



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.20.1

APRIL 4, 2025

## EFFECTIVE DATE

(04-04-2025)

## PURPOSE

- (1) This transmits a revision of IRM 4.20.1, Examination Collectibility, Examination Collectibility Procedures.

## MATERIAL CHANGES

- (1) Minor editorial changes have been made throughout this IRM. Website addresses, legal references, and IRM references were reviewed and updated as necessary.

## EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.20.1, dated October 19, 2023.

## AUDIENCE

SB/SE Field and Specialty Examiners, excluding Estate and Gift Tax; and Exam CCP.

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4.20.1

Examination Collectibility Procedures

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4.20.1.1  
(06-23-2020)  
**Program Scope and Objectives**

- (1) *Purpose.* This IRM section outlines examiners' responsibilities regarding collectibility in their examinations.
- (2) *Audience.* These procedures apply to all SB/SE Field and Specialty examiners, excluding Estate and Gift Tax; and Exam CCP.
- (3) *Policy Owner.* The Director, Examination Field and Campus Policy, which is under the Director, Examination Headquarters.
- (4) *Program Owner.* Field Examination Special Processes (FESP), which is under the Director, Examination Field and Campus Policy.
- (5) *Primary Stakeholders.* SB/SE Collection Division is the primary stakeholder of the Examination Collectibility Program.

4.20.1.1.1  
(06-23-2020)  
**Background**

- (1) This IRM provides guidelines and procedures for the collectibility program for SB/SE examiners. Examiners must strive for quality assessments and promote an increased emphasis on early collections in the continuing effort to reduce the Collection function's inventory and currently not collectible (CNC) accounts. Examiners are required to consider the collectibility of a potential tax assessment and solicit payment, including installment agreements for all unpaid balances. The keystone of our compliance activities is to promote voluntary compliance, and examinations contribute to that by having an impact on taxpayer behavior and providing a deterrent to other potentially noncompliant taxpayers.

4.20.1.1.2  
(10-04-2017)  
**Authority**

- (1) By law, the IRS has the authority to collect tax under Title 26, Internal Revenue Code, Subtitle F Procedures and Administration, which includes, but is not limited to, the following IRC sections:
  - IRC 6155, Payment on notice and demand.
  - IRC 6301, Collection authority.
  - IRC 7801, Authority of Department of the Treasury.

4.20.1.1.3  
(10-04-2017)  
**Roles and Responsibilities**

- (1) The Director, Examination Headquarters, is the executive responsible for providing policy and guidance for Field employees and ensuring consistent application of policy, procedures, and tax law to effect tax administration while protecting taxpayers' rights. See IRM 1.1.16.5.5, Examination Headquarters, for additional information.
- (2) The Director, Examination Field and Campus Policy, reports to the Director, Examination Headquarters, and is responsible for the delivery of policy and guidance that impacts the Field Examination process. See IRM 1.1.16.5.5.1, Examination Field and Campus Policy, for additional information.
- (3) Field Examination Special Processes (FESP), which is under the Director, Examination Field and Campus Policy, is the group responsible for providing oversight and policy and procedural guidance on specialized examination processes to SB/SE Field examiners and group managers. See IRM 1.1.16.5.5.1.2, Field Examination Special Processes.

4.20.1.1.4  
(10-04-2017)  
**Program Management  
and Review**

- (1) Periodic program reviews are conducted by FESP to:
- Assess the effectiveness of specific programs within Examination or across the organization,
  - Determine if procedures are being followed,
  - Validate policies and procedures, and
  - Identify and share best/proven practices.

4.20.1.1.5  
(04-04-2025)  
**Program Controls**

- (1) Managerial approval is required on Form 3177 to input a pending installment agreement indicator.
- (2) Managerial approval is required on Form 1900 when surveying a case file due to collectibility.

4.20.1.1.6  
(06-23-2020)  
**Terms and Acronyms**

- (1) The following table lists commonly used terms and associated definitions as referenced throughout this IRM:

Term	Definition
Currently not Collectible	When analysis of the CIS indicates the taxpayer is currently unable to pay, Collection personnel completes Form 53, Report of Currently Not Collectible Taxes.
Full Pay	Payment of the full amount of the exam deficiency including tax, penalties, interest; including outstanding deficiencies in other periods.
Installment Agreement (IA)	An IA allows the payment of the debt in smaller, more manageable amounts. IAs generally require equal monthly payments that will result in full payment of the tax within the collection period.
Levy	A levy is a legal seizure of the taxpayer's property to satisfy a tax debt.
Offer-in-Compromise (OIC)	<p>OIC may be requested by taxpayer on the following basis:</p> <ul style="list-style-type: none"> <li>• DATL,</li> <li>• DATC, or</li> <li>• ETA</li> </ul> <p>An OIC is a taxpayer's proposal to the government for settlement of a liability for an amount less than previously determined and assessed. Generally, DATC and ETA offers in compromise are considered by the Collection function and DATL offers are considered by the Examination function. See 26 CFR 301.7122-1(b), Grounds for Compromise, for a detailed description of each type of offer.</p>

- (2) The following table lists commonly used acronyms and command codes with their definitions as used throughout this IRM:

Acronym/Code	Definition
AC	Action Code

Acronym/Code	Definition
AT	Abusive Transaction
BBA	Bipartisan Budget Act of 2015
BMF	Business Master File
CC	Closing Code
CCP	Centralized Case Processing
CIS	Collection Information Statement
CNC	Currently Not Collectible
CSCO	Compliance Services Collection Operations
CSED	Collection Statute Expiration Date
DATC	Doubt as to Collectibility
DATL	Doubt as to Liability
DDIA	Direct Debit Installment Agreement
EFTPS	Electronic Federal Tax Payments System
EIN	Employer Identification Number
ETA	Effective Tax Administration
ETLS	Employment Tax Lead Sheet
FinCEN	Financial Crimes Enforcement Network
FTD	Federal Tax Deposit
GCP	General Case Processing
IA	Installment Agreement
ID	Identification
IDRS	Integrated Data Retrieval System
IRPTR	Information Returns Processing Transcript Requests (IRPTR) allows IDRS users to request either online or hardcopy Information Returns Processing (IRP) transcripts from the Information Returns Master File (IRMF)
LUQ	Large, Unusual, Questionable
NFTL	Notice of Federal Tax Lien
NOL	Net Operating Loss
NRP	National Research Program
OIC	Offer-in-Compromise
OPA	Online Payment Agreement
RA	Revenue Agent
RO	Revenue Officer

Acronym/Code	Definition
SSN	Social Security Number
TC	Transaction Code
TCO	Tax Compliance Officer
TEFRA	Tax Equity & Fiscal Responsibility Act of 1982
TFRP	Trust Fund Recovery Penalty
TXMOD	TIF Tax Module Display (Requests a display of tax information for a specific Individual Master File (IMF) module)

4.20.1.1.7  
(10-19-2023)

- (1) The following table contains related IRMs which cover additional collectibility procedures that are referenced throughout this IRM.

#### Related Resources

IRM	Title
IRM 1.2.1.6.18	Policy Statement 5-133, Delinquent returns-enforcement of filing requirements
IRM 2.4.28	IDRS Terminal Input-Command Codes STAUP, STATI, and STATB
IRM 3.8.44.6.2	Campus Deposit Activity-Remittance Not Payable to United States Treasury
IRM 4.10.2.7.1.3	Pre-Contact Responsibilities-Limiting the Scope
IRM 4.10.9.12.3	Workpaper System and Case File Assembly-Forms and Other Documents Inside a Physical Case File
IRM 4.18.1.6.5	OIC Filed During the Audit
IRM 4.27.1	Bankruptcy-Examiner Responsibilities and Procedures
IRM 5.14.1.3	Identifying Pending, Approved and Rejected Installment Agreement Proposals on IDRS
IRM 5.14.5.3	Guaranteed Installment Agreements
IRM 3.8.47	Manual Deposit Process for Field Office Payment Processing

4.20.1.1.8  
(06-23-2020)

- (1) The following table includes forms and notices commonly used in the collectibility process and referenced throughout this IRM.

#### Forms and Notices

Form	Title
Form 433-D	Installment Agreement
Form 3177	Notice of Action for Entry on Master File
Form 3198	Special Handling Notice for Examination Case Processing



Form	Title
Form 3210	Document Transmittal
Form 3244-A	Payment Posting Voucher - Examination
Form 3465	Adjustment Request
Form 5344	Examination Closing Record
Form 9439	Collectibility Evaluation Form
Form 9440	Taxpayer Levy Source and Contact Information
Form 9465	Installment Agreement Request
Form 9984	Examining Officer's Activity Record
CP 521	Installment Agreement Reminder

4.20.1.1.9  
(06-23-2020)  
**Master File Action  
Codes**

- (1) The following table lists the Master File codes that identify installment agreement actions and their respective definitions.

TC/AC	Definition
971/043	Pending IA
972/043	Pending IA reversed
971/063	IA in effect
971/163	Terminated IA (reverses both TC 971 AC 043 and TC 971 AC 063, both must be present for reversal to occur)
971/082	IA Origination User Fee
971/083	IA Reinstatement User Fee

4.20.1.2  
(06-23-2020)  
**Pre-Contact and Fact  
Finding - Determine the  
Scope**

- (1) This subsection describes collectibility considerations and processing procedures in the pre-contact and fact finding phases of the examination.

4.20.1.2.1  
(10-19-2023)  
**Consider Collectibility**

- (1) The examiner must determine the taxpayer's total outstanding liabilities, and filing and payment compliance. This affects not only the scope as described below, but also affects the taxpayer's payment options at the completion of the examination. A decision to limit the scope of the examination should be made only after all facts and circumstances have been considered. Examiners must apply the considerations described in paragraphs (2) through (11) below in all examinations where applicable.

**Note:** The taxpayer must be in full compliance to qualify for an installment agreement to pay the exam deficiency if the taxpayer is unable to pay in full at the completion of the examination.

- (2) Examiners will review AMDISA to determine if the collectibility indicators are present. The code is located in the lower left section of an AMDISA.

Code	Indicator	Definition
B	BANKRUPTCY	Currently in bankruptcy or bankruptcy discharge in prior period
C	CCOLLSTCD26	Open Collection status (assigned to RO, Automated Collection, or in Collection queue)
N	CURNOTCOLL	Prior period closed as Currently Not Collectible

- (3) Examiners may use Form 9439, Collectibility Evaluation Form, as a job aid in evaluating collectibility if any of the following situations are applicable in the examination:

- **Defunct corporation**-A corporation where no assets exist to satisfy any part of the liability and there is no possibility of transferee liability. See IRM 4.11.52.2, Types of Transferee Liability.

**Note:** This also applies to other business entities, such as LLCs. Some LLC liabilities can be collected through the Trust Fund Recovery Penalty (TFRP). IRM 5.1.21, Collecting from Limited Liability Companies, is used by Collection to address LLC entities and includes a section on TFRP as it applies to LLC entities. If an examiner notes high wealth accumulation by a shareholder/member, and a history of opened and closed entities, this could indicate the individual is using entities as a way to avoid tax liabilities.

- **Deceased taxpayer**-A deceased taxpayer where no estate exists to satisfy any part of the liability and there is no possibility of transferee liability.
- **Departed taxpayer**-A foreign national who has left the U.S. (with no expectation of return) and there are no identifiable assets in the U.S. to satisfy any part of the tax liability and/or collection cannot be pursued due to the terms of or lack of a tax treaty.
- **Detained taxpayer**-A taxpayer whose minimum period of incarceration is equal to or exceeds the normal collection period (generally 10 years from the assessment) and no identifiable assets exist to satisfy any part of the tax liability.
- **Debilitating condition**-A taxpayer who has minimal assets and earning potential due to advanced age, illness, or debilitating condition which permanently diminishes income producing potential.
- **Other**-A situation not described above in which good business sense dictates that the scope be limited. Please note that an outstanding tax balance is not in and of itself a reason to limit the scope.

- (4) Examiners should evaluate (using Pre-Contact Minimum Income Probes as outlined in IRM 4.10.2.3.2, Pre-Contact Minimum Income Probes) the taxpayer's current and future financial potential. Considerations include the following:
- What is the current financial position of the taxpayer? (The position represented on the tax return under examination is the past financial position).
  - What are the taxpayer's current earnings?
  - What assets does the taxpayer currently own?
  - What is the taxpayer's future earning potential?
- (5) Examiners will consider the CSED when evaluating future earning potential or future financial position. In general, Collection has ten years from the date of the assessment to collect a liability. The CSED is the last date the IRS has to collect an outstanding balance due on an account, unless the CSED is extended by case action, event, or waiver secured in connection with certain installment agreements.

**Example:** Taxpayer is in their early 40s and just started a new business that seems to be very successful based on current assets and your internet research. However, the IMFOLI shows very large outstanding balances from a failed business venture from nine years ago. Although the IRS has one year remaining to collect the balances, it should not be a factor in your decision regarding scope.

- (6) Examiners should consider the effect on compliance as part of the decision to limit the scope. The scope should not be limited if it would have an adverse impact on voluntary compliance. Equitable treatment of all taxpayers must be a factor in compliance considerations.
- (7) Examiners should not limit the scope if indications of fraud are present or the taxpayer is manipulating assets to portray a lack of resources. The FinCEN database may be queried for transactions concerning the taxpayer. This may reveal a different financial condition than otherwise disclosed by the taxpayer. Additional information on accessing FinCEN can be found in IRM 4.26.4.5.4, Gatekeeper or Super User Procedures.
- (8) Examiners should contact your Technical Services Exam *Bankruptcy Coordinator* if the taxpayer has filed for bankruptcy. See IRM 4.27.1, Bankruptcy, Examiner Responsibilities and Procedures.

**Note:** A bankruptcy filing is not determinative in the decision to limit the scope of an examination. Relevant factors to consider are the bankruptcy chapter, whether there are assets and if there is potential for collection after the bankruptcy is over.

- (9) Examiners should apply the six-year enforcement period discussed in IRM 1.2.1.6.18, Policy Statement 5-133, Delinquent returns - enforcement of filing requirements, for non-filed returns. On a case-by-case basis, examiners may limit the number of delinquent returns to secure based on collectibility.
- (10) Examiners must not apply Collectibility considerations to the following:
- NRP returns.

- TEFRA partnerships. However, collectibility is considered where partnership items have been converted to non-partnership items for TEFRA investors, and for BBA partnerships
  - Abusive Transaction (AT) investigations. If the taxpayer under examination was identified as a client of an individual or entity authorized for an AT penalty investigation, contact the local Collection AT Coordinator. For more information on cross-functional coordination with Collection see IRM 4.32.3.4, Collection.
- (11) Examiners should use professional judgment when considering the facts and circumstances to determine the scope and depth of examinations. The following examples provide guidance on applying the considerations and the resulting effect on the examination:

**Example:** Form 1040, U.S. Individual Income Tax Return, has a CNC indicator. The taxpayer owns a well known construction business reported on a Schedule C. During the pre-contact many LUQ expenses which appear to be personal are identified. Considering the effect on voluntary compliance, the examiner should continue the exam and document this decision on the appropriate lead sheet as stated in (1) above.

**Example:** If the taxpayer is deceased but the estate has assets and the return contains LUQ items, the examination should not be limited simply because the taxpayer is deceased. However if there are no assets and/or low audit potential, the case should be surveyed.

**Example:** A Form 1040 has an unreversed TC 780 (accepted OIC) on the module for the assigned tax year. If an unreversed TC 780 exists, the examination should **not** proceed because no additional assessments or abatements may be made to the module unless the taxpayer supplied false information or concealed assets, or both the taxpayer and the government misunderstood a material fact.

4.20.1.2.2  
(06-23-2020)  
**Survey or Limit Scope  
during Pre-Contact**

- (1) Examiners should consider collectibility as discussed in IRM 4.20.1.2.1 and, when collectibility is an issue, a discussion must be held with the group manager. During this discussion, a decision is made to survey, limit the scope, or continue the examination. The discussion with the group manager must be documented on the appropriate lead sheet as outlined in IRM 4.20.1.2.4.
- (2) The return may be surveyed based on assessment of collectibility outlined in IRM 4.20.1.2.1. Complete Form 1900, Income Tax Survey, documenting the collectibility reasons for the survey. Retain the form in the case file after approval by the group manager.

**Note:** Use Survey Reason Code (SRC) F for collectibility on the closing form (Form 5546, Examination Return Charge Out, or Form 5351, Examination Non-Examination Closings) and Form 3198, Special Handling Notice for Examination Case Processing.

- (3) The decision to limit the scope can be made during the pre-contact based on facts and circumstances. Examiners will document reasons for limitation and planned scope in the appropriate lead sheet as stated in IRM 4.20.1.2.4. For example, the examiner should list which LUQ items will be examined and the basis for the decisions. See IRM 4.10.2.7.1.3, Limiting the Scope.

4.20.1.2.3  
(06-23-2020)  
**Fact Finding**

- (1) Inform the taxpayer(s) and/or representative at the initial examination appointment that payment options will be discussed and payment solicited during the closing conference or at the conclusion of the scheduled office examination appointment if any deficiency is recommended.
- (2) Secure delinquent returns, if applicable, during the examination so the taxpayer is fully compliant to qualify for an installment agreement as stated in IRM 4.20.1.4.1.
- (3) Limit the scope, as appropriate, during the examination if the taxpayer's financial condition changes after the pre-contact. If the scope is limited, the examiner will prepare a report at the earliest opportunity. The following adjustments should be included in the examination report:
  - Adjustments in the taxpayer's favor.
  - Automatic disallowances.
  - Statutory adjustments.
  - Other issues fully developed when the decision is made to limit the scope.

**Example:** During the IRP reconciliation, unreported income is identified. The taxpayer does not contest the unreported income item. Include this adjustment on your report.

4.20.1.2.4  
(06-23-2020)  
**Document Collectibility**

- (1) Field examiners must document all steps taken in the determination of collectibility on the appropriate lead sheet (or supporting workpaper referenced to the lead sheet, Form 9984, Examining Officer's Activity Record, or RGS Case History) for all cases:

Examiner	Pre-Contact	Issue Resolution -Solicit Payment
Employment Tax Examiners	Employment Tax Lead Sheet (ETLS) 105, Administrative Lead Sheet- Employment Tax (Pre-Audit section)	ETLS 940, Closing Conference Agenda
Excise Tax Examiners	A105, Administrative Check Sheet	A105, Administrative Check Sheet
Field RA	RGS Lead Sheet 100-2, RA Audit Plan (Pre-Contact section)	Lead Sheet 100-2, RA Audit Plan (Issue Resolution section)
Field TCO	Lead Sheet 100-2, TCO Audit Plan (Pre-Contact)	Lead Sheet 100-2, TCO Audit Plan (Issue Resolution)

4.20.1.3  
(10-19-2023)  
**Issue Resolution -  
Solicit Payment**

- (1) This subsection describes examiner requirements to solicit and process payments, consider an installment agreement, complete Form 9440, Taxpayer Levy Source and Contact Information, coordinate with Collection, if necessary, and document actions taken.

4.20.1.3.1  
(10-19-2023)  
**Request Full Payment**

- (1) Examiners should encourage taxpayers to pay online. Provide the taxpayer with Pub 5034, Need to Make a Payment? and refer the taxpayer to *irs.gov/payments*.
- (2) The primary objective is to obtain FULL payment of the deficiency when the examination is complete.
- (3) Solicit full payment for the exam deficiency and any outstanding balances due from all tax years during the closing conference or at the conclusion of the scheduled office examination appointment. TXMOD and IMFOLI (or BMFOLI) can be used to determine outstanding balances.
- (4) For unagreed cases, examiners should solicit payment and explain benefits of posting an IRC 6603 deposit which stops the accumulation of interest. IRC 6603 deposits can be made using the Electronic Federal Tax Payment System (EFTPS); or by a check or money order accompanied by a written statement designating the payment as a 6603 deposit. See IRM 20.2.4.8.2, IRC 6603 Deposits, and Rev. Proc. 2005-18 for guidance regarding 6603 Deposits.
- (5) Taxpayers should be informed of the following benefits of making a current payment:
- Decrease future interest which is compounded daily.
  - Decrease failure to pay penalty and related interest, which accrues if the deficiency is not paid within 21 days of first notice (10 business days for \$100,000 and over).
- (6) Use the tiered interview to determine the taxpayer's ability to pay and include the following dialogue:
- The total amount owed which includes tax, estimated interest, and penalties is \$ amount. Are you going to pay online at *irs.gov/payments* or by check or money order? You can download the app "IRS2Go" and pay using your mobile device.
  - If you are not able to pay in full today, what is the maximum amount you can pay?
  - Can you make full payment upon receipt of the first notice? *irs.gov/payments/online-payment-agreement-application* offers a short term payment plan for 180 days.
- (7) Examiners must discuss the taxpayer's options for full payment before discussing other alternatives. Examiners may use Pub 594, The IRS Collection Process, to explain payment options with taxpayers. See IRM 4.18.1.6.5, OIC Filed During the Audit, if the taxpayer requests an OIC DATC during the audit. Options for full payment can include:
- Checking and savings accounts.
  - Home equity loans, business loans, loans from relatives.
  - Loan or withdrawal from retirement accounts (penalties may apply).
  - Cash advances from credit cards.
  - Liquidation of assets (sell stock, boat, etc).

- Gifts from relatives.

- (8) Examiners must solicit an installment agreement if the taxpayer qualifies and cannot pay in full. See IRM 4.20.1.4.

4.20.1.3.1.1  
(10-19-2023)  
**Process Payment  
Received**

- (1) For online payments of tax, verify payment posting of TC 670 on TXMODA (pending), or IMFOLT/BMFOLT; and complete Form 5344, Examination Closing Record, Line 411 as follows:
- F for full payment
  - P for partial payment
- (2) For payment of tax by check or money order, complete Form 3244-A, Payment Posting Voucher - Examination, for each tax year as discussed in IRM 4.20.1.3.1.2. Checks or money orders should be payable to United States Treasury with the taxpayer's SSN or EIN and tax year in the memo. For checks with incorrect payee, see IRM 3.8.44.6.2, Remittance Not Payable to United States Treasury.
- (3) Transmit payments (see IRM 4.20.1.3.1.3) within 24 hours of receipt regardless of whether the payment is received in the field. If a payment must be held overnight, store it securely in a locked container.

4.20.1.3.1.2  
(10-19-2023)  
**Complete Form 3244-A,  
Payment Posting  
Voucher**

- (1) SSN/EIN - enter the taxpayer's SSN or EIN including a file source, if present:
- N for non-master file (NMF)
  - "\*" for invalid SSN
  - V for Form 706 and W for invalid 706 TIN
  - P for IRA account
- (2) Form number/MFT - see Document 6209, IRS Processing Codes and Information.
- (3) Tax period - enter in YYYYMM format.
- (4) Transaction/Received date - enter the date the payment was received from the taxpayer in MMDDYYYY format.
- (5) Taxpayer name, address and ZIP code - enter full name and address of taxpayer whose account is to be credited with the payment.
- (6) Transaction Data - for an advance payment on a deficiency enter the amount received as TC 640. A designated payment code (DPC) is not required for an advance payment.

**Note:** Use DPC 12 if the payment is properly designated as a 6603 deposit as discussed in IRM 4.20.1.3.1. The DPC will auto populate if Form 3244-A is downloaded from the *Forms, Pubs, Products Repository* and the 6603 check box is selected.

- (7) Remarks - detail the taxpayer's payment information including payment amount and check number.
- (8) 6603 check box - select this box if the payment is properly designated as a 6603 deposit as discussed in IRM 4.20.1.3.1.



4.20.1.3.1.3  
(10-19-2023)**Transmit Payment**

- (9) Prepared by - enter the Primary Business Code, Secondary Business Code and Group number along with the preparer's name and telephone number so the preparer of the form may be contacted if necessary.

- (1) Complete Form 3210, Document Transmittal, as directed in IRM 4.10.1.4.8, Shipping Personally Identifiable Information (PII), and include the amount of payment. You must include a valid Enterprise Electronic Fax (EEFax) number for the Campus to return the acknowledgement copy as stated in IRM 3.8.47.5.1.2(3), Submission Processing, Acknowledging a Field Office Remittance.
- (2) Send payment, Form 3244-A, and Form 3210, using overnight mail to the *Field Office Payment Processing Unit* within 24 hours of receipt of payment.

**Note:** Double wrapping is required as with all IRS mailings. For payments, the outside envelope should not include references to "teller unit" or other information identifying that a payment is enclosed.

- (3) See IRM 3.8.47.3.1, Large Dollar (\$100,000 or More), for procedures to process a payment of \$100,000 or more. Send email to: *&CTR ODN Ogden Tellers* with **Large Remittance** in subject line. The body of the email should only include the overnight carrier used, for example UPS, and the package tracking number.

**Note:** Payments less than \$100,000; and \$100,000 and above go to different mail stops.

- (4) If Form 3210 is not acknowledged within 10 business days see IRM 4.10.1.4.8.1, Form 3210 - Monitoring, for necessary follow-up action.
- (5) If a payment is considered lost, IRM 10.5.4.1.3(3)(f), Responsibilities, requires the business unit (BU) to contact the potentially impacted individual to explain that the original payment was lost and request a new payment. See IRM 4.20.1.3.1.4, Lost Payment.

4.20.1.3.1.4  
(10-19-2023)**Lost Payment**

- (1) If the IRS lost a payment made by the taxpayer:
- Contact the taxpayer to explain the original payment was lost.
  - Request a replacement payment from the taxpayer, if applicable.
  - Complete Form 3244-A (see IRM 4.20.1.3.1.2).

**Note:** The "Transaction/Received date" of the replacement payment must not be back dated to the date the original payment was received.

- Complete Form 3465, Adjustment Request, (see the *Form 3465 Job Aid* on the *Exam Collectibility* page in the Collectibility, Bankruptcy and Other Topics book of the Exam Procedures Knowledge Base) and attach Form 3465 to the replacement check requesting the interest and penalty be abated.
- Transmit the replacement payment per IRM 4.20.1.3.1.3. Include Form 3244-A and Form 3465.



4.20.1.3.2  
(10-19-2023)  
**Form 9440, Taxpayer  
Levy Source and  
Contact Information**

- (1) In all unpaid cases (agreed and unagreed), financial data about the taxpayer gathered during the examination must be recorded on Form 9440, Taxpayer Levy Source and Contact Information, to assist in future collection efforts. If the examiner is aware of more current financial information this may be included but should not be solicited from the taxpayer.
- (2) Form 9440 is not required on fully paid cases. A case is fully paid if the tax, penalties, and interest are all paid in full, including outstanding deficiencies in other periods. Form 9440 is not required if an installment agreement is secured which will pay in full the deficiency and any other account balances within the term of the agreement.
- (3) Form 9440 should not contain taxpayer identification numbers for employers or financial institution account numbers. It should only include the full names and complete addresses of the sources.
- (4) Do not include information already available through IDRS or other internal sources. For example, if a taxpayer has wages on the IRPTR from prior years, this employer would not be listed on Form 9440.

**Note:** If no additional levy sources are identified, the Form 9440 is not required. However, examiners must document the case file following guidance in IRM 4.20.1.2.4.

- (5) For IMF taxpayers, employers and financial institutions will be the primary levy sources. For BMF taxpayers, levy sources include financial institutions and accounts receivable if applicable.
- (6) Check the Form 9440 box on Form 3198, Document Transmittal, to notify Exam CCP to pull the form and input.
- (7) Form 9440 is saved in Case File Documents in RGS and, if applicable, placed in the paper case file on top of all other documents enclosed within the case file. See IRM 4.10.9.9.3, Forms and Other Documents Inside the Case Folder.
- (8) Upon receipt of a closed case, Exam CCP will enter the information contained on the Form 9440 into IDRS using the LEVY command code.

4.20.1.3.3  
(06-23-2020)  
**Coordinate with  
Collection**

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- (2) The examiner will initiate the referral to Collection when they believe the final amount due will be agreed and the total unpaid liability will be more than the threshold amount. Field Collection will notify the examiner within 10 calendar days whether the referral is accepted or rejected. The examiner may close the case once the referral is sent. The activity record should include documentation of the referral date and response, if known at the time of closure.
- (3) If the taxpayer requests an installment agreement which is beyond Examination's criteria, see IRM 4.20.1.4.7.

- (4) Any informal consultations can be coordinated by the Examination **manager** and the Collection **manager** using the buddy system as described in *Memo-randum of Understanding Between SB/SE Field Collection and SB/SE Field Examination*.

4.20.1.3.4  
(10-19-2023)

**Document Case File**

- (1) For agreed closures, the following should be documented on the appropriate lead sheet as stated in IRM 4.20.1.2.4:
- Any payment submitted,
  - Installment agreement discussion, including why one was not obtained,
  - Mandatory referral made in accordance with IRM 4.20.1.3.3, and response from Collection, if known at time of closure,
  - If unpaid, taxpayer was advised to respond to the first notice,
  - Whether or not Form 9440, Taxpayer Levy Source and Contact Information was completed.
- (2) For unagreed closures, the following actions should be taken and documented on the appropriate lead sheet as stated in IRM 4.20.1.2.4:
- The examiner should advise the taxpayer of IRC 6603 deposit procedures and complete Form 9440. The taxpayer should also be reminded that IRC 6603 deposit does not prevent them from exercising their appeal rights.
  - If the taxpayer disagrees with some, but not all issues, the examiner should encourage the taxpayer to enter into a partial agreement and follow the steps outlined above for securing payment on the partial agreement.

4.20.1.4  
(06-23-2020)

**Installment Agreements**

- (1) This subsection describes exam's criteria for securing an installment agreement, examiner responsibilities, and the procedures for securing installment agreements.

4.20.1.4.1  
(10-19-2023)

**Exam Criteria - Taxpayer Qualifications**

- (1) To qualify for an installment agreement, taxpayers must be current in filing of all required tax returns, including employment and excise tax. All required period deposits (FTDs and/or estimated payments) must be current. Inform the taxpayer they must remain tax compliant for the entire term of the installment agreement, or it will default. Use the following IDRS command codes to determine if the taxpayer is compliant, including cross-referenced taxpayer identification numbers displayed on Master File:

Command Code	Description
BMFOLI	Provides a quick look at a business taxpayer's compliance history for identifying any filed or unfiled returns and outstanding balances (assessed and unassessed).
BMFOLT	Displays various module amounts and dates along with listing of posted transactions for specified tax module of business taxpayer.
ENMOD	Displays name, address, and other entity information.
IMFOLI	Provides a quick look at an individual taxpayer's compliance history for identifying any filed or unfiled returns and outstanding balances (assessed and unassessed).

Command Code	Description
IMFOLT	Displays various module amounts and dates along with a listing of posted transactions for the specified tax module.
INOLES	Displays specific data including cross referenced accounts.
PMFOL	Displays Payer Master File information, such as filing of Forms 1099-Misc and W-2.
SUMRY	Provides a summary of assessed balances of an account on IDRS. Use these amounts for Total Amount Owed on IA.
TXMODA	Displays all tax module information for a specific tax period including entity data, posted returns, posted transactions, pending transactions and rejects if available on the IDRS Taxpayer Information File (TIF).

**Note:** Filing requirements may include:

Employment tax returns,
Information returns,
Highway use tax returns.

**Note:** Field examiners are not authorized to set up installment agreements for Employment Tax. See IRM 4.20.1.4.7.

- (2) Installment agreements must include the taxpayer's total amount owed for all years, including civil penalties (MFT 13, 35, 55).
  - Exam deficiencies can be added to an existing installment agreement if the total amount remains within Exam's criteria as shown below. If the taxpayer is still in business with employees, unpaid employment tax or other BMF liabilities cannot be combined in an exam installment agreement. To revise an existing installment agreement, write "Revised Agreement" in red on top of Form 433-D, Installment Agreement.
  - A payment can be made by the taxpayer to reduce the balance to within the installment agreement criteria. This payment is processed as an advance payment of deficiency. See IRM 4.20.1.3.1.1.
- (3) Installment agreements secured by Examination are pre-assessment agreements and limited to:
  - Individuals, including sole proprietorships, without delinquent employment taxes up to \$50,000,
  - Out-of-business BMF entities up to \$25,000,
  - Corporations and other BMF entities up to \$25,000.
- (4) Examiners are authorized to set up two types of installment agreements. The dollar criteria stated below applies to unpaid balances for all tax years. Authorized installment agreements are:
  - Guaranteed Installment Agreements - For individual taxpayers with income tax deficiencies of \$10,000 or less (excluding penalties and

interest) that can be paid within 36 months. See IRM 5.14.5.3, Guaranteed Installment Agreements, for guidance.

- Streamlined Installment Agreements - For taxpayers with tax deficiencies of \$50,000 or less (including tax, penalties, and interest) that can be paid within 72 months. See IRM 4.20.1.4.3, for guidance.

- (5) The taxpayer must be able to pay the minimum acceptable payment as stated in IRM 4.20.1.4.3, for streamlined installment agreement and IRM 4.20.1.4.4, for guaranteed installment agreement. However, the examiner should encourage the taxpayer to offer the maximum amount they can pay at the examination closing and each month thereafter.

4.20.1.4.2  
(06-23-2020)  
**Examiner  
Responsibilities**

- (1) Encourage the taxpayer to utilize the online payment agreement (OPA). See IRM 21.2.1.57, Online Payment Agreement (OPA) for IMF Debts, and IRM 21.2.1.57.1, Online Payment Agreements for Certain BMF Debts. Online agreements offer reduced user fees. Refer interested taxpayers to Payment Plan on the Pay tab of *IRS.gov* and provide Pub 5123, Online Payment Agreement. When the taxpayer completes the online payment application, the examiner should confirm input of the OPA by requesting confirmation from the taxpayer or verify using another method. Complete Line 412 on Form 5344, Examination Closing Record, with “I” for installment agreement secured.

**Note:** IRS.gov has a pop-up chat box feature which allows taxpayers to obtain assistance from IRS employees while completing the application.

- (2) The examiner must complete the following when a “How to Pay Your Taxes” flyer (Form 4549 attachment) generated by RGS is received from the taxpayer:
  - Determine if the taxpayer’s offered amount meets Exam’s criteria for securing an installment agreement. If the taxpayer owes \$25,000 or less, the examiner should transfer the completed information from the flyer to the applicable lines on Form 433-D, Installment Agreement. Refer to IRM 4.20.1.4.5 (5) for processing instructions. Attach the “How to Pay your Taxes” flyer to Form 433-D.

**Note:** Form 433-D does not require the taxpayer’s signature unless the taxpayer owes over \$25,000 where a Direct Debit Installment Agreement (DDIA) is required to avoid Notice of Federal Tax Lien (NFTL) determination. See IRM 4.20.1.4.3.2.

- Follow instructions for Form 9465, Installment Agreement Request, in IRM 4.20.1.4.7 if the taxpayer does not qualify for an installment agreement under Exam’s criteria.

**Note:** Examiners should adhere to the 10-day time frame for closing agreed cases outlined in IRM 4.10.8.2.4.4, Time Frames for Closing Cases from the Group.

- (3) A completed Form 9465 secured from a taxpayer can be processed by Collection as an installment agreement if all information is correct and the taxpayer’s offered amount meets Exam’s criteria.

4.20.1.4.2.1  
(06-23-2020)  
**Pending Installment  
Agreement Indicator**

- (1) A Pending Installment Agreement (IA) Indicator prevents levy actions while the IA is being processed and are sometimes used by taxpayers to delay Collection actions. Determine if the taxpayer qualifies for an IA before requesting input of a Pending IA indicator. The taxpayer must:
  - Propose a monthly or other periodic payment of a specific amount, and
  - Be in compliance with filing requirements (see IRM 5.14.1.4.2, Compliance and Installment Agreements).
- (2) If the taxpayer meets the requirements the examiner will request input of Pending IA indicator by completing Form 3177, Notice of Action for Entry on Master File.

**Caution:** If the taxpayer agrees to complete an online payment agreement (OPA), do not complete or forward Form 3177 for a Pending IA indicator.

- (3) The examiner will submit Form 3177 to Collection CCP in Philadelphia by secure email to \*CTR PHI CS GCP, attention: GCP. Examiners should complete the following boxes on Form 3177:
  - Initiator's name, telephone number, and employee ID.
  - Date.
  - Taxpayer's name.
  - Taxpayer's SSN or EIN.
  - Check the box *Other* and specify TC 971/AC 043 (include the MFT and all tax periods that apply).
- (4) If a TC 971/043 was input and the taxpayer no longer wants an installment agreement, request input of TC 972/AC 043 to reverse pending installment agreement indicator. Examiners should also request input of TC 972/AC 043 if a Pending IA indicator was input and the taxpayer later agrees to complete an OPA.

4.20.1.4.3  
(06-23-2020)  
**Streamlined Installment  
Agreements**

- (1) Streamlined installment agreements are termed "streamlined" because they do not require a financial statement from the taxpayer. Therefore, for simplicity the term *installment agreement* used in this section will imply streamlined installment agreement.
- (2) Installment agreements may be secured where the total unpaid balance (including interest and penalties) of assessments (all years) does not exceed \$50,000 and can be paid off within a 72 month period and prior to the CSED.

**Note:** If the CSED of the oldest liability covered by the installment agreement is shorter than 72 months, the installment agreement must be written to allow for full payment of the CSED balance prior to the expiration of the CSED. Payments are applied to shortest CSED years first, generally oldest.

- (3) Agreements of \$25,000 or less can be secured for:
  - Individuals, including sole proprietorships, without delinquent employment taxes,
  - Out-of-business BMF entities,
  - Corporations (Form 1120) and other BMF entities including Form 1065 late filing penalty.
- (4) The following limitations apply for agreements of \$25,001 - \$50,000:

- Corporations still in business are not eligible,
- Payment must be made by **direct debit** (IRM 4.20.1.4.3.2) or **payroll deduction** (IRM 4.20.1.4.3.1) to avoid requirement for NFTL (Notice of Federal Tax Lien) determination, and
- The taxpayer must have not defaulted on an installment agreement in the past 12 months. The examiner can verify the taxpayer has not defaulted by checking IDRS for absence of TC 971/AC 163.

**Caution:** Individual taxpayer filing Form 1040, U.S. Individual Income Tax Return, with Schedule C, E, or F businesses are eligible for streamlined installment agreements **IF** the related BMF returns (Forms 940/941/2290) are current not only in filing, but also in making FTD payments.

- (5) The minimum acceptable payment:
  - Is computed by dividing the total amount of tax, accrued interest, and penalties by 72,
  - Is the monthly amount to be paid over 72 months, and
  - Must allow for full payment by the CSED.
- (6) If the taxpayer has the financial ability to pay off the balance due in less than a 72 month period, the lesser period should be appropriately considered. However, the taxpayer may be granted an installment agreement based on 72 months even if they are able to fully pay their accounts.
- (7) Examiners should inform taxpayers of the user fees the IRS is required to charge associated with an installment agreement. Installment Agreement User Fees can be found at *Installment Agreement (IA) User Fee Codes*. User fees also apply to revised agreements.
- (8) The fees will be taken from the first installment payment. Examiners should advise the taxpayer that if the first payment is less than the user fee, the first reminder notice they receive will be for the user fee. The user fees are non-refundable in most situations.

**Note:** To reduce the user fee, taxpayers can utilize online payment agreements as stated in IRM 4.20.1.4.2 (1).

#### 4.20.1.4.3.1 (10-19-2023)

#### Payroll Deduction

- (1) Installment payments can be withheld from a taxpayer's wages and forwarded directly to the IRS by the employer. This form of payment is encouraged for a wage earner taxpayer, particularly if the taxpayer has defaulted on any prior agreement.
- (2) To set up a payroll deduction agreement:
  - Complete Form 2159, Payroll Deduction Agreement, in the same manner as Form 433-D, Installment Agreement. See instructions at IRM 4.20.1.4.5.
  - Ask the taxpayer to pay as much as possible upon entering into the installment agreement.
  - Request the taxpayer sign Form 2159 then secure the employer's signature. Advise the taxpayer that if Part 1 is not signed by both the



taxpayer and the employer, the agreement cannot be processed. If the completed form is returned, the examiner will EEFax it to CSCO at 855-381-6514 for processing.

- Examiners must provide the payment address to employers. See *Service Center Addresses for Collection Operations*.
- Payroll Deduction agreements take longer to process; therefore, **provide the taxpayer with the address found at the website above to mail payments** while the agreement is processed.

4.20.1.4.3.2  
(06-23-2020)  
**Direct Debit**

- (1) Direct Debit Installment Agreements (DDIA) allow payments to be directly debited or withheld from a checking account using EFTPS. This is the preferred method of payment, with payroll deduction as a second choice. DDIA's have lower user fees and are required for agreements over \$25,000 to avoid requirement for NFTL (Notice of Federal Tax Lien) determination.

**Note:** See IRM 4.20.1.4.5(4)(f) for Debit Payments Self-Identifier.

- (2) To set up a DDIA, complete Form 433-D, Installment Agreement per instructions at IRM 4.20.1.4.5, including taxpayer's bank routing number and account number. The Form 433-D must be signed by the taxpayer(s).
- (3) DDIA's are processed using EFTPS therefore there is a longer start-up time, sometimes as long as six months. **Provide the taxpayer with an interim address to mail payments while the installment agreement is processed.** See IRM 4.20.1.4.5 (5) for link to where to send payments.

4.20.1.4.4  
(10-19-2023)  
**Guaranteed Installment Agreements**

- (1) IRC 6159, Agreements for payment of tax liability in installments, provides that certain taxpayers who meet specified criteria are legally entitled to an installment agreement. The provision applies to individual taxpayers only.
- (2) Guaranteed installment agreements are for tax only up to \$10,000 that can be paid in 36 months. Taxpayers qualifying for a guaranteed installment agreement would generally also qualify for a streamlined installment agreement. Accordingly, examiners should use streamlined installment agreement procedures to process guaranteed installment agreement. The minimum payment for a guaranteed installment agreement is determined by dividing the balance due by 36.
- (3) See IRM 5.14.5.3, Guaranteed Installment Agreements, for procedures.

4.20.1.4.5  
(10-19-2023)  
**Complete Form 433-D, Installment Agreement**

- (1) Determine total amount owed: Use SUMRY to determine if the taxpayer has any outstanding tax liabilities to combine with the pre-assessed amount to calculate the installment agreement limitation. The total amount of tax, penalty, and interest as of the date the form is completed is included in the **Amount Owed As Of** box. Only one installment agreement is allowed per taxpayer; therefore, multiple years are combined for the amount owed.

**Note:** **Net balance due** may be entered when multiple audit years include both deficiency and overpayments. However, include appropriate instructions on Form 3198, Special Handling Notice for Examination Case Processing to ensure the overpayment is applied to a deficiency period(s).

- (2) The taxpayer may select any installment payment date between the 1st and 28th day of each month.

- (3) Form 433-D, Installment Agreement can be completed using RGS. See *Completing IA Using RGS* on the Installment Agreements by Field Examination page in the Collectibility, Bankruptcy and Other Topics book of the Exam Procedures Knowledge Base.
- (4) Complete all line items on Form 433-D unless noted otherwise. Line items requiring additional explanations are noted below:
- Kind of Tax** - (form number) - for example 1040 or 1120.
  - Tax periods** - all periods covered by the agreement (for example: 2017 and 2018).
  - Date of **Increase/Decrease** - use only when a taxpayer's financial situation will change allowing an increase in the set payment amount or requiring a decrease to the amount.  
  
**Example:** The taxpayer is able to pay \$300 on the balance each month. In three months he will receive a pay raise and will then pay \$400 per month. Enter the date the amount will change, the amount of increase or decrease, and the new installment amount.
  - Additional Conditions**- type in *Print your SSN, tax year, and form number on all checks submitted for payment. Make checks payable to United States Treasury.*
  - Direct Debit**- only complete if the taxpayer requests payments by direct debit.
  - Debit Payments Self-Identifier**- check the box if the taxpayer is unable to make debit payments. The Debit Payments Self-Identifier section is used for low-income taxpayers to self-identify for fee reimbursement if they are unable to make electronic debit payments.
  - Your signature**- for taxpayer's signature, date, title if corporate officer, spouse's signature. Taxpayer signature is only required for DDIA.
  - Use the following table to complete the **FOR IRS USE ONLY** section:

FOR IRS USE ONLY	ENTRY	REFERENCE
Agreement Locator Number	First 2 digits = 06 for installment agreement not including direct debit Installment Agreement First 2 digits = 03 for Direct Debit Installment Agreement Last 2 digits = 32	Exhibit 5.14.1-2, Installment Agreement Locator Numbers
Check the appropriate boxes	RSI 1 no further review	Since installment agreements secured by Examination are not partial pay installment agreements (PPIA), no review is necessary
Agreement Review Cycle	Leave blank	N/A
Earliest CSED	MM/DD/YYYY	Earliest CSED from IMFOLT/ BMFOLT
Check box if pre-assessed modules included	Check box	All exam installment agreements are pre-assessed
Originator's ID number	XXXXXXXXXX	Examiner badge number



FOR IRS USE ONLY	ENTRY	REFERENCE
Originator Code	61	Exam Streamlined Agreement
Name	Examiner name	self-explanatory
Title	RA or TCO	self-explanatory
A Notice of Federal Tax Lien	May Be Filed if This Agreement Defaults	IRM 5.14.1.2(1), Installment Agreement and Taxpayer Rights
Approval Signature	Examiner may sign; group manager signature is not required	Signatures are not required

- (5) Provide taxpayer with instructions on **Where to Mail Payments** until CP521 notices are received. See *Service Center Addresses for Collection Operations*. Taxpayers can also make payments online. Provide **Part 2** of Form 433-D, **Taxpayer Copy**, including taxpayer instructions.
- (6) Examiners will EEFax secured installment agreements to CSCO Memphis at 855-381-6514. The fax cover sheet accompanying the installment agreement should include the following information:
  - Whether the installment agreement is a direct debit installment agreement (DDIA) or non-DDIA.
  - Examiner's function: Field Exam or Specialty Tax.
- (7) Notate "EEFaxed to 855-381-6514" on top of the installment agreement form and document Form 9984, Examining Officer's Activity Records, or RGS Case History. For paper case file closures, include the original installment agreement form in the workpapers. For electronic case file closures, follow the applicable electronic procedures for saving scanned documents.

4.20.1.4.6  
(06-23-2020)  
**Appeal Rights -  
Installment Agreements**

- (1) IRC 7122(e), Compromises, provides appeal rights to taxpayer whose request for an installment agreement is rejected. Examination does not have the authority to reject installment agreements. If a taxpayer requests an installment agreement that is not within the examiner's scope, see IRM 4.20.1.4.7.

4.20.1.4.7  
(10-19-2023)  
**Installment Agreements  
Outside Exam's Criteria**

- (1) If a taxpayer requests an installment agreement that does not meet Exam's criteria, the examiner should solicit Form 9465, Installment Agreement Request, and EEFax the form to Compliance Services Collection Operations (CSCO) at 855-381-6514 for processing.
- (2) If not already completed, and the taxpayer qualifies, Form 3177, Notice of Action For Entry On Master File, must be input for a pending installment agreement. See IRM 4.20.1.4.2.1.

4.20.1.5  
(06-23-2020)  
**Procedures for  
Suspension of  
Collection Actions**

- (1) In limited circumstances, Examination may need to suspend collection activity on a taxpayer's account. Examiners can suspend collection activity using TC 470 with CC 90 or by using STAUP procedures.
- (2) The use of TC 470 with CC 90 is restricted to those situations where it is expected that an adjustment will fully pay the tax for the suspended tax year. For example, if the IRS discovers that an obvious error created a balance-due

condition in one tax year, and an adjustment will reduce the balance due to zero, the IRS can request the necessary tax adjustment and request that this collection suspension code be entered for the specific tax year. This will ensure collection action is suspended while the adjustment is made and overpayments for other tax years will not be used to pay the tax in question.

- (3) In instances where the TC 470 CC 90 criteria is not met, Collection activity can be suspended for a fixed period of time using Command Code STAUP. For example, an examiner encounters the situation where the suspension of collection activities is necessary when one or more of the following is expected to reduce the balance due to zero:
  - a. Claims
  - b. Net operating loss (NOL) carryback
  - c. Credits carried back
- (4) Command Code STAUP is an IDRS command code used to accelerate, omit, or delay the issuance of an IDRS balance due notice. A STAUP will stop any notice from being issued or destroy a printed notice not yet mailed. To allow adequate time for the examiner to complete the examination a STAUP can be input for up to 15 cycles. See IRM 2.4.28, Command Codes STAUP, STATI, and STATB.
- (5) Form 3177, Notice of Action for Entry on Master File, is used to request input for both TC 470 CC 90 and Command Code STAUP. For STAUP, check the box that shows *Other* and specify to *input Command Code STAUP* in the space provided. Managerial approval is required but there is no signature block. The manager will sign and date in the top margin.
- (6) Form 3177 should be EEFaxed to CCP for input. EEFax numbers are located in *Contacts* in the Exam Centralized Case Processing (CCP) book of the Exam Procedures Knowledge Base.