2022)

How to Input CC STAUPS

- (1) In IDRS, input:
STAUPSnn-nnnnnnn
SC 15
 - a. nn-nnnnnnn is the taxpayer's EIN
 - b. SC is the collection SC 21, 20, 56, or 58. (See **Note** below)
 - c. 15 is the number of cycles to delay collection action
- (2) The collection status will change to 48 on TXMODA when STAUPS are input.
- (3) If the collection SC is 22, 24, 26, you must contact ACS or Field Collection to place a collection hold on the account, as described above. You should see the collection status code change to SC>47 indicating there was a TC 470 input on TXMODA to stop ACS and Field collection.

Note: See IRM 2.4.28.2, CC STAUP Notice Requests, for more information about CC STAUP.

4.19.26.14.4
(10-24-2022)

Rework Process

- (1) This section provides the pertinent information and actions required for the Rework Process.

4.19.26.14.4.1
(10-24-2022)

General Guidelines

- (1) If the control base is closed in TXMOD, the designated CBWH employee will assign the control base in TXMOD and forward the correspondence to the TE (or put it in the case file, actually). If a Rework is received before the case control base has closed, it is not necessary to close the control base before the Rework Activity Code is input.
- (2) TE will monitor the ORCAS report for Activity Code REPLYMMDD (for Workstream 1) and 2REPLYMMDD (for Workstream 2), indicating correspondence was received and scanned by the recipient, and is available for review.
- (3) TEs should review and respond to correspondence within five days whenever possible. If a response is not possible within 30 days from the earliest stamped IRS received date, issue Letter 2645-C, Interim Letter. See IRM 4.19.26.10.6.4, Timeliness - Policy Statement 9-21-3 (this also referred to as "Action 61.")
- (4) TE will review the Payer's response using the guidelines under IRM 4.19.26.10, Step 6: Review Payer's Response and Make Determination, and IRM 4.19.26.11.2, Consideration of Penalty Relief.
- (5) For a Rework, TE will input Activity Code REWORK (for Workstream 1) or 2REWORK (for Workstream 2) upon beginning the review of the Payer's correspondence.
- (6) As needed, the TE will re-perform IDRS research (see IRM 4.19.26.7.2, IDRS Research). The extent of research will generally depend on the time that has elapsed since the research was last performed. At a minimum, the TE should:
 - a. If the correspondence is from a third party, ensure that the third party is an authorized representative, and Form 2848 is processed with Centralized Authorization File (CAF).
 - b. Verify that the assessments on the BMFOL/TXMOD agreed to the tax, penalty, and interest reflected in the case file.
 - c. Verify whether any tax, penalty, and/or interest already has been changed, and obtain the supporting information for those adjustments if not present in the case file.
 - d. Check for amended and duplicate returns and obtain a copy of the return if not present in the case file. See IRM 4.19.26.12.4, Duplicate Return Procedures.
 - e. Check for freeze codes and if present on the Payer's transcript perform necessary research.
- (7) Once the research and review is completed, TE will:
 - a. Obtain Managerial approval for any adjustment (either increase or decrease) and retain the approval in the case file.
 - b. Ensure that the original assessment (including tax, penalty, or approval) has posted in full (TC 370 and/or 150) before inputting the adjustment.
 - c. If applicable, TE will input the adjustment. To suppress notices, TE will input Hold Code 4 in connection with the adjustment.
 - d. See IRM 4.19.26.14.5, Processing Rework Adjustments.
 - e. If no adjustment is required, or after ensuring that the adjustment has posted, perform appropriate case closing procedures.

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 117

4.19.26.14.4.2 (10-24-2022) **Coordination with Collections**

- (1) Any reply that is received in an account with an active Collection status code (22, 24, or 26) on IDRS must be coordinated with the responsible function(s) prior to the Rework being performed.
 - a. Collections must input TC 470 cc 90 to remove the case from collection status while under Rework.
 - b. If there are any other Collection issues that need to be addressed, such as a remaining balance due, Installment Agreement request, and so on, Collections must work that portion of the Payer's response.
 - c. At the end of Rework process, the TE will either input a TC 29X (which automatically ensures a case that has a balance due remaining on the module is put back into collection status), or a TC 472 with no closing code.

4.19.26.14.4.3 (10-24-2022) **Specific Guidelines for Abatement**

- (1) If the Payer paid the tax and files Form 4669 requesting abatement and refund, the Payer must provide Form 945-X that agrees to the Form 945 minus the Forms 4669 accompanying the request for abatement.
 - a. If the Payer did not provide Form 945-X, issue Letter 21-C to request Form 945-X.
 - b. Enter Activity Code 21CMMDD (for Workstream 1) or 221CMMDD (for Workstream 2), with Case History Status Code A, to monitor the
 - c. If the Form 945-X is provided, enclose the Forms 4669 and forward to Submission Processing.
 - d. If the Form 945-X is not provided, issue Letter 3064C to explain that the Forms 4669 cannot be processed because Form 945-X was not provided. Update the Activity Code to 3064C (for Workstream 1) or 23064C (for Workstream 2), then close the case as a no change (IRM 4.19.26.13.3, Close Case - Any Non-Appealed Case (Excluding Screen Outs)).
- (2) Activity Code - For Rework abatements, TE will input REWORKMMDD (for Workstream 1) or 2REWRKMMDD (for Workstream 2) to monitor for posting of the abatements for 14 days. The Activity Code may be re-input as needed. TE must monitor for unposting of the adjustment and resolve if necessary.

4.19.26.14.4.3.1 (10-24-2022) **Notice to Taxpayer to Explain Abatement Actions**

- (1) TE will reply to the Taxpayer to explain abatement actions using Letter 288-C, Interim Reply; Adjustment Request Considered.
- (2) Letter 288-C notifies the Taxpayer that there will be a delay between adjusting the account and receiving a notice of the adjustment and instructs the Taxpayer to ignore any notices the Taxpayer might receive that don't include the adjustment.
- (3) See Exhibit 4.19.26-3, Letter 288-C - Notification of Abatement (Full or Partial), for format of Letter 288-C for full or partial abatements.

4.19.26.14.4.4 (10-24-2022) **Specific Guidelines for Tax Increases**

- (1) If a taxpayer responds to CBWH compliance requests by filing Form 945 for \$0 or for a tax amount that is less than the amount shown on the list of payees, but the taxpayer has not provided missing return information sufficient to demonstrate that the tax is not due, then the tax must be adjusted to the amount shown on the list of payees previously provided to the taxpayer.

- (2) For workstream 1, this adjustment is made because a taxpayer is liable for backup withholding under IRC 3406 where it failed to obtain the payee's TIN prior to making a reportable payment to the payee. For workstream 2, this adjustment is made because a taxpayer is liable for federal income tax withholding from reportable payments under IRC 3402.
- (3) The adjustment will equal the difference between the amount of tax shown on the list of payees and the total amount of tax liability reported by the Payer on Form 945 line 3.
- (4) The adjustment is the gross amount of tax for which the Payer is liable before consideration of Forms 4669.
- (5) If the list of payees has been revised – for example, the taxpayer demonstrated that the payees or payments were exempt from information return reporting requirements – then the adjustment should reflect the most recent revision.
- (6) The TE will input the adjustment using normal REQ54 procedures, with Case History Status Code "A" to keep the case in active status. Print a REQ54 "completed" or summary screen for the electronic workpapers.
- (7) Activity Code - For Rework adjustments that are increases, 3064CMMDD (for Workstream 1) or 23064CMMDD (for Workstream 2) to monitor for 30 days for unposting of the adjustment and resolve if necessary.
- (8) Notice to Taxpayer to explain abatement actions:
 - a. TE will notify the Payer of the increase using Letter 3064-C, Special IDRS Letter. Letter 3064-C is for use when a short narrative reply specifically tailored to the individual taxpayer is needed, as approved by local management.
 - b. Specific notification paragraphs should be inserted using selectable paragraphs L and M. See Exhibit 4.19.26-4, Letter 3064-C - Notification of Tax Increase, for the wording of these paragraphs. The wording in these paragraphs can be changed only with approval of the Lead or Manager, and care must be taken to provide all of the information needed to appropriately notify the Taxpayer without exceeding the character limitation of each paragraph.

#

4.19.26.14.4.5
(10-24-2022)
**Specific Guidelines for
Form 12412, Operations
Assistance Request
(OAR) from Taxpayer
Advocate Service (TAS)**

- (1) A Form 12412, Operations Assistance Request (OAR), is used by Taxpayer Advocate Service (TAS) to request the IRS take an action on an account that TAS does not have delegated authority to act upon. The OAR will be sent to the Campus Exam TAS Liaison who will forward and assign the OAR to the CBWH Manager. An OAR can be received by fax, mail or E-mail and will have a Form 3210, Document Transmittal, attached.
- (2) The OAR will contain the name, telephone, and fax number of the TAS employee making the request. An OAR will include an explanation of what TAS is requesting and documentation to support the request.
- (3) The CBWH Manager or a designated employee will acknowledge receipt of OAR. Expedited OARs, TAS Case Criteria 1 – 4, Economic Burden (see IRM 13.1.7.3.1, AS Case Criteria 1–4, Economic Burden) must be acknowledged

within 1 business day. TAS Case Criteria 5 – 7, Systemic Burden (see IRM 13.1.7.3.2 , TAS Case Criteria 5 – 7, Systemic Burden), must be acknowledged within 3 business days. OARs are acknowledged on the Form 3210 sent with the OAR and will include the name and phone number of the Manager and the assigned TE.

- (4) Upon receipt of the OAR, the Manager or a designated employee will enter on the CBWH open IDRS control Activity Code TA_OARMMDD (for Workstream 1) or 2TAOARMMDD (for Workstream 2), with Case History Status Code A.
- (5) The OAR Requested Completed Date is shown in Section IV, Box 3 of the Form 12412.
- (6) Once received, the instructions on an OAR must be carried out within the following time frames:
 - a. For an expedited OAR, MMDD is three business days.
 - b. For a non-expedited OAR, MMDD is the due date for OAR Requested Completed Date in Section IV, Box 3, or a date that has been negotiated by the Manager if applicable. Negotiated Completion Date must be entered on the OAR in Section IV, Box 4.
- (7) The TE will complete sections V and VI of Form 12412, including any actions taken and the reasons behind those actions. The Manager will sign and return the OAR once it is completed.
- (8) The TE will place an electronic copy of the completed and signed OAR in the electronic case files on the shared drive. The Manager will keep an administrative copy for 6-months.
- (9) The Manager will return the completed OAR package to the TAS employee.
- (10) If you are assigned an OAR, your Manager will also provide instructions for any document review and rework adjustments you will make. Perform the review and/or process the adjustments as instructed by the Manager.

4.19.26.14.5
(10-24-2022)

Processing Rework Adjustments

- (1) This section provides the pertinent information and actions required when CBWH Program is processing Rework adjustments.

4.19.26.14.5.1
(10-24-2022)

Post Adjustments on TXMOD

- (1) Use IAT REQ54 to input the appropriate adjustments to close the case. If the IAT REQ54 tool is not available, use TXMOD overlay REQ54. Note:

Note: The adjustment will automatically close the control on TXMOD, unless the status code is changed to A, M, or S. Input Case History Status Code A to keep the control base open. Input C to close the control base.

Note: Note: At the completion of input, if using the IAT REQ54 tool, make a PDF print of the "IAT REQ54 Adjustment Tag" for the case file. If TXMOD overlay REQ54 is used, make a PDF print of the IDRS "Request Completed" screen for the case file. For more information refer to the IAT Home page at <https://organization.ds.irsnet.gov/sites/WiMtlat/home/default.aspx>.

- (2) Complete the entries in the IAT Adjustment Calculator screen. Required inputs are shown in IRM 4.19.26.14.5.1.1, Required Inputs for the IAT Adjustment Calculator.
- (3) After entering the inputs as described above, submit the inputs via the TRANSMIT button on the IAT Tool or the PAGE UP button for the IDRS Overlay screen.
- (4) IAT REQ54 Adjustment Tag. Print an electronic PDF print of the IAT REQ54 Adjustment Tag or "Request Completed" screen and place it in the electronic case file on the shared server. If working at the Campus post of duty, print a copy of Form 10023-B for the case file to be sent to the Files function, and attach it on top of the file.

4.19.26.14.5.1.1
(10-24-2022)

**Required Inputs for the
IAT Adjustment
Calculator**

- (1) TIN: Taxpayer's EIN
- (2) MFT: 16
- (3) Tax Period: YYYY12
- (4) CIS-IND: Leave blank if using IAT REQ54 tool. Enter "0" if using TXMOD overlay of REQ54.
- (5) :Activity: Input CLOSED (Workstream 1) or 2CLOSED (Workstream 2) to indicate to the designated CBWH employee and Manager that the paper case needs to be printed and the electronic case file moved to the appropriate closure type in the shared drive.
- (6) Category: BNFC when taxpayer correspondence and the assessment was previously posted to IDRS. BNF- when the case is initially controlled on IDRS and worked through the assessment process.
- (7) Status: A or C
 - a. Enter Case History Status Code A if there will be additional activity on case. For example, known additional adjustments, a monitoring period while waiting for a taxpayer's response, and so on.
 - b. Enter C if the case is being closed immediately after the adjustment for shipping to the Files function. Do not use Case History Status Code B, S, or M unless approved by Manager.
- (8) Received Date: Enter the Correspondence Date (see item 14) with no slashes (for example, 10312019).
- (9) Credit Reference Numbers: Input "008" when making any TC 290 or TC 299 adjustment of the BWH tax. If not adjusting BWH tax, leave this field blank.
- (10) Transaction Codes:
 - TC 290: Assess tax. Use 28% withholding rate for tax year 2017, and 24% for 2018 and forward.
 - TC 291: Abate tax
 - TC 160: Manually assess Failure to File (FTF) penalty. To avoid an un-postable condition, at a minimum always input TC 160 for \$0.
 - TC 161: Manually abate FTF penalty
 - TC 180: Manually assess Failure to Deposit (FTD) penalty
 - TC 181: Manually abate FTD penalty

- TC 190: Manually assess non-restricted interest
- TC 191: Manually abate assessed non-restricted interest
- TC 270: Manually assess Failure to Pay (FTP) penalty. Manually calculate if FTP penalty applies and TC 270 or TC 276 is posted on the account.
- TC 271: Manually abate FTP penalty
- TC 340: Manually assess restricted interest. Use this Transaction Code only with Managerial approval. (CBWH does not manually restrict interest)
- TC 341: Manually abate assessed restricted interest. (CBWH does not manually abate restricted interest)
- TC 342: Remove restriction from manually assessed interest. (CBWH does not remove restriction)

Note: Interest Abatement Coordinator is the only one authorized to process interest abatement claims.

- (11) Adjustment: Enter the appropriate adjustment amount for each Transaction Code. If only abating a penalty, input TC 290 for a zero amount and the appropriate penalty transaction code with amount to be abated.
- (12) Sequence Number: 01, 02, 03, and so on. Each closure or adjustment requires a sequence number. Each day, the first closure or adjustment input is 1, the second 2, and so on. Make a record of the sequence number for later batching.
- (13) Blocking Series (BS): 55 or 00
 - a. Blocking Series 55 should be entered on the adjustment if the original return from IRS Files is not included with the documentation for the adjustment source document.
 - b. Blocking Series 00 should be entered on the adjustment if the original return from IRS Files is included in the documentation for the adjustment source document.
 - c. These Blocking Series apply to both adjustment: TC 290 (assessment) or TC 291 (abatement)
- (14) Correspondence Date: Enter the date with no slashes (for example, 10312019). This date will populate on the adjustment notice that is automatically mailed to the taxpayer as a result of inputting TC 290 or TC 291. Select the appropriate date as follows:
 1. The date the taxpayer entered on their most recent correspondence, or if there is no such date,
 2. Envelope postmark date or the date stamped by the fax machine on the taxpayer's most recent correspondence, or if there is no such date,
 3. Three days prior to the earliest stamped IRS received date (date stamp) on the taxpayer's most recent correspondence, or if there is no such date,
 4. Current date.
- (15) Hold Code (HC): 0
 - a. Hold Codes are used with TC 29X adjustments to prevent or delay the issuance of a refund and/or notice.

- b. Hold Code 0 – No hold code. Does not prevent a notice from being sent to the taxpayer and does not prevent a refund if applicable.
- c. Hold Code 1 – If net module balance after posting is a credit, holds credit until TC 29X or 30X posts or until certain other conditions occur.
- d. Hold Code 2 – Same as Hold Code 1 but holds both notice and credit.
- e. Hold Code 3 – Prevents the issuance of the adjustment notice for the adjustment transaction on which it is entered and does not prevent issuance of any other notice.
- f. Hold Code 4 – Same as 1 except that a notice will not be issued at any time.

(16) Source Doc: Y

- a. Source Document is a required field that should auto populate. If it does not, enter **Y**. When inputting a closing adjustment, always input a **Y** in the Source Doc (SOURCE-DOC-ATTACHED?) field to indicate there is a Source Document, unless instructed otherwise by Manager.
- b. The Source Document field is what notifies the Federal Records Center (**FRC**) to expect receipt of a source document as the attachment to the IDRS transaction record. A source document – in this case is the CBWH documentation used to support the adjustment. An ADJ54 creates a Document Locator Number (DLN) to file the documentation at FRC. IDRS automatically generates Form 5147 with the DLN and data input on the ADJ54 screen. FRC associates the Form 5147 with the source document and files them in DLN numerical sequence.
- c. Valid values for the Source Document field are **Y** (source document), **N** (no source document), and **R** (source document retained by the employee).

Example: Source Document>Y Remarks: CBWH Rework correspondence

(17) Remarks: CBWH Rework Correspondence

(18) Priority Code (PC): Used to post adjustments to the Master File when certain module conditions exist. Failure to enter the PC (if one is applicable) will cause the transactions to unpost.

- a. PC 1: When there is an -L (audit) freeze. Generally, TEs will not adjust tax when there is an -L freeze on the account.
- b. PC 3: When decreasing tax, resulting in a refund. Do not use PC 3 when refunding a payment.
- c. PC 2: Entered when both PC 1 and 3 apply. This will generally not be used by CBWH personnel.
- d. PC 8: CBWH tax increase is within \$10 of a previous significant TC 290/299 adjustment. Generally, this will not occur because TE will close because it is below tolerance.

(19) Reason Codes: Reason Codes (RC) and Penalty Reason Codes (PRC) are required when adjusting penalties. The codes determine the explanation that prints on the adjustment notice.

- a. Computational-related Adjustment

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 123

IMF RC	BMF RC	PRC	Definition / Relief Criteria	Relief criteria
65	None	2	Penalty adjusted due to computation error (systemic/all penalties).	n/a
65	None	10	Amended/corrected return. TP prepared original.	n/a
65	None	13	Amended/corrected return. Original prepared by IRS.	n/a
65	None	21	Tolerance criteria met-FTD, FTF, FTP.	See IRM 20, Penalty and Interest

b. Statutory / Regulatory

IMF RC	BMF RC	PRC	Definition / Relief Criteria	Relief criteria
N/A	None	12	Decrease to FTD penalty per IRC 6656(e) and Rev. Proc. 2001-58. Taxpayer redesignated FTD applications based on a valid ROFTL.	See IRM 20.1.4.26.3, Statutory Penalty Relief
65	None	27	Timely mailed / timely filed.	n/a
65	None	28	Official disaster area.	See IRM 20.1.1.3.3.6, Official Disaster Area
65	None	29	Undue economic hardship/inability to pay (FTP). NOTE: Rarely allowed for tax that was actually withheld (trust fund taxes).	See IRM 20.1.1.3.3.3, Under Hardship, IRM 20.1.2.2.4.1(9), Penalty Abatements and Re-assessments, and IRM 20.1.2.2.4.3(5), Notice 2015-09 Penalty Relief
65	None	31	Erroneous oral advice by IRS	See IRM 20.1.1.3.3.4.2, Oral Advice From IRS
None	None	44	Erroneous or late written advice by IRS. Relief based on revenue procedures.	See IRM 20.1.1.3.3.1, Statutory and Regulatory Exceptions
65	None	45	IRS math error in computing the penalty or penalties. Extension to file not posted to Master File. Taxpayer complied with law, but IRS did not recognize compliance.	See IRM 20.1.1.3.4, Correction of Service Error

c. First Time Abatement

IMF RC	BMF RC	PRC	Definition / Relief Criteria	Relief criteria
65	None	18	First-time penalty relief. RCA not used. Manual three-year look back for compliant behavior.	See IRM 20.1.1.3.3.2.1, First Time Abate (FTA)

d. Reasonable Cause

IMF RC	BMF RC	PRC	Definition / Relief Criteria	Relief criteria
62	62	22	Normal business care and prudence followed, but taxpayer was still unable to comply due to circumstances beyond their control. Generally used when the taxpayer establishes a single circumstance prevented compliance.	See IRM 20.1.1.3.2.2, Ordinary Business Care and Prudence
62	N/A	24	IMF Only. Death, serious illness, or unavoidable absence of the taxpayer or a member of their immediate family.	See IRM 20.1.1.3.2.2.1, Death, Serious Illness, or Unavoidable Absence
62	62	25	Records inaccessible / Unable to obtain records / Records destroyed by fire or casualty.	See IRM 20.1.1.3.2.2.3, Unable to Obtain Records
62	N/A	26	BMF Only. Death, serious illness, or unavoidable absence of the person responsible for filing and/or paying taxes (for example, owner, corporate officer, partner, and so on) or a member of their immediate family.	See IRM 20.1.1.3.2.2.1, Death, Serious Illness, or Unavoidable Absence
62	62	30	Other-Combination of mistakes. Normal business care and prudence followed, but documentation shows non-compliance was due to circumstances beyond the taxpayer's control	See IRM 20.1.1.3.2.1, Standards and Authorities
65	None	23	Taxpayer relied on practitioner or third party advice.	See IRM 20.1.1.3.2.2.5, Erroneous Advice or Reliance

- (20) Interest Computation Dates and Amounts: Only enter an interest computation date if the adjustment is based on a Form 4669. This includes Interest Computation Date, 2% Interest Rate, Computed Interest, Credit Interest to Date, Debit Interest to Date. Interest adjustments will be autogenerated and are not computed by the TE.

- (21) Amended Claims Date: Enter the IRS received date when the adjustment results in a refund. Amended Claims Date identifies the time period for credit interest paid on tax adjustments that result in a refund. The date cannot be later than the current date.
- (22) Override Code: This code is required when the IRS received date is over one year old and on cases where the Refund Statute Expiration Date (RSED) has expired. Never enter an override code unless approved by Manager.
 - a. R: Allows IRS received date to be older than a year in the past.
 - b. S: Allows current date and the Refund Statute Control Date (RSCD) to be later than the Refund Statute Expiration Date (RSED).
- (23) TCB Date: Leave blank.

4.19.26.14.5.2
(10-24-2022)
**Special Procedures -
First Time Abatement**

- (1) For additional information on FTA see IRM 4.19.26.11.2.4, First Time Abatement of Penalties.
- (2) FTA must be input as a separate adjustment from another TC 290 with a dollar amount. It can be entered immediately after the initial adjustment.
- (3) If the penalty has not been assessed prior to granting First Time Abate, input a TC 290 for .00 with Penalty Reason Code (PRC) 018.
- (4) The PRC of "018" signifies the FTA waiver or abatement has been granted due to a manual look-back, rather than by use of the Reasonable Cause Assistant (RCA).
- (5) This also provides for an action trail and will alert other employees not to offer the FTA again for the same MFT for the next three tax years.

4.19.26.14.5.3
(10-24-2022)
**Post-Adjustment
Procedures**

- (1) IDRS Reports: Place a PDF print of INOLES, dated within the last 30 days, in the electronic case file.
- (2) Activity Record: Update activity record for closing actions, including Date, time, TE's initials, closed IDRS control, printed files, prepared Form 10023-B, and forwarded to Files. Ensure the activity record is updated in the electronic case file.
- (3) Batch the Adjustments: Complete the electronic Form 6502, Employee Source Document Folder. Place an electronic PDF print in the electronic case file. If working at the Campus post of duty, print a copy of the Source Document Cover Sheet for the case file to be sent to the Files function. Required input:
 - 1. Employee Number: Employee's IDRS number.
 - 2. Category: BNF- (if no Payer correspondence was received) or BNFC (if any Payer correspondence was received).
 - 3. Input Date: Date of ADJ54 input.
 - 4. Sequence Number: 01, 02, 03, and so on. Each closure (with or without adjustment) requires a sequence number. Each day, the first closure input is 01, the second 02, and so on. Enter the sequence number range for the adjustments being sent to Files function (for example, 01-20 First and last sequence number of adjustment documents in the folder).
 - 5. Quality Review Release Date: Leave blank.

- (4) Close the case (see IRM 4.19.26.13, Step 9: Close Case).

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 127

Exhibit 4.19.26-1 (10-24-2022)

Activity Record

EIN:

Tax Year:

Name Control:

Date	TE	Comments	Time:
MM/DD/YYYY	XX	:Frequently used abbreviations: <ul style="list-style-type: none"> • TE = Tax Examiner • PE = Payee • PR = Payer • P1 = Pub 1, Your Rights as a Taxpayer • P5 = Pub 5, Your Appeal Rights and How to Prepare a Protest if You Disagree • IR = Information Return • RP = Reportable Payment • DV= Disclosure Verified • PC= Phone Call 	Hours
MM/DD/YYYY	XX	TE performed IDRS research, prepared L6112, LOP, and P1 for mailing. Response due date MM/DD/YYYY, Purge date MM/DD/YYYY	Hours
MM/DD/YYYY	XX	TE received PR response, but PR only provided adequate information for # of the # PEs. TE prepared L6112-A w/EOB and P5 to PR. Response due date MM/DD/YYYY, Purge Date MM/DD/YYYY	Hours
MM/DD/YYYY	XX	TE received response from PR with TINs. Payer did not affirm that Payee TINs were on hand at the time reportable payments were made to Payees. TE prepared L3064 and included attachments L6112-A, EOB, and Pub 5 to Payer explaining what additional information is needed. Response due date MM/DD/YYYY, Purge Date MM/DD/YYYY	Hours
MM/DD/YYYY	XX	No response from TP and allotted response time has expired. Prepared 6112-A, EOB, 945, and P5 and mailed to PR. Response due date MM/DD/YYYY. Purge Date MM/DD/YYYY	Hours
MM/DD/YYYY	XX	No response to 6112-A, Prepared Stamped F945 & 6020B for Manager signature to forward to Submission Processing.	Hours
MM/DD/YYYY	XX	Manager signed Stamped 945 and dated 6020B.	Hours
MM/DD/YYYY	XX	Mailed 945, 6020B with 3210 to OSC R&C M/S 6054 for processing.	Hours
MM/DD/YYYY	XX	Monitor for TC150 to post. Purge Date MM/DD/YYYY (start with 60-days due to COVID impact)	Hours
MM/DD/YYYY	XX	Checked IDRS for posted 150. Not posted. Continue to monitor. Check every 30-days until posted. (Submission Processing impacted by COVID so takes longer to get processed)	Hours

Exhibit 4.19.26-1 (Cont. 1) (10-24-2022)
Activity Record

Date	TE	Comments	Time:
MM/DD/ YYYY	XX	PC from TP - DV,TP NAME, TP TELE# (short narrative of discussion with taxpayer)	Hours
MM/DD/ YYYY	XX	TE referred case to Lead or Manager for technical assistance.	Hours
MM/DD/ YYYY	XX	TE forwarded TP request to the Manager for a Supervisor conference.	Hours
MM/DD/ YYYY	XX	Lead or Manager returned case to TE with instructions regarding technical issue.	Hours

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 129

Exhibit 4.19.26-2 (10-24-2022)

Data Collection Instrument (DCI) Form - Workstream 1

BWH CP 2100 Non-Filer DCI		Filter by Payer EIN/SSN	
Payer_EIN_or_SSN		Payer TIN Type	EIN
Form Type of Missing TIN IRs		1099-MISC	
Number of Missing TIN IRs		Number of Payees with Perfected SSN	
Number of Invalid TIN IRs		Number of Payees with Perfected EIN	
Total Number of IRs Issued		Number of Payee TINs Not Matched	
Computed BW			
Letter 6112 Date		Letter 6112A Date	
Letter 6112 Response Date		Letter 6112A Response Date	
POA Yes/No (check if Yes)	<input type="checkbox"/>		
Extension Request	<input type="checkbox"/>	Extension Date	
Requested EI	<input type="checkbox"/>		
Cross Reference EIN			
Phone Call 1 Date		Phone Call 4 Date	
Phone Call 2 Date		Phone Call 5 Date	
Phone Call 3 Date		Over 5 Calls	<input type="checkbox"/>
1st Call Attempt			
2nd Call Attempt			
Contact Made	<input type="checkbox"/>		
FITW (Form 945 Line 1)			
Assessed BWH (Form 945 Line 2)			
Proposed Interest			
Assessed Penalty			
Referred to Appeals Indicator	<input type="checkbox"/>		
ASED Extension Indicator	<input type="checkbox"/>		
6020b Taxpayer Agreed Sent for Processing	<input type="checkbox"/>		
No Change to Case After Letter 6112	<input type="checkbox"/>		
6020b Unagreed Sent for Processing	<input type="checkbox"/>		
No Change to Case After Letter 6112-A	<input type="checkbox"/>		
Penalty Waiver Indicator	<input type="checkbox"/>		
Taxpayer Submitted Form 945 Sent for Processing	<input type="checkbox"/>		
Pre-Notice Closure Screen Out	<input type="checkbox"/>		
REWORK Received Date			
REWORK Abatement Amount			

Note: The DCI screen above is used for **TY2018** Workstream 1 cases.

Exhibit 4.19.26-3 (10-24-2022)**Letter 288-C - Notification of Abatement (Full or Partial)**

- a. Letter 288-C is an IDRS computer-generated letter used when there is an adjustment request considered for the taxpayer. This is a Correspondex letter generated by the IDRS and can be viewed from the SERP web site in the Numeric Index. Complete Letter 288-C in the following manner for Notification of Abatement (Full or Partial).

Paragraph	What to Input	When
A	<ul style="list-style-type: none"> 08 – “dated” 09 - Date of the taxpayer’s correspondence 	All Cases
D		Full abatement cases and the abatement has posted at the time Letter 288-C is issued.
E	16 - 945	Full abatement cases and posting of the abatement is pending at the time Letter 288-C is issued.
J		All Cases
K	23 - If the abatement is partial, explain the reason for the partial adjustment. Examples are provided in below.	Partial Abatements
S	47 - Telephone number	All Cases

- b. Partial Abatements – Paragraph K examples:

Full abatements - select:

Example: Workstream 1 – Abatement due to provision of missing return information: We have abated tax, penalties, and interest where you provided a payee TIN and a written statement that you possessed the payee TIN at the time you made reportable payments to the payee. Where you did not provide this information, you remain liable for tax under IRC 3406 and related penalties and interest. See Explanation of Backup Withholding we previously sent to you.

Example: Workstream 1 – Abatement due to exempt payee or payment: We have abated tax, penalties, and interest where you showed the payee and/or the payment was exempt from information return reporting requirements. Where you did not show the payment or payee was exempt or provide missing return information you remain liable for tax under IRC 3406 and related penalties and interest. See Explanation of Backup Withholding we previously sent to you.

Example: Workstream 1 – Abatement of tax (only) due to provision of Forms 4669/4670: We have abated tax where you provided a correctly completed Form 4669 signed by a payee under penalties of perjury. Please note that Form 4669 does not provide relief from penalties and interest. Where you did not provide Form 4669 you remain liable for tax under IRC 3406 and related penalties and interest. See Explanation of Backup Withholding we previously sent to you.

Example: Workstream 2 – Abatement due to correction of information return: We have abated tax, penalties, and interest where you provided a signed Form 1096 and corrected information return showing that the tax reported in Box 4 should have been reported as a payment to the payee. Where you did not provide this information, you remain liable for tax withheld under IRC 3402 and related penalties and

Exhibit 4.19.26-3 (Cont. 1) (10-24-2022)

Letter 288-C - Notification of Abatement (Full or Partial)

interest. See the explanation we previously sent to you.

Exhibit 4.19.26-4 (10-24-2022)**Letter 3064-C – Notification of Tax Increase**

Letter 3064-C, IDRS Special Letter, is a Correspondex letter generated by the IDRS, and can be viewed from the SERP web site in the Numeric Index. Complete the Letter 3064-C in the following manner for Notification of Tax Increase.

Paragraph	Item	What to Input
A	1	TAXPAYER'S EIN
B	2	TAX PERIOD
D	12	945
F	15	"Form 945 filed on DATE."
L	24	"We increased the tax on your account to \$XXX,XXX after comparing your Form 945 to information returns you filed for 20XX. If a payee fails to furnish a TIN to you at the time a reportable payment is made, you must deduct backup withholding of 24%. If you fail to withhold you are still liable for the required tax. See Explanation of Backup Withholding we previously sent to you."
M	25	"You may be entitled to relief from withholding if you can show that the payee(s) reported the payments and paid the tax. To obtain this relief, you must obtain a completed Form 4669 from each payee. Send Forms 4669 with Form 4670 to the address shown above in this letter. These forms are available at https://www.irs.gov/forms-instructions . " "Provision of Forms 4669 does not provide relief from applicable penalties. For information about penalty relief, please visit https://www.irs.gov/businesses/small-businesses-self-employed/penalty-relief You may submit a written request for penalty relief to the address shown on this letter. To appeal this adjustment, see the instructions in Letter 6112-A, previously sent to you."
T	36	30
W	39	EEFax NUMBER
W	40	CONTACT NAME
W	41	CONTROL NUMBER

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 133

Exhibit 4.19.26-5 (10-24-2022)

File Naming Conventions

See notes at the bottom of the exhibit.

Type	Document	Description	Naming Convention [1]
Forms	Form 945, Annual Return of Withheld Federal Income Tax	A taxable return reflecting the Payer's liability and deposits related to backup withholding and non-wage federal income tax withholding.	EIN.945
Forms	Form 2848, Power of Attorney and Declaration of Representative	Form used by Payer to authorize a third party to represent the Payer in tax matters with the IRS.	EIN.POA2848 or EIN.POA8821
Forms	IRC Section 6020(b) Certification Form for CBWH	Form used to satisfy the requirements of IRC 6020(b), Execution of Returns by Secretary. It must be signed by Manager.	EIN.6020(b)
Letters [2]	Letter 86-C, Referring Taxpayer Inquiry/Forms to Another Office	Mailed to Payer when transferring to another department for processing.	EIN.86C
Letters [2]	Letter 96-C, Acknowledgment Letter for General Use/Inquiry	Mailed to Payer for "no change" closures.	EIN.96C
Letters [2]	Letter 21-C, Employment Tax Return Incomplete for Processing	Mailed to Payer when the Payer provides: <ul style="list-style-type: none"> a. Form 945 that is missing information (including the Payer's signature), or b. Forms 4669 but there is no Payer-signed Form 945, or c. Forms 4669 but does not provide Form 945-X (where the tax was deposited). 	EIN.21C
Letters [2]	Letter 288-C, Interim Reply; Adjustment Request Considered	Mailed to the Payer if the Payer's response has been accepted and the Payer's account will be adjusted within five days. Notifies the Payer that there may be a delay between adjusting the account and receiving a notice of the adjustment and instructs the Payer to ignore any notices the Taxpayer might receive that don't include the adjustment.	EIN.288C

Exhibit 4.19.26-5 (Cont. 1) (10-24-2022)
File Naming Conventions

Type	Document	Description	Naming Convention [1]
Letters [2]	Letter 686-B, Response to Taxpayer Request for Extension of Time to Reply	Mailed to Payer to grant a one-time 30-day extension to respond, for a Payer's request made in writing or on the phone.	EIN. 686B
Letters [2]	Letter 937, Transmittal for Power of Attorney	Used to send a copy of IRS correspondence to the Payer's representative (POA).	EIN. 937-6112 or EIN. 937-6112A
Letters [2]	Letter 2644-C, Second Interim Letter	Mailed to Payer if more than 60 days are needed to respond to Payer's correspondence or return information.	EIN. 2644C
Letters [2]	Letter 2645-C, Interim Letter	Mailed to Payer if more than 30 days is needed to respond to Payer's correspondence or return information.	EIN. 2645C
Letters [2]	Letter 3064-C, IDRS Special Letter	Mailed to Payer if Payer provided an insufficient response. Describes the missing information.	EIN. 3064C
Letters [2]	Letter 6112, Backup Withholding Nonfiler Request for Return	First letter mailed to Payer.	EIN. 6112
Letters [2]	Letter 6112-A, Backup Withholding Non-filer Proposed Return	Second letter mailed to Payer. Includes prepared tax return.	EIN. 6112A
Notices [3]	CP 2100, Please Check Your Backup Withholding List ("Large" Payers), and CP 2100A, Please Check Your Backup Withholding, Contact Your Payee, and/or Update Your Records.	Sent by Collection BWH to notify the information return Payer/Filer of incorrect information, and to remind them of their obligation to solicit the correct information, so they can file correctly in the future. The notice also reminds them of their responsibility to backup withhold if the information is not provided.	EIN. CP2100 or EIN. CP2100A
Other	Activity Record	Used by TEs and other CBWH personnel to document case actions. Used in lieu of Form 9984.	EIN. ACT
Other	Explanation of Backup Withholding	Used by TEs to explain a calculation of Backup Withholding. Enclosed with Letter 6112-A. NAME is the Name Control.	EIN. EOB_NAME_6112A

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 135

Exhibit 4.19.26-5 (Cont. 2) (10-24-2022)

File Naming Conventions

Type	Document	Description	Naming Convention [1]
Other	List of Payees / LOP	A schedule showing computed backup withholding and FITW for: a. Payees with missing or invalid TINs; and/or b. Payees with FITW reported on information returns; and/or c. Other workstream items.	EIN.LOP
Responses	Correspondence from Payers	Payers' written responses to Letter(s) 6112 or 6112-A, or to other CBWH letters. Responses may be EEFaxed or mailed.	EIN.EFAX (if faxed) or EIN.REPLY (if mailed)

If:	Then the file name will end with:	For example:
The EOB was mailed to the Payer and based on the Payer's response the EOB changed and was mailed to the Payer.	"F" (for first), "S" (for second), or "T" (for third). Label them by chronological date order. NAME is the Name Control.	EIN.EOB_NAME_6112AF or EIN.EOB_NAME_6112AS or EIN.EOB_NAME_6112AT if multiple EOBs are mailed to the Payer.
Any other CBWH-issued document has been revised,	“.REVISED” or “_REVISED”	EIN.945 is the original 6020(b) Form 945 return mailed to the Payer. EIN.945.REVISED is the revised 6020(b) Form 945 return mailed to the Payer.
The IRS-issued document includes the note, “This return was prepared and signed under the authority of Section 6020(b) of the Internal Revenue Code”,	“.STAMPED” or “_STAMPED”	EIN.945_STAMPED is the Form 945 containing the 6020(b) certification note.
The document is part of the 6020(b) return, and is electronically signed by the Manager	“.SIGNED”	EIN.945_STAMPED.SIGNED is the Form 945 containing the 6020(b) certification note, that has been signed by the Manager.
The document is correspondence from the Payer or the Payer's representative (POA),	“MMDDYYYY,” where MM is the month, DD is the day, and YYYY is the year, reflecting the date the correspondence was received.	EIN.REPLY12122020 is the Payer's response received by the IRS on December 12, 2020.

Exhibit 4.19.26-5 (Cont. 3) (10-24-2022)
File Naming Conventions

If:	Then the file name will end with:	For example:
The document is a CIS image obtained from AMS,	““.CIS”” For example, an image of a Form 945 previously filed by the Payer would be labeled ““EIN.CIS”” or ““EIN.945.CIS.””	EIN.945.CIS is an image of the Payer’s filed Form 945 obtained from AMS.

Note: [1] “EIN” is the Payer’s 9-digit Employer Identification Number.

Note: [2] Letters ending in C are Correspondex letters, issued via IAT Tool “Letters.”. See the Job Aid under “Training” on the IAT website: <http://iat.web.irs.gov>.

Note: [3] See IRM 5.19.3.5.1, TIN-Related BWH- B Notices (CP2100 and CP 2100A)

Campus Backup Withholding Return Compliance Program

Procedures 4.19.26

page 137

Exhibit 4.19.26-6 (10-24-2022)

Timely Actions

Action	Time Frame
Mail Letter 6112-A	Within 7 days after the 45-day suspense period (45 days from the date of the initial Letter 6112)
Mail Letter 96C to approve/deny extension	Within 3 business days from date of oral request or 3 business days from the date CBWH group receives written request
Phone call	2 business days to return call
Correspondence/return information	30 days to respond
Complete closing actions	Within 5 business days of CBWH TC 150 or TC 290 assessment/liability posted on IDRS or 5 business days from the date CBWH receives taxpayer response that verifies no change required
Close to Appeals	Within 5 business days of CBWH receiving the written request for an Appeal including an adequate Protest

Exhibit 4.19.26-7 (10-24-2022)**Inputs for Letter 6112**

- a. letter 6112 is the is the Soft Notice or First Letter to be issued to the Payer.
- b. Save letter to your desktop. Open letter, select File, Select Save As, Select Desktop, make sure Name line is labeled Letter 6112 and select save. The Icon will appear on your desktop.
- c. Under Department of the Treasury you need to fill-in the following:
Internal Revenue Service
Attn: Backup Withholding
P.O. Box 122658
Covington, KY 41012
- d. Date: Fill in the current date
- e. Tax periods: Fill-in the tax year you are working on
- f. Person to contact: Fill-in the tax Examiner's name
- g. Employee ID Number: Under Person to contact add "Employee ID Number:" and Tax Examiner's Smart ID#.
- h. Response due date: Will be 30 days from the date of the letter.
- i. The signature section is pre-populated with the signature and name of the Operations Manager.
- j. You now have a complete letter. You will need to print to Adobe PDF and save as EIN.6112 to the electronic casefile on the "Z" Drive.

Save letter to your desktop. Open letter, select File, Select Save As, Select Desktop, make sure Name line is labeled Ltr 6112, Ltr 6112-A or Ltr 937 and select save. The Icon will appear on your desktop.

When preparing a letter select the appropriate letter you want to send. Ltr 6112 is the Soft Notice or First Letter to be issued to the taxpayer. The Letter 6112-A is the proposed backup withholding letter, or Second letter and Letter 937 is a cover letter for the Power of Attorney.

Exhibit 4.19.26-8 (10-24-2022)**Inputs for Letter 6112-A**

- a. Letter 6112-A is the proposed backup withholding letter or Second letter.
- b. Save letter to your desktop. Open letter, select File, Select Save As, Select Desktop, make sure Name line is labeled Letter 6112-A and select save. The Icon will appear on your desktop.
- c. Under Department of the Treasury you need to fill-in the following:

Internal Revenue Service
Attn: Backup Withholding
P.O. Box 122658
Covington, KY 41012
- d. Date: input the current date
- e. Tax periods: Fill-in the tax year you are working on
- f. Person to contact: Fill-in the Tax Examiner's name
- g. Employee ID Number: Under Person to contact add "Employee ID Number:" and Tax Examiner's Smart ID#.
- h. Response due date: Will be 30 days from the date of the letter.
- i. In the Insert selectable paragraph, A or B from Do not mail page: Left click on the mouse to highlight the appropriate paragraph, then right click on the mouse and select copy, where it states Insert selectable paragraph A or B, Left click mouse to ensure cursor is in front of the bracket, then right click mouse and select paste. The appropriate paragraph will be inserted.
- j. The signature section is pre-populated with the signature and name of the Operations Manager.
- k. You now have a complete letter. You will need to print to Adobe PDF and save as EIN.6112A to the electronic casefile on the "Z" Drive.

Exhibit 4.19.26-9 (10-24-2022)**Inputs for Leter 937**

- a. Letter 937 is a cover letter for the Power of Attorney.
- b. Save letter to your desktop. Open letter, select File, Select Save As, Select Desktop, make sure Name line is labeled Letter 6112-A and select save. The Icon will appear on your desktop.
- c. Under Department of the Treasury you need to fill in the following:
Internal Revenue Service
Attn: Backup Withholding
P.O. Box 122658
Covington, KY 41012
- d. Date: input the current date
- e. Contact telephone number: Fill-in "855-386-1138"
- f. Contact hours: Fill-in "Monday-Friday 12:00 pm - 4:00 pm"
- g. Name of taxpayer(s): Fill-in the taxpayers name
- h. Dear: Fill-in the Power of Attorney's Name
- i. Enclosures: Select Letter for the Letter 6112 or Letter 6112-A enclosure. Select Reports for any reports being sent with Letter 6112-A. Select the open enclosure space.
- j. Activity Record: Update activity record with action of Ltr937 mailed to POA.

Exhibit 4.19.26-10 (10-24-2022)

IRC Section 6020(b) Certification Form for BWH

IRC Section 6020(b) Certification Form for BWH	
Section 1. To be completed by tax examiner	
1.	Taxpayer name and address
2.	Employer Identification Number and Tax Year
3.	Date of final letter & proposed tax return
4.	Employee name and telephone number
Section 2. To be completed by the employee's manager signing the return(s) under IRC §6020(b)	
Date Return(s) Signed:	
ATTACH A TAX COMPUTATION	

Exhibit 4.19.26-11 (10-24-2022)
TXMOD/ACTON Codes**Category Codes**

TEs will use the following IDRS Category codes on the IDRS control for a Backup Withholding case:

Case History Status Codes

Case History Status Code “A”, assigned and actively being worked, should be used while working and monitoring a CBWH case, including during short-term suspense periods, unless you are instructed by the Manager to enter a different Case History Status Code. “A” alerts other IRS employees that CBWH has an active open case, and they should route any taxpayer correspondence regarding the open case to the CBWH employee with the open control.

Case History Status Code “C” is entered when the case is resolved and can be closed. “C” is automatically generated on the ADJ54 screen when you input an adjustment. If you need to monitor for the adjustment to post, change the “C” to “A” on the ADJ54 screen. This will leave your IDRS control base open.

Background (B), Suspense (S), and Monitor (M) may be used only under unusual circumstances and only with Manager’s approval.

Exception: Unworkable cases due to -O or -S freeze codes should be closed as “Screened Out.”

Activity Codes

Activity Codes are input as follows:

Update the activity using the IAT tool to update the TXMODA/ACTON. If IAT is not available, then enter the following command(s) on IDRS:

TXMODAXX-XXXXXXX
16 20YY12 NAME(page up)

Then overlay TXMODA with:

ACTON
Cnn,ACTCODEMMDD,A(PageUp)

Where:

XX-XXXXXXX is the EIN of the case

16 is the MFT

20YY12 is the tax period

NAME is the name control (usually first four letters of name —verify on INOLES)

Cnn is the IDRS control number

ACTCODEMMDD is the appropriate Activity Code

MMDD is the purge period (if applicable) in days from the current date and A is the status code.

A list of current activity codes for Workstream 1 and Workstream 2 are below.

Unless otherwise stated, MMDD is the purge date (if applicable) calculated in days from the current date.

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 143

Exhibit 4.19.26-11 (Cont. 1) (10-24-2022)

TXMOD/ACTON Codes

Assignment / Rework

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
NEWBWHCASE	2NEWBWCASE	Indicates a new BWH case is assigned.	N/A	N/A	Manager or designated CBWH employee on date of assignment.	A
REWORK	2REWORK	Indicates TE is reviewing and/or processing a taxpayer response or adjustment after the original assessment posts.	--	--	Designated CBWH employee on date the case is reassigned or TE if the case not closed prior to Rework.	A
RFRTASMMDD	2RFTASMMDD	Sets monitoring period for referral for consideration of TAS referral by Campus TAS Liaison.	3 days (TAS criteria 1 -4) 7 days (TAS criteria 5 - 9)	7 days	Manager or employee designated by Manager	A
TA_OARMMDD	2TAOARMMDD	Sets monitoring period and due date for CBWH response to TAS OAR. For an expedited OAR, the purge date is three days from the date the OAR was received by the Manager. For a non-expedited OAR, the purge date is the due date for OAR resolution that has been negotiated by the Manager.	As stated on OAR	--	Manager or employee designated by Manager	A

Exhibit 4.19.26-11 (Cont. 2) (10-24-2022)**TXMOD/ACTON Codes****Clerical Activities**

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
UN1-MMDD	2UN1-MMDD	Sets monitoring period for undeliverable letter to the taxpayer's address received back from USPS. By purge date, employee must (a) research and mail undeliverable to a new address, or (b) if there is no new address, move case to next compliance step, for example, assess BWH.	7 days	--	Designated CBWH employee inputs Activity Code. Designated CBWH employee performs research and mails	A
REPLYMMDD	2REPLYMMDD	Sets monitoring period for TE to review a response from a taxpayer, which the designated CBWH employee has scanned and placed in the taxpayer's electronic case file.	7 days from receipt in CBWH	--	designated CBWH employee	A
ESTABMMDD	2ESTABMMDD	Sets monitoring period for receipt of information return images after requisitioning them via IDRS CC ESTAB.	90 days	--	TE	A
RTNRCMMDD	2RTNRCMMDD	Sets monitoring period to TE to review Form 945 (either prepared by the taxpayer or by CBWH) that the taxpayer has signed and submitted to CBWH and send it to Submission Processing.	7 days from receipt in CBWH Unit	--	designated CBWH employee	A
EIN-REQMMDD	2EINRQMMDD	Sets monitoring period for receipt of EIN from Entity Function. Requested by TE when a taxpayer has an SSN but no EIN. At purge date, follow up with AM. May be re-input as needed.	7 days	7 days	designated CBWH employee or TE	A

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 145

Exhibit 4.19.26-11 (Cont. 3) (10-24-2022) TXMOD/ACTON Codes

Case Questions Referred Within CBWH Unit

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
RFRLDMMDD	2RFRLDMMDD	Sets monitoring period for case question referred by TE to Lead. If no response, follow up with Lead. May be re-input as needed.	7 days	7 days	TE	A
RFRMGRMMDD	2RFRMGRMMDD	Sets monitoring period for case question referred to Manager. If no response, follow up with Manager. May be re-input as needed.	7 days	7 days	TE or Lead	A
RTNTEMMDD	2RTNTEMMDD	Sets monitoring period for a case returned to the assigned TE with specific instructions. If the case is returned without a specific instruction requiring a 3 day purge, reinput the last Activity Code before referral to Lead.	7 days	7 days	Lead	A
REF\$1M	2REF\$1M	Refer to Manager who will discuss with Ops Manager prior to default assessment for at least \$1 million or more.	NA	NA	TE	A

Notices and Taxpayer Responses

Exhibit 4.19.26-11 (Cont. 4) (10-24-2022)

TXMOD/ACTON Codes

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code	
6112MMDD	26112MMDD	Set monitoring period for taxpayer's response to Letter 6112. Purge date is 30 days from date on Letter	30 days	0	TE	A	# # #
6112AMMDD	26112AMMDD	Set monitoring period for taxpayer's response to Letter 6112A. Purge date is 30 days from date on Letter	30 days	--	TE	A	# # #
EXTENDMMDD	2EXTENMMDD	Sets monitoring period for a one-time extension of time to respond to CBWH notices or letters. Purge date is 30 days after due date of CBWH notice or letter	30 days	--	TE	A	# # #

Replies to Taxpayer Responses

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code	
21CMMDD	221CMMDD	Sets monitoring period for taxpayer's response to Letter 21-C sent by TE when the taxpayer submits a Form 945 that is missing information (any field, including signature). Purge date is 30 days after date on Letter	30 days	--	TE	A	# # #

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 147

Exhibit 4.19.26-11 (Cont. 5) (10-24-2022)

TXMOD/ACTON Codes

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
96C	296C	Indicates Letter 96-C was sent to inform the taxpayer the case is closing "no change". Note: Letter 96-C also used to provide copies to POAs or to mail original documents back to a taxpayer. The Activity Code is not input for these actions.	--	--	TE	A
3064C	23064C	Indicates Letter 3064-C was sent to notify the taxpayer that its response is insufficient and to describe the missing return information. This notification does not provide additional time to respond.	--	--	TE	A
3064CMMDD	23064CMMDD	Sets monitoring period for taxpayer's response to Letter 3064-C , notifying the taxpayer that an adjustment has been made to increase tax, and providing the taxpayer time to respond. Purge date is 30 days after date on Letter	30 days	--	TE	A

#

#

Assessment, Abatement, Adjustment

Exhibit 4.19.26-11 (Cont. 6) (10-24-2022)**TXMOD/ACTON Codes**

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
WT150MMDD	2WT150MMDD	Sets monitoring period for posting of TC 150 for return signed and submitted by taxpayer to CBWH. TE must follow up to resolve unpostables. May be re-input.	30 days	30 days	TE	A
2859MMDD	22859MMDD	Sets monitoring period for receipt of quick assessment DLN. TE must follow up if DLN not received by purge date and resubmit if needed. Re-input Activity Code if quick assessment is re-submitted.	7 days	7 days	TE	A
WTG370MMDD	2WT370MMDD	Sets monitoring period for posting of TC 370. Input after DLN received for quick assessment. TE must follow up to resolve unpostables. May be re-input.	14 days	14 days	TE	A
RE- WORKMMDD	2REWRKMMDD	Sets monitoring period for posting of adjustment. TE must follow up to resolve unpostables. May be reinput.	14 days	14 days	TE	A

Case Closure

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
SCREENOUT	2SCREENOUT	Screen-out prior to contacting Payer	--	--	TE	C

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 149

Exhibit 4.19.26-11 (Cont. 7) (10-24-2022)

TXMOD/ACTON Codes

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
NOCHANGE	2NOCHANGE	Case closed for no change. Does not include: <ul style="list-style-type: none"> Cases closed with no change in tax because of referral to outside functions, Screen-outs prior to contacting the Payer, or No change closures after abatement due to Forms 4669. 	--	--	TE	C
CLOSED	2CLOSED	Any other non-appealed closure after the TC 150 or adjustment post. Includes: <ul style="list-style-type: none"> Delinquent secured Form 945 (taxpayer- or CBWH-prepared); 6020(b) return; and Cases closed after consideration of Forms 4669. Does not include: <ul style="list-style-type: none"> Any case referred to be worked in an IRS function outside of CBWH (including appealed cases); Any case closing "no change", without consideration of Forms 4669; and Screen-Outs prior to contacting Payer. 	--	--	TE	C

Case Closure – Referrals Outside of CBWH Unit

Exhibit 4.19.26-11 (Cont. 8) (10-24-2022)

TXMOD/ACTON Codes

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
REFFLDMMD	2REFFDMMD	Sets monitoring period to discuss with Field Exam. Purge date is 14 days from date case is referred to Field Exam. Re-input if not accepted after 14 days. After 28 days, ask Lead to resolve.	14 days	14 days	TE	A
REFERFIELD	2REFRFIELD	Indicates the case referral to Field Exam has been accepted and case transfer completed. designated CBWH employee will send any paper case files to Field Exam with Form 3210.	--	--	TE	C
FRCRDMMD	2FRCRDMMD	Sets monitoring period for referral to Campus Fraud Coordinator (CFC). Purge date is 30 days from date case is referred to CFC. Re-input if there is no decision from the CFC after 30 days. After 60 days, ask Lead to follow up with CFC.	30 days	30 days	TE	A
CLOSETOCI	2CLOSETOCI	Indicates the case was closed to Criminal Investigation (CI) upon CI request.	--	--	TE	C
IDTL_MMDD	2IDTL_MMDD	Sets monitoring period for guidance from BMF Identity Theft Liaison. After 30 days, follow up with Liaison. May be re-input as needed.	30 days	30 days	TE	A

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 151

Exhibit 4.19.26-11 (Cont. 9) (10-24-2022)

TXMOD/ACTON Codes

Activity Code Workstream 1	Activity Code Workstream 2	Description	1st Purge Period	2nd Purge Period	Input by	Status Code
CLOSEIDTVA	2CLOSIDTVA	Indicates case was closed to Identity Theft Unit as instructed by the BMF Identity Theft Liaison. designated CBWH employee will send any paper case files to IDTVA with Form 3210.	--	--	TE	C
TO APPEALS	2TOAPPEALS	Indicated the case was closed to Appeals upon Payer request. Designated employee will follow IRM 4.19.26.13.4 for forwarding case files to Appeals.	--	--	TE	C

Exhibit 4.19.26-12 (10-24-2022)
(CC) BNCHG – Change of Address

- a. See IRM 2.4.9-13, BMF CC BNCHG General Format, which shows the screen format and describes each record element.
- b. Fields to populate for a change of address:

Line	Field Title / Display	Length / Format / Comments	What to Input
1	Taxpayer Identification Number (TIN) and File Source	12 characters / NN-NNNNNNNN File source is not entered at the end of the TIN.	Taxpayer's EIN
2	Document Code / DOC-CD	2 characters / NN	Input 63, if the field does not autogenerate 63.
2	Transaction Code / TC	3 characters / NNN Changes the address of an account on Masterfile.	Input 014.
7	In-Care-Of Name	35 characters Identifies the name of an additional person responsible for the account. The document code must be 63.	Enter a percent sign (%) in the first position. \$\$ deletes information in this field.
8	Foreign Street	35 characters Identifies the foreign street address, if applicable. The document code must be 63.	Enter the number and street name for a new foreign street address. \$\$ deletes the foreign address.
9	Mail Street Address or Foreign City / ZIP Code	35 characters Identifies the mailing street address or Post Office (PO) box or the foreign city and ZIP Code. The document code must be 63.	Enter the number and street name or PO box for a new domestic street address. Enter the foreign city and ZIP Code for a foreign address.
10	Mail City/State/Zip Code or Foreign Country	35 characters Identifies the mailing city, state, and ZIP Code for a domestic address, or a foreign country for a foreign address.	If entering a domestic address, enter the city, state, and ZIP Code. Separate all fields by commas. If entering a foreign country, follow with a comma and a period (,) in place of the state and ZIP Code information.

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 153

Exhibit 4.19.26-12 (Cont. 1) (10-24-2022) (CC) BNCHG – Change of Address

Line	Field Title / Display	Length / Format / Comments	What to Input
11	Location Street Address	35 characters Identifies the actual location of the business.	Enter the number and street name of the actual location of the business, if different than the mailing address and if provided by the taxpayer. \$\$ deletes the location information.
12	Location City/State/Zip Code	35 characters. Identifies the location city, state, and ZIP Code.	Enter the city, state, and ZIP Code of the actual location of the business (if applicable). Separate all fields by commas. If foreign country is present, enter a period (.) in place of the state and no ZIP Code.
13	Effective Date	8 characters Identifies the effective date of the change, if applicable.	MMDDYYYY
23	Remarks	72 characters Provides a brief explanation for the change.	Enter the requester's name, title, and telephone number. If the requester's name or title is illegible, enter SIGNATURE ILLEGIBLE and the telephone number if present. If entering change of address data from a filed return, enter the MFT, tax period, signer's name and title, and telephone number.

Exhibit 4.19.26-13 (10-24-2022)
Form 945 Deposit Transaction Codes

The following BMFOLT Transaction Codes are to be netted and treated as tax paid on the module:

Transaction Code	Description
370	ACCOUNT TRANSFER-IN
380	OVERPAYMENT CLEARED MANUALLY UNDER \$1
386	OVERPAYMENT CLEARED UNDER \$1
400	ACCOUNT TRANSFER-OUT
402	ACCOUNT RE-TRANSFERRED-IN
610	REMITTANCE WITH RETURN
611	BAD CHECK WITH RETURN
612	CORRECTION OF TC 610 PROCESSED IN ERROR
620	INITIAL INSTALLMENT PAYMENT
621	BAD CHECK FOR INSTALLMENT PAYMENT
622	CORRECTION OF 620 PROCESSED IN ERROR
630	MANUAL APPLICATION OF APPROPRIATION MONEY
632	REVERSAL OF MANUAL APPLICATION OF APPROPR. MONEY
636	SEPARATE APPROPRIATIONS REFUNDABLE CREDIT
637	REVERSAL OF SEPARATE APPROPRIATION REFUNDABLE CR
640	ADVANCE PAYMENT OF DETERMINED DEFICIENCY
641	BAD CHECK ON ADVANCE PAYMENT
642	CORRECTION OF TC 640 PROCESSED IN ERROR
650	FEDERAL TAX DEPOSIT (FTD)
651	INVALID FTD (BAD CHECK)
652	CORRECTION OF TC 650 PROCESSED IN ERROR
660	FTD OR ESTIMATED TAX PAYMENT
661	ES OR FTD BAD CHECK
662	CORRECTION OF TC 660 PROCESSED IN ERROR
666	ES CREDIT TRANSFER-IN
667	ES DEBIT TRANSFER-OUT
670	SUBSEQUENT PAYMENT
671	BAD CHECK-SUBSEQUENT PAYMENT
672	CORRECTION OF 670 PROCESSED IN ERROR

Campus Backup Withholding Return Compliance Program Procedures 4.19.26

page 155

Exhibit 4.19.26-13 (Cont. 1) (10-24-2022)

Form 945 Deposit Transaction Codes

Transaction Code	Description
678	CREDIT FOR TREASURY BONDS
679	REVERSED TC 678
700	CREDIT APPLIED
701	REVERSE TC 706
702	TC 700 ERROR CORRECTION
706	OVERPAYMENT APPLIED FROM ANOTHER TAX MODULE
710	CREDIT ELECT OVERPAYMENT APPLIED
712	TC 710 OR 716 ERROR CORRECTION
716	CREDIT ELECT OVERPAYMENT APPLIED
720	REFUND REPAYMENT
721	BAD CHECK REFUND REPAYMENT
722	TC 720 ERROR CORRECTION
736	INTEREST OVERPAYMENT APPLIED
740	UNDELIVERED REFUND CHECK DEPOSITED
742	CORRECTION OF TC 740 PROCESSED IN ERROR
760	SUBSTANTIATED PAYMENT
762	CORRECTION OF TC 760 PROCESSED IN ERROR
766	REFUNDABLE CREDIT ALLOWANCE
767	REVERSE TC 766
790	MANUAL OVERPAYMENT FROM IMF
792	TC 790 OR 796 ERROR CORRECTION
796	OVERPAYMENT CREDIT FROM IMF
800	CREDIT FOR WITHHELD TAXES
802	TC 800 OR 806 ERROR CORRECTION
806	CREDIT FOR WITHHELD TAXES AND EXCESS FICA
807	WITHHOLDING CREDITS REVERSED
820	CREDIT TRANSFERRED
821	REVERSE TC 826
822	REVERSES TC 820
824	CR TRANSFER-RELEASES 130 FZ

Exhibit 4.19.26-13 (Cont. 2) (10-24-2022)
Form 945 Deposit Transaction Codes

Transaction Code	Description
826	OVERPAYMENT TRANSFERRED
830	CREDIT ELECT TRANSFERRED
832	TC 830 OR 836 CORRECTION
836	CREDIT ELECT TRANSFERRED
840	REFUND PRIOR TO SETTLEMENT
841	CANCELLED REFUND DEPOSITED
842	REFUND DELETION
843	CHECK CANCELLATION REVERSAL (TC 841)
844	ERRONEOUS REFUND
845	REVERSE ERRONEOUS REFUND (TC 844)
846	OVERPAYMENT REFUND
890	OVERPAYMENT CREDIT. TRANSFER TO BMF
892	TC 890 OR 896 ERROR CORRECTION
896	OVERPAYMENT CREDIT OFFSET
897	DMF OFFSET REVERSAL

Exhibit 4.19.26-14 (10-24-2022)**ORCAS Report**

Items on the Report - For each case shown, the following information is provided:

- TIN: Taxpayer Identification Number
- IRS Recd Date: The date CBWH received the case
- Status: Case History Status Code (A - Active, B- Background, C - Closed, M - Other long term delay, and S - Suspense)
- BOD: Business Operating Division
- CLC: Client Code
- Category: Category of case
- Freeze Codes: Freeze Codes that are on the IDRS account
- MFT: Master File Tax
- Mod Per: Tax Period on assigned account
- Assigned Dt: The date the case was assigned to the IDRS number
- Plan No: If applicable
- Activity Code: A 10 character field on IDRS that the TE uses to update the activity on an open IDRS control
- Name Ctrl: Name Control on taxpayer's account
- Action Date: Date of last action update of the open IDRS control
- Age: Number of days case has aged on IDRS
- MF Mod Balance: Module Balance on IDRS
- Stat Age: Indicates statute conditions for current and previous years returns - over, expired, or days remaining on statute
- STAUP Cycle: Stops notices from generating until cycle listed
- C Letter and Date: Date and type of CRX letter sent

